



**NEXT IAS**

**DNA : DAILY NEWS ANALYSIS**

## **PRELIMS TOPICS**

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YOU CANNOT STEP  
INTO THE SAME  
RIVER TWICE.

HERACLITUS



Everything is changeable,  
everything appears and  
disappears; there is no blissful  
peace until one passes beyond  
the agony of life and death.

*Gautama Buddha*



# THINQ!

1. In the context of doctrine of Dharmachakraparivartana, did Gautama Buddha believe in existence of soul in the universe?
2. Which school of Buddhism believed in soul or existence of a soul-like structure?

## **PRELIMS TOPICS**

- INDIGO FLIGHTS  
CANCELLATION
- INDIA-RUSSIA FRIENDSHIP
- US PEACE AGREEMENT WITH  
CONGO AND RWANDA
- GOLDBLOCK PHASE OF  
ECONOMY
- NO AFTER-WORK HOUR CALLS



# INDIGO FLIGHT CANCELLATION

**Context:** IndiGo's mass flight cancellations and temporary exemption from new night-duty norms highlight regulatory, operational and passenger-rights challenges within India's civil aviation governance framework.

## Syllabus Integration:

- **GS 2:** Civil aviation governance and regulatory oversight by DGCA; government role in granting operational exemptions; accountability, passenger rights, and service-delivery obligations in public transport sectors.
- **GS 3:** Aviation infrastructure challenges—crew management norms, operational bottlenecks, cascading delays; market responses such as fare spikes; implications for logistics efficiency and national transport systems.
- **GS 4:** Ethical responsibilities of airlines—fair pricing, transparency during crises, and duty of care; state's obligation to balance commercial autonomy with protection of consumer welfare.
- **Prelims:** DGCA functions; Civil Aviation Requirements (CAR); crew duty-hour norms; regulatory exemptions; basics of airline operations, cancellations, slot norms, and fare determinants.

## IndiGo cancels over 1,000 flights, gets exemption from new night duty rules

**Jagriti Chandra**  
NEW DELHI

IndiGo cancelled more than 1,000 flights on Friday and will axe hundreds more on Saturday, crippling air travel across India and sending airfares skyrocketing. These prompted the government to exempt the country's largest airline from meeting new rules until February 10.

The airline suspended all departures from the Delhi airport for the entire day to reboot its systems and stop cascading delays. It cancelled all its domestic flights from Chennai and all flights from Bengaluru to Delhi and Mumbai for the entire day.

"Cancellations were made today to align our aircraft and crew to be where



**New norm:** Distressed passengers at Rajiv Gandhi International Airport on the outskirts of Hyderabad on Friday. NAGARA GOPAL

they need to be in order to start afresh tomorrow morning. Measures of the last few days have regrettably proven to be not enough. We have decided today for a reboot of all our systems and schedules," IndiGo's chief executive officer (CEO) Pieter Elbers said in a recorded video

message. He added that cancellations on Saturday were expected to be "below 1,000".

The size and scale of IndiGo's operations meant normalcy is expected only between December 10 and 15, according to the CEO. The airline operates a total of 2,200 flights every day

and accounts for six out of every 10 passengers who travel by air.

### 'Planning gaps'

The Directorate General of Civil Aviation (DGCA) granted IndiGo exemptions from night duty restrictions, including the cap on two landings, until February 10. The airline had admitted to the government that it underestimated the increased crew requirements, despite the court order issued in April 2025 on new duty hours, and acknowledged "planning gaps" in its operations for the rules that came into effect on November 1.

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**RAILWAYS ADDS COACHES**

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# INDIGO FLIGHT CANCELLATION

## INDIGO DISRUPTIONS

IndiGo has cancelled over 1,000 flights on Friday and many more on Saturday, severely disrupting air travel and pushing up airfares.



## AIRLINE SUSPENDED ALL DEPARTURES

from Delhi and several domestic routes to reset its systems and schedules after major operational disruptions



**WTN  
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## FTDL (FLIGHT DUTY TIME LIMITATIONS)

India under the Aircraft Rules, 1937 introduced new FTDL rules. The rules mandated various important measures that included:

- Mandatory rest period of consecutive 48 hours per week from 36 hours.
- The maximum number of night landings was reduced from six to two.
- The definition of night hours changed from "10 PM to 5 AM" to "10 PM to 6 AM."
- No more than 2 consecutive night duties for pilots.
- A cap of 8 hours for operations encroaching night duty.
- A minimum rest period as long as the preceding duty period or 12 hours, 18 hours (for crossing more than 3 and up to 7 time zones) and 36 hours (for crossing more than 7 time zones).

# INDIGO FLIGHT CANCELLATION



IndiGo's aircraft and crew utilisation levels are higher than other Indian carriers.



IndiGo operates over 2,300 flights a day.

## WHY DID IT CREATE AN ISSUE IN INDIGO?



The airline also has more high-volume night-time flights than the others.



IndiGo's failure to recruit pilot and crew members, which led to issues



# BODIES UNDER MINISTRY OF CIVIL AVIATION

The bodies/institutions under Ministry of Civil Aviation are:

- **Directorate General of Civil Aviation (DGCA)** for air safety,
- **Bureau of Civil Aviation Security (BCAS)** for security,
- **Airports Authority of India (AAI)** for airport management
- **Aircraft Accident Investigation Bureau (AAIB)** and the **Airports Economic Regulatory Authority (AERA)**
- **Pawan Hans Helicopters Ltd. (PHHL)**
- **AI Assets Holding Limited (AIAHL)**
- **Rajiv Gandhi National Aviation University (a Central University)** is India's first National Aviation University established under Act of Parliament, 2013.
- **Commission of Railway Safety** (safety of rail travel and train operation).

# INDIGO FLIGHT CANCELLATION

## PRELIMS PYQs

3. With reference to the Government of India, consider the following information :

	Organization	Some of its functions	It works under
I.	Directorate of Enforcement	Enforcement of the Fugitive Economic Offenders Act, 2018	Internal Security Division-I, Ministry of Home Affairs
II.	Directorate of Revenue Intelligence	Enforces the Provisions of the Customs Act, 1962	Department of Revenue, Ministry of Finance
III.	Directorate General of Systems and Data Management	Carrying out big data analytics to assist tax officers for better policy and nabbing tax evaders	Department of Revenue, Ministry of Finance

In how many of the above rows is the information correctly matched?

- (a) Only one      (b) Only two  
(c) All the three      (d) None

57. With reference to India, consider the following pairs :

Organization	Union Ministry
I. The National Automotive Board	: Ministry of Commerce and Industry
II. The Coir Board	: Ministry of Heavy Industries
III. The National Centre for Trade Information	: Ministry of Micro, Small and Medium Enterprises

How many of the above pairs are correctly matched?

- (a) Only one      (b) Only two  
(c) All the three      (d) None



**Which Article of the Indian Constitution discusses the “promotion of international peace and security”?**

**PRELIMS BITS:**

# INDIA-RUSSIA FRIENDSHIP

**Context:** India and Russia reaffirm the long-term stability of their strategic partnership, expanding cooperation in energy, trade, and labour mobility amidst global geopolitical shifts.

## India-Russia friendship remains steady like the pole star, says PM

Russian President Putin, who is on a two-day state visit to India, and Modi hold bilateral talks; PM signals that energy ties will continue as a 'strong and vital pillar' of partnership, despite Western opposition; the two sides sign 16 agreements

**Kallol Bhattacharjee**  
NEW DELHI

Appreciating Russian President Vladimir Putin for taking the India-Russia relationship to “new heights” over the past quarter of a century, Prime Minister Narendra Modi laid out an expansive canvas of energy and trade collaborations between the two countries, stretching to 2030. Addressing the media after bilateral talks at Hyderabad House on Friday, Mr. Modi described the India-Russia friendship as a “pole star” and called for a peaceful solution to Russia’s war with Ukraine.

“Over the past eight decades, the world has witnessed many ups and downs. Humanity has faced numerous challenges



Russian President Vladimir Putin and Prime Minister Narendra Modi at a reception at Rashtrapati Bhavan in New Delhi. R.V. MOORTHY

es and crises. Yet, through all of this, the India-Russia friendship has remained steady like a *dhruva tara* (pole star),” the Prime Minister said.

**‘Our ties a constant’**  
Foreign Secretary Vikram Misri expanded on the

PM’s use of the Hindi term ‘*dhruva tara*’ during a later briefing, saying it referred to the “sustained and long-term significance of this relation”. Highlighting the “sustainability and certainty” of India-Russia ties, Mr. Misri added, “This relationship is a constant.

### Pacts to raise opportunities for Indian workers in Russia

**The Hindu Bureau**  
NEW DELHI

Indian and Russian governments on Friday signed two agreements that will enhance mobility of Indian semi-skilled and skilled workers to Russia, as official sources indicated that New Delhi

will increasingly utilise India’s “strength” in the category of “semi-skilled workers” in the coming years while adding dynamism to existing relations between the partner countries.

**FULL REPORT ON**  
» PAGE 10

There have been several crises along the way but they have not altered the fundamentals of this relationship.”

Mr. Putin’s visit has attracted global attention as it comes months after U.S. President Donald Trump imposed punitive tariffs on

India for purchasing Russian energy. Mr. Trump described his move as a tactic to push Russia to the negotiating table on Ukraine.

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**RELATED REPORTS ON**  
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### Syllabus Integration:

- **GS1:** Historical evolution of India–Russia ties and continuity in major-power relations shaping India’s foreign policy.
- **GS2:** Bilateral diplomacy, strategic partnership mechanisms, energy and labour-mobility agreements; India’s strategic autonomy amid global geopolitical pressures.
- **GS3:** Economic cooperation in energy, trade and technology; implications for national energy security, defence-related industries and skilled-worker mobility.
- **GS4:** Ethical and strategic considerations in foreign policy—consistency, long-term partnerships, balancing national interest with global expectations.
- **Prelims:** India–Russia strategic partnership basics, annual summit mechanism, major defence/energy links, concepts of strategic autonomy and mobility pacts.

# INDIA-RUSSIA FRIENDSHIP

## PRELIMS PYQs

Recently, India signed a deal known as 'Action Plan for Prioritization and Implementation of Cooperation Areas in the Nuclear Field' with which of the following countries?

- (a) Japan
- (b) Russia
- (c) The United Kingdom
- (d) The United States of America

## MAINS PYQs

### CSE 2020

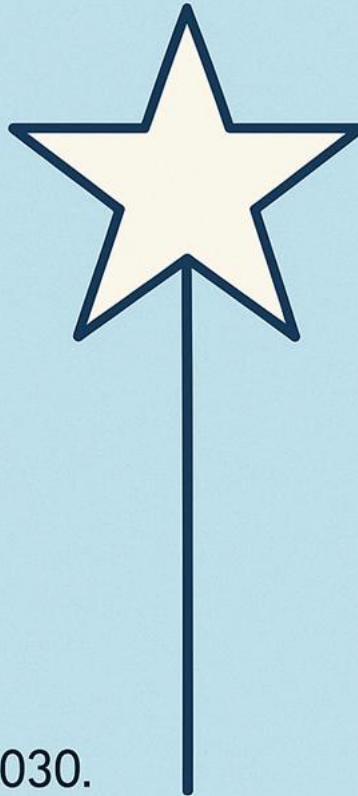
What is the significance of Indo-US defence deals over Indo-Russian defence deals? Discuss with reference to stability in the Indo-Pacific region. (Answer in 250 words)



## INDIA-RUSSIA FRIENDSHIP

Prime Minister Narendra Modi described India–Russia friendship as steady “like the pole star” and highlighted its long-term, stable nature despite global crises.

India and Russia signed 16 agreements, including energy and trade pacts, and reaffirmed plans for cooperation stretching to 2030.



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## INDIA-RUSSIA BILATERAL PARTNERSHIP



Since the signing of the “Declaration on the India-Russia Strategic Partnership” in October 2000, India-Russia ties have evolved significantly.



# INDIA-RUSSIA FRIENDSHIP



India and Russia participate closely and strategically through forums like

## INDIA-RUSSIA INTERGOVERNMENTAL COMMISSION (IRIGC)



# INDIA-RUSSIA FRIENDSHIP

## WEAPON SYSTEMS DEVELOPED IN COLLABORATION WITH RUSSIA



### BRAHMOS MISSILE

BrahMos Cruise Missile system jointly developed by India's DRDO and Russia's NPOM



### SUKHOI SU-30MKI

Licensed production of the multi-role fighter aircraft by HAL in India



### T-90 TANKS

Licensed production of the T-90S Bhishma main battle tanks in India



### S-400 TRIUMF

Procurement of the advanced long-range surface-to-air missile defense system (SAM) by India



### INS VIKRAMADITYA

Refurbishment and transfer of the former Russian aircraft carrier Admiral Gorshkov to the Indian Navy



### AK-203 ASSAULT RIFLES

Production by the Indo-Russia Rifles Private Limited (IRRPL) joint venture in Korwa,



# INDIA-RUSSIA FRIENDSHIP

## RECENT VISIT

This year marks the 25th anniversary of the Declaration on Strategic Partnership between India and Russia.

### MOUs signed:

- Adoption of the Programme for the Development of Strategic Areas of India-Russia Economic Cooperation till 2030 (Programme 2030).
- MoU on improving connectivity and enhancing infrastructure capacity to support the International North-South Transport Corridor (INSTC), the Chennai-Vladivostok (Eastern Maritime) Corridor, and the Northern Sea Route.
- MoU on agreements related to mobility of skilled workers and prevention of illegal immigrants
- To intensify trade and investment cooperation in the Far East and the Arctic zone of the Russian Federation
- Holding of regular bilateral consultations on Arctic related issues
- The sides confirmed their intention to broaden cooperation in nuclear energy for operating the Kudankulam Nuclear Power Plant (KKNPP).

**PRELIMS BITS:** Which is India's only nuclear power plant established with another country?

# US PEACE AGREEMENT WITH CONGO AND RWANDA

**Context:** The U.S.-brokered Congo–Rwanda accord is labelled premature as deep-rooted ethnic tensions, rebel activity, and unresolved security demands continue to fuel conflict in eastern Congo.

## Syllabus Integration:

- **GS1:** Historical roots of the Congo–Rwanda conflict—1994 genocide, ethnic tensions, refugee flows, and socio-political fragmentation in the Great Lakes region.
- **GS2:** International mediation, peace agreements, role of major powers (U.S.), UN involvement, regional diplomacy, and challenges of enforcing peace in conflict zones.
- **GS3:** Resource-driven conflict dynamics—rare earth minerals, economic stakes, armed groups' control over territories, and implications for regional stability and development.
- **GS4:** Ethical concerns in conflict resolution—premature declarations of peace, credibility of mediation, justice for genocide victims, disarmament of armed groups, and moral responsibility of external actors.
- **Prelims:** Great Lakes region geography, M23 rebel group origins, 1994 Rwandan genocide basics, peace accord mechanisms, UN peacekeeping in Congo (MONUSCO).

### Deal without peace

Trump's announcement of the accord between Congo, Rwanda is premature

President Donald Trump counts the crisis in Congo as among the conflicts he has helped resolve. On December 4, he hosted the leaders of Rwanda and the Democratic Republic of Congo in Washington for the signing of a formal peace agreement, which endorsed an earlier deal concluded by the Foreign Ministers of both countries. Mr. Trump hailed the accord as a “historic” step towards bringing prosperity to Africa, while Congolese President Félix Tshisekedi and his Rwandan counterpart Paul Kagame, who had frequently exchanged insults, praised his mediation. Mr. Trump also promised American investments in the resource-rich Congo if peace holds. On Thursday, he said he would send “our biggest and greatest companies over to the two countries”, adding that “we are going to take some of the rare earth, take out some of the assets and pay ... and everybody is going to make a lot of money”. But beyond the grandiosity of the ceremony, the situation remains complex and violent, with fighting continuing to rage in eastern Congo between Congolese forces and the M23 rebels. Under the agreement, Rwanda wants Congo to disarm the Hutu militias operating from its territory, while Congo wants Rwanda to withdraw troops from the east. Ultimately, however, the success of the deal hinges on securing peace between the Congolese government and M23.

The crisis in Congo can be traced back to the 1994 Rwandan genocide in which about 8,00,000 people, mostly Tutsis, were massacred by ethnic Hutu militias. After the genocidal regime in Kigali fell, thousands of Hutus fled to Congo in the mid-1990s. Rwanda now claims that some of the militias that took part in the genocide continue to operate from Congolese territory. M23, which takes its name from a failed peace agreement signed between a Tutsi-led rebel group and the Congolese government on March 23, 2009, says it is fighting to protect the rights of Congo's Tutsi ethnic minority. The Congo and UN experts say neighbouring Rwanda, ruled by a Tutsi-led government, is backing M23. In 2012, shortly after its formation, M23 seized much of Goma in eastern Congo, but withdrew when Rwanda came under international pressure. It started another rebellion in 2021, capturing Goma again and expanding its reach. Alongside the U.S.-brokered talks between the Congo and Rwanda, a parallel dialogue between M23 and Kinshasa, facilitated by Qatar, is also under way. Congo wants M23 to withdraw from the eastern regions it controls, but the rebels have shown little interest in doing so. Mr. Trump's declaration that he brought the war to an end appears premature, given the complexity of the crisis. For peace, the wounds of the genocide must be healed, inter-racial relations between Hutus and Tutsis improved, non-state militias disarmed and ties between Rwanda and the Congo stabilised.



# US PEACE AGREEMENT WITH CONGO AND RWANDA

## PEACE ACCORD

Donald Trump has announced a peace accord between the Democratic Republic of Congo and Rwanda, presenting it as a historic step for African prosperity.



Despite the ceremony, fighting continues in eastern Congo between government forces and the M23 rebels, with key disputes over disarming militias and withdrawing Rwandan-backed forces unresolved.

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# US PEACE AGREEMENT WITH CONGO AND RWANDA

## CRISIS IN CONGO

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After the genocidal regime in Kigali fell, thousands of Hutus fled to Congo in the mid-1990s



Rwanda now claims that some of the militias that took part in the genocide continue to operate from Congolese territory



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# US PEACE AGREEMENT WITH CONGO AND RWANDA

## M23 WITHDRAWAL DEAL

The Congo and UN experts say neighbouring Rwanda, ruled by a Tutsi-led government, is backing M23

Congo wants M23 to withdraw from the eastern regions it controls





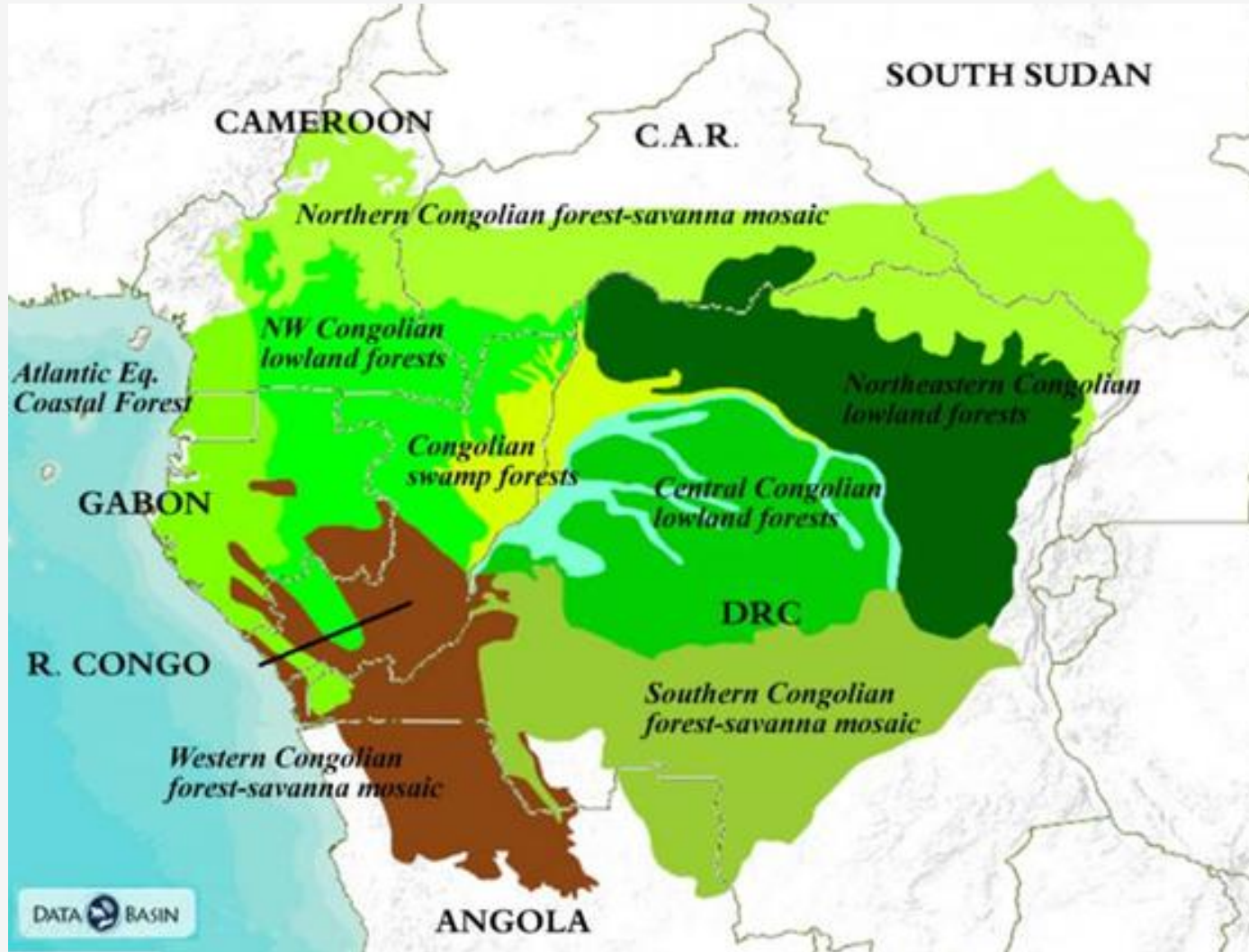
# US PEACE AGREEMENT WITH CONGO AND RWANDA

## M23 WITHDRAWAL DEAL

The deal demands that:

- The territorial integrity of both countries should be respected
- Both countries refrain from supporting armed groups and instead facilitate their “disengagement, disarmament and integration”
- Both countries refrain from acts of aggression

# US PEACE AGREEMENT WITH CONGO AND RWANDA



The Congo Basin is home to the **world's largest tropical peatlands**, along with **Brazil and Indonesia**.

# US PEACE AGREEMENT WITH CONGO AND RWANDA

## PRELIMS PYQs

Which one of the following countries has been suffering from decades of civil strife and food shortages and was in news in the recent past for its very severe famine?

- (a) Angola
- (b) Costa Rica
- (c) Ecuador
- (d) Somalia

Which one of the following is a part of the Congo Basin?

- (a) Cameroon
- (b) Nigeria
- (c) South Sudan
- (d) Uganda

Consider the following pairs :

	Country	Reason for being in the news
1.	Argentina	Worst economic crisis
2.	Sudan	War between the country's regular army and paramilitary forces
3.	Turkey	Rescinded its membership of NATO

How many of the pairs given above are correctly matched ?

- (a) Only one pair
- (b) Only two pairs
- (c) All three pairs
- (d) None of the pairs



# REPO RATE CUT AND GOLDILOCKS' PHASE

## Central bank rewards 'goldilocks' phase, more rate cuts on horizon

Siddharth Upasani  
New Delhi, December 5

SANJAY MALHOTRA will complete one year as the Reserve Bank of India's governor next week. Despite it having been the proverbial baptism by fire — a global trade war, 50 per cent US tariffs, multiple geopolitical conflicts, and resultant policy and economic uncertainty — the year could have hardly gone any better for the Indian economy. And Malhotra knows it.

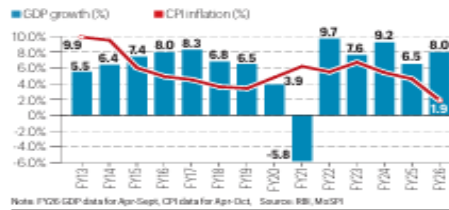
"Inflation at a benign 2.2 per cent and growth at 8 per cent in H1:2025-26 (April-September 2025) present a rare goldilocks period," Malhotra said Friday as the RBI's Monetary Policy Committee (MPC) cut the repo rate by 25 bps to 5.25 per cent.

This 'goldilocks' period has been in the making for a while, with retail inflation declining for three consecutive years and GDP growth averaging 8.2 per cent over the last 4.5 years. Even if one excludes the favourable base effect-fuelled 9.7 per cent growth recorded in FY22, annual growth has averaged 7.8 per cent starting FY23 and until Q2FY26.

The one sore point has been the currency that has weakened sharply by over 5 per cent in 2025, breaching the 90-per-dollar mark this week. But even if economists think this bout of depreciation is much-needed, it is not a monetary policy headache. "There were many temptations on the path of inflation targeting — the temptation to target the rupee, to target deposit rates, to target growth, but by delivering a 25 bps cut at a time when inflation is well below the RBI's lower tolerance bound of 2 per cent, the RBI has wisely stuck to its core mandate," said Aurodeep Nandi, Nomura's India Economist.

The decision to cut the repo rate — taking the total quantum of easing in 2025 to 125 bps — is also crucial from the perspective of policy consistency. "We would be hiking rates and sounding hawkish if inflation were to run higher than 6 per cent for 6 months. In the same vein, if inflation runs lower than 2 per cent for 6 months, RBI should cut rates and sound dovish," HSBC

### • The 'goldilocks' scenario: Falling inflation, robust growth



economists led by Pranjal Bhandari said in a note.

The RBI is mandated to target an inflation rate of 4 per cent in the medium term in a symmetric band of 2-6 per cent.

#### More rate cuts likely

An interest rate cut on Friday was made difficult after GDP data released last week showed the Indian economy grew at an unexpectedly high rate of 8.2 per cent in Q2FY26. After the unanimous interest rate decision, the reduction in the RBI's FY26 inflation forecast to 2 per cent, and Malhotra's "tactically smart and flexible forward guidance", economists are penciling in another rate cut in February. "Importantly, while acknowledging repeated headline undershoots, the Governor also conceded that underlying price pressures are even more subdued," said Madhavi Arora, chief economist, Emkay Global Financial Services.

The Indian public seems to be of a similar opinion. According to the RBI's latest inflation expectations survey, released Friday, households' expectations of inflation three months and one year down the line have fallen sharply by 50 bps and 70 bps, respectively. At 7.6 per cent, households' three-months-ahead inflation expectations are the lowest in eight years; the one-year-ahead expectation of 8 per cent is the lowest in 6.5 years.

Economists are also convinced growth will moderate in the second half of FY26 for myriad reasons ranging from less ex-

pansive government expenditure and the 50 per cent US tariff on India's exports taking a toll. Malhotra conceded as much saying "growth, while remaining resilient, is expected to soften somewhat". The RBI's latest forecast sees GDP growth falling sharply to 7 per cent and 6.5 per cent in Q3 and January-March 2026, respectively.

#### The rupee problem

If growth and inflation have not been an issue for Malhotra, the exchange rate is a different case altogether. The rupee's recent travails did not feature at all in the RBI Governor's statement. Several attempts by reporters at the briefing later were batted away, including with humour ("I think you people don't have more questions"). Rejecting suggestions that the RBI has consciously become more tolerant to exchange rate volatility, Malhotra said the markets are deep and efficient, that "fluctuations, this volatility, does happen", and that the RBI will continue to reduce any abnormal or excessive volatility.

Whatever the Governor might say, the RBI's exchange rate management has undergone a sea-change under Malhotra. Even the International Monetary Fund has taken note of this, changing its de-facto assessment of India's currency exchange rate system to 'crawl-like arrangement' from 'stabilised'. Greater exchange rate flexibility "would be helpful for absorbing external shocks", it said.

FULL REPORT ON  
WWW.INDIANEXPRESS.COM

**Context:** With inflation easing and growth remaining strong, the RBI signals that India has entered a 'goldilocks' phase, opening room for possible further rate cuts.

## Syllabus Integration:

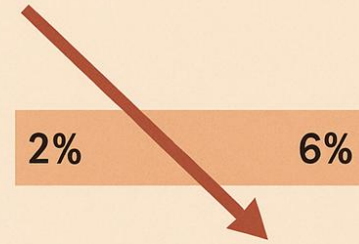
- **GS 2:** Institutional role of the RBI in monetary policy; coordination with government fiscal measures; oversight through Monetary Policy Committee (MPC).
- **GS 3:** Macroeconomic fundamentals—growth-inflation dynamics, monetary policy transmission, credit expansion, investment climate, and external sector pressures affecting rate decisions.
- **GS 4:** Ethical considerations in economic governance—balancing growth with price stability, safeguarding public welfare in monetary decisions, and ensuring transparency in policy communication.
- **Prelims:** RBI functions, MPC composition and mandate, repo/reverse repo, liquidity measures, inflation targeting framework, CPI-WPI distinctions.

# REPO RATE CUT AND GOLDBLOCKS' PHASE

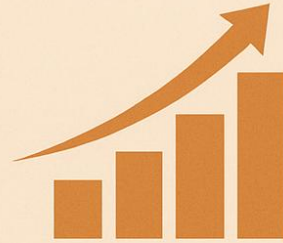
## 'GOLDBLOCKS' PHASE

With inflation easing to around the RBI's 2–6% target band and growth staying robust, the central bank sees the economy in a 'Goldilocks' phase of **falling inflation with solid GDP expansion**.

FALLING INFLATION



GROWTH



**REPO RATE CUT  
25 BASIS POINTS  
TO 5.25%**

The Monetary Policy

Committee has cut the repo rate by 25 basis points to 5.25% and signalled that more rate cuts are likely if inflation keeps trending down while growth remains healthy

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## GOLDBLOCKS ECONOMY

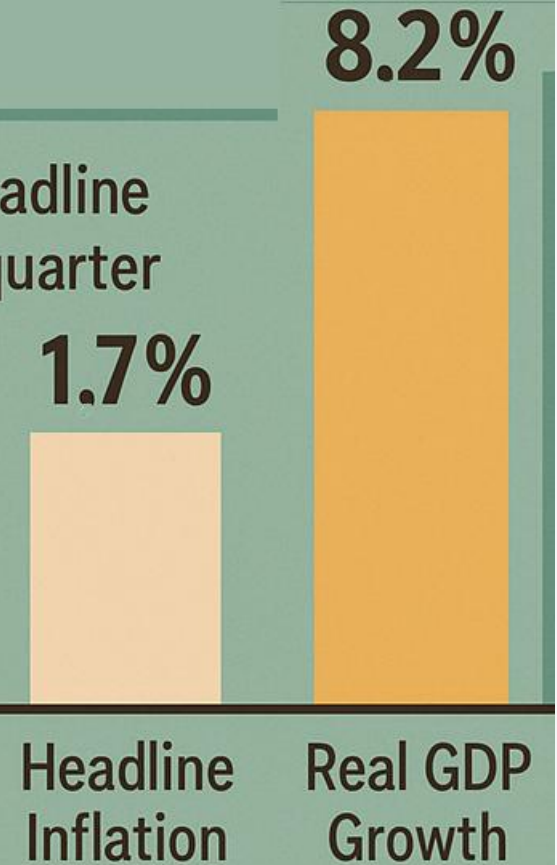
1

An economy that is not too hot or cold, in other words, sustains moderate economic growth, and that has low inflation, which allows a market-friendly monetary policy.



# REPO RATE CUT AND GOLDBLOCKS' PHASE

**2** The average headline inflation for a quarter at 1.7 per cent in Q2:2025-26. On the other hand, real GDP growth accelerated to 8.2 per cent in Q2.



## Headline vs Core Inflation

### Headline Inflation



Headline inflation includes the prices of all goods and services, such as food and energy.

### Core Inflation



Core inflation excludes volatile food and energy prices to provide a clearer picture of the underlying inflation trend

# REPO RATE CUT AND GOLDBLOCKS' PHASE

## IMPACT OF LOWER REPO RATE

- It will increase the supply of rupee into the economy, as the rate shall be lower.
- Cheaper credit encourages companies to borrow and invest in expansion, machinery, hiring, etc.
- Promotes increased consumption and investment, stimulating economic growth.

## ISSUE THAT MAY ARISE

- It may lead to further depreciation of Rupee, which is already reeling under dollar (\$) pressure.



# REPO RATE CUT AND GOLDBLOCKS' PHASE

## REPO RATE

- The interest rate at which the Reserve Bank of India (RBI) loans money to commercial banks.
- The interest rate at which the Reserve Bank provides liquidity to all LAF participants against the collateral of government securities.
- SDF balances are considered eligible assets for maintaining the Statutory Liquidity Ratio (SLR).

## STANDING DEPOSIT FACILITY (SDF) RATE

- The rate at which the RBI accepts uncollateralised deposits, on an overnight basis, from all LAF participants.
- The SDF rate is placed at 25 basis points below the policy repo rate.
- In April 2022, the SDF rate replaced the fixed reverse repo rate as the floor of the LAF corridor

## MARGINAL STANDING FACILITY (MSF) Rate

- The penal rate at which banks can borrow, on an overnight basis by dipping into their Statutory Liquidity Ratio (SLR) portfolio.
- This provides a safety valve against unanticipated liquidity shocks to the banking system.
- The MSF rate is placed at 25 basis points above the policy repo rate

# REPO RATE CUT AND GOLDDILOCKS' PHASE

## REVERSE REPO RATE



The interest rate at which the Reserve Bank absorbs liquidity from banks against the collateral of eligible government securities under the LAF.

## BANK RATE



The rate at which the Reserve Bank is ready to buy or rediscount bills of exchange or other commercial papers.

- The Bank Rate is published under Section 49 of the RBI Act, 1934

## CASH RESERVE RATIO (CRR)



The average daily balance that a bank is required to maintain with the Reserve Bank as a per cent of its NDTL

## STATUTORY LIQUIDITY RATIO (SLR)



Every bank shall maintain in India assets, the value of which shall not be less than such percentage of its total of its demand and time liabilities



# NO AFTER-WORK HOUR CALLS

**Context:** A Private Member's Bill proposes legally protecting employees' "right to disconnect" from work calls and emails after office hours to address overwork, stress, and digital intrusion.

## No after-hour work calls: Sule introduces Bill on employees' right to disconnect

Lalmani Verma  
Lucknow, December 5

"EIGHT HOURS for work, eight hours for rest, and eight hours for what you will."

The slogan popularised by the 19th-century labour movement encapsulated the struggle to shape the modern idea of the eight-hour workday, a standard that continues to influence notions of work and leisure across much of the world.

However, with work culture undergoing a big shift in a hyper-connected and globalised world, and amid employers increasingly encroaching on employees' leisure time, countries such as France, Portugal, and Australia have enacted their right to disconnect. In India, one of its biggest advocates is NCP (SP) MP Supriya Sule who on Friday introduced a Private Members' Bill in the Lok Sabha that proposes

employees should be allowed not to entertain work-related calls and emails outside work hours. Sule had introduced a similar Private Members' Bill in 2019, too.

Sule was joined by Congress MP Shashi Tharoor who introduced the Occupational Safety, Health and Working Conditions Code (Amendment) Bill, 2025, which seeks to limit work hours, secure the right to disconnect, and establish grievance redress and mental-health support systems. Sule's Right to Disconnect Bill, 2025, seeks to recognise the right to disconnect as a way to reduce stress and ease tension between an employee's personal and professional lives.

Referring to a World Economic Forum report, the "Objects and Reasons" of the Bill introduced by the Baramati MP says, "Studies have found that if an employee is expected to be

available round the clock, they tend to exhibit risks of over-work like sleep deprivation, developing stress, and being emotionally exhausted... According to a study, the constant monitoring of work-related messages and e-mails may overtax employees' brains, leading to a condition called 'info-obesity'."

Among other things, the Bill proposes that:

- While the employer may contact the worker after work hours, the employee is not obliged to reply and shall have the right to refuse to answer such calls. For doing so, an employee cannot be subject to any action.

- An Employees' Welfare Authority must be set up to confer every employee with the right to disconnect from work-related calls and emails beyond work hours and on holidays.

- The Authority must conduct a baseline study to collect comprehensive data about

workers' usage of digital and communication tools outside work hours.

- The Authority shall direct every company with more than 10 workers to negotiate with them, unions, or their representatives to decide the terms and conditions for working outside the work hours and they should be entitled to overtime.

- The government, in consultation with companies, must provide counselling services to employees to help them maintain work-life balance and should also set up digital detox centres.

- Penalty — 1% of employees' total remuneration — to be paid by companies for non-compliance.

Private Members' Bills, which are taken up on Fridays when Parliament is in session, are notoriously difficult to pass, with only 14 having become law to date.

### Syllabus Integration:

- **GS 1:** Changing work culture in a digital economy, impact on family life, mental health, and social well-being.
- **GS 2:** Labour law reforms, governance of working conditions under OSH Code, role of Parliament, regulatory responsibilities of employers and welfare authorities.
- **GS 3:** Technology-driven work environments, productivity-well-being balance, economic costs of burnout, and implications for human capital.
- **GS 4:** Ethical dimensions of work—fairness, dignity, employer responsibility, boundaries between professional and personal life, prevention of exploitation.
- **Prelims:** OSH Code basics, features of Private Members' Bills, labour welfare provisions, international "right to disconnect" precedents.



## PRELIMS PYQs

With reference to the Parliament of India, consider the following statements :

1. A private member's bill is a bill presented by a Member of Parliament who is not elected but only nominated by the President of India.
2. Recently, a private member's bill has been passed in the Parliament of India for the first time in its history.

Which of the statements given above is/are correct ?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

**NO AFTER-WORK HOUR CALLS**

**NCP (SP) MP SUPRIYA  
SULE INTRODUCES  
PRIVATE MEMBER'S BILL  
IN LOK SABHA  
TO GIVE EMPLOYEES A STATUTORY  
RIGHT TO  
DISCONNECT**

**WTN  
(WHAT'S THE  
NEWS)**

# NO AFTER-WORK HOUR CALLS

## FEATURES OF THE BILL

The Bill seeks to recognise the right to disconnect as a way to reduce stress and ease tension between an employee's personal and professional life

The Bill also instructs every registered company and society to constitute Employees' Welfare Committees consisting of its employees to assist or represent the employees for negotiation of terms and conditions

The Bill seeks to constitute the 'Employees' Welfare Authority' for the purpose of the Act, consisting of ex-officio members of important Ministries

The Authority shall discharge such functions as may be necessary to ensure the welfare of employees in the country



# NO AFTER-WORK HOUR CALLS

## PRIVATE MEMBER BILLS

1. A Member of Parliament, other than a Minister is known as a Private Member.
2. A Bill initiated by any such Member is called a Private Member's Bill.
3. Any such Bill can be introduced in the Lok Sabha or Rajya Sabha after giving one month's notice.

Till date, only 14 private member bills have become law.

## PRIVATE MEMBER BILLS

4. Any such notice shall not lapse on prorogation of the House.
5. The admissibility is decided by the Chairman or Speaker of the House.
6. In addition to the Speaker, the Lok Sabha has a Committee on Private Members' Bills and Resolutions to examine and classify the Bills according to their urgency and importance
7. Bills which can be introduced as Private Member's Bill:
  - Ordinary Bills
  - Money Bills
  - Constitutional Amendment Bills

# NO AFTER-WORK HOUR CALLS

## PRIVATE MEMBER BILLS

- 8 The last two and a half hours on every Friday or such other day of the presiding officer may fix, are spent on private members business.
- 9 If a Private Member's Bill can recommended or consideration or consideration of the President, the member concerned has to apply to through the concerned Minister for such recommendation:
  - Money Bills
  - Financial Bills u/Article 117,
  - Bills under Article 3 (Alteration of areas, boundaries or names of existing States) or
  - Bills u/214(th Article 374,

Usually not passed, the first private member Bill passed was the Muslim Wakfs Bill, 1952 which introduced by Syed Mohammed Ahmad Kasmi.



# THINQ!

The universe is sorrowful. Buddhists would not claim that there is no happiness in the world, but that in some form or other sorrow is inevitable in every aspect of life. "As the ocean has only one flavour, the flavour of salt," the Buddha is purported to have said, "so has my doctrine only one flavour—the flavour of emancipation [from sorrow]." In ordinary existence sorrow cannot be long avoided.

The universe is transient. There is no abiding entity anywhere. In this Buddhism has much in common with the teaching of Heraclitus. Every being or object, however stable and homogeneous it may appear, is in reality transient and composite. Man, who thinks himself to be eternal and individualized, is actually a compound of five psychosomatic elements—Body, Feelings, Perceptions, States of Mind, and Awareness. These five vary from minute to minute and there is no permanent substratum to them. The old man is evidently not the same person as the baby in arms of seventy years ago, and similarly he is not the same as the man of a moment ago. At every instant the old man vanishes, and a new man, caused by the first, comes into being, though a specious continuity is given by the chain of cause and effect which links one with the other. Buddhism knows no being, but only becoming. Everything is resolved into momentary configurations of events.† The universe is in continuous flux, and all idea of permanence is part of the basic ignorance out of which sorrow springs.

Thus there is no immortal soul. The universe is soulless. In transmigration nothing passes over from one life to another—only a new life arises as part of the chain of events which includes the old.

the idealism of some schools of the Great Vehicle. A fourth sect, the *Sammitiyas*, even went so far as to reject the doctrine of soullessness and to postulate a sort of soul in the *pudgala* or person, which passes from life to life. These early sects of Buddhism probably gave much encouragement to the evolution of Indian philosophy, as distinct from mystical thought.

## **MAINS TOPICS**

DIGITAL CONSTITUTIONALISM  
NEW LABOUR CODES

# DIGITAL CONSTITUTIONALISM

**Context:** The rollback of the mandatory “Bharat Sankalp” app triggers a deeper debate on surveillance, data power, AI-driven governance and the threats these pose to constitutional freedoms in the digital age.

## Syllabus Integration:

- **GS 2:** Constitutional protections (Articles 14, 19, 21), right to privacy jurisprudence, limits on state power, accountability of executive actions, and gaps in India’s digital governance legal framework.
- **GS 3:** Technology, data governance, AI-based decision systems, algorithmic harms, cybersecurity, and risks of state and private data monopolies; need for robust regulatory architecture.
- **GS 4:** Ethical concerns—autonomy, proportionality, fairness, transparency in algorithmic decision-making; preventing misuse of data power and ensuring responsible technology deployment.
- **Prelims:** Right to Privacy (Puttaswamy judgment), Data Protection Act basics, algorithmic bias, digital surveillance tools, facial recognition systems, principles of proportionality and necessity.

## A growing shadow over digital constitutionalism

In an unprecedented move, the central government revoked its order to mobile phone manufacturers to install ‘Sanchar Saathi’, a government app, from 2026. The rollback came in 48 hours following widespread concerns raised by most stakeholders about ambiguous data collection methods, the lack of consent, surveillance and unlimited data storage. Reuters broke the story and Apple refused to implement the policy.

These foreign entities may have played some sort of a backstage role as the government cannot afford to lose Apple and its manufacturing in India. Although the government’s move to have the app installed was apparently aimed as a safety measure – cybercrimes increased from 15.9 lakh cases in 2023 to 20.4 lakh in 2024 – to help mobile users and the police, legitimate questions were raised during the pushback against the government’s move about surveillance, state power and data misuse. These issues can be regarded as a significant step to understand the urgent need of what may be termed as digital constitutionalism.

What digital constitutionalism entails  
Digital constitutionalism signifies the extension of constitutional principles such as liberty, dignity, equality including non arbitrariness, accountability and rule of law in the digital space. These values are being threatened in the world where data collection, artificial intelligence (AI) and surveillance technologies take the lead. Modern governance is becoming an invisible system, whether it is biometric databases, predictive algorithms or both. In the absence of strong constitutional protection within these systems, humans are likely to be exposed to abuse of authority.

Everyday life is now being influenced by digital governance. Automated processes mediate Know Your Customer (KYC) verification, welfare distribution, job applications, health-care records, and even political expression in social media. These technologies tend to operate without any significant revelation or approval from people.

Consequently, the concentration of power takes place in the hands of tech designers, law enforcement agencies and private companies. This generates an unequal state where the citizens are passive data subjects but not active right-holders as they are supposed to be in liberal democracies.

There has also been a worrisome development in surveillance which even George Orwell could not imagine in the celebrated and futuristic 1984. It has ceased to be visible and immediate. These days it is being performed with the help of metadata gathering, location tracing, biometric identification, behavioural modelling and predictive analytics.

This kind of silent and constant surveillance can chill free speech, discourage dissent and disrupt democracies. People start censoring themselves when they are aware that they are



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under observation. Self-censorship is the new normal. The right to privacy is now considered to be one of the basic rights in India. This was affirmed in *Justice K.S. Puttaswamy (Retd.) And Anr. vs Union of India And Ors.* (2017) by the Supreme Court of India. More recently, the Digital Personal Data Protection Act, 2023, was passed by Parliament. Although it was supposed to safeguard the data of the citizens, the law has some significant flaws. It gives broad exemption to the government, is not well overseen by the independent body, and has weak remedies for individuals. It places administrative convenience and national security over individual autonomy and dignity, rendering it inadequate as a constitutional protection.

**Efficiency but less personal control**  
Datafication has entered every sector. Banks rely on behavioural analytics. Hospitals and insurance agencies depend on digital medical records. Education is delivered through online platforms. Social media do profile users constantly. These developments create efficiency, yet they also reduce personal control over information. Consent has become a routine “click-through” process, not a genuine voluntary choice. Purpose limitation is often ignored. Consequently, privacy loss is no longer just about isolated breaches. It is about the gradual erosion of personal control over identity and decision-making.

Surveillance technologies now form part of public places. Closed circuit cameras, biometric scanners and digital identifiers constantly monitor people. Accordingly, facial recognition has been prohibited or severely limited in a few cities in the United States because of racial discrimination, surveillance and false identification. Facial recognition misidentification has led to wrongful arrests abroad. Digi Yatra data (at Indian airports) too is not with the government. Research has found that these systems at times adversely work against people of colour, women, and minority groups. Thus, facial recognition technology basically leads to discrimination rather than assisting crime prevention which like Sanchar Saathi, is its stated objective.

While such technologies are still growing and are being used in India. There is no comprehensive law on surveillance. There is a lack of effective judicial control. Transparency is rare. This poses a serious disproportion between authority and responsibility. Unchecked surveillance may end up transforming a democratic state into a monitoring state like Big Brother.

Algorithms determine who receives welfare, is probed by police, has their content removed, and who gets a job or a loan application shortlisted. Such systems are commonly known as black boxes as their decision-making functions are obscure. In cases when a benefit is not provided to a person, or a person is suspected, there is no explanation. It also lacks a clear-cut mechanism of appeal.

There are real consequences. Algorithmic failures have excluded deserving families from welfare schemes. Automated content moderation has silenced legitimate voices. Indeed, technology can quickly violate the constitutional principles of equality, reasonableness and natural justice.

**An inadequate legal system**  
The legal system that is in place in India, including the Information Technology Act, 2000, and emerging digital laws, is mainly aimed at controlling technology and governing platforms. It is not doing enough to defend citizen’s liberties in general and privacy in particular. Few guidelines have been provided by courts, but these are disjointed and provisional. When it comes to high risk algorithms and surveillance orders, there is no external institution with the ability to audit them or even review them. To the majority of tech-savvy citizens, remedies are slow and expensive and unreachability. Masses are unaware of dangers.

This gives rise to a paradox in the constitution. Rights, freedoms and state power are now being shaped by the digital system, just like the government institutions. These are not, however, subjected to constitutional discipline. This is an incongruity that undermines democracy.

To find the appropriate model of digital constitutionalism, it will have to be more than being merely theoretical. It should develop institutional protection. Violations should be inquired into by creating an independent digital rights commission that will ensure accountability. The law should restrict surveillance except in grave situations of national security, which can be determined by necessity and proportionality. Public transparency reports and parliamentary scrutiny, and judicial warrants must be obligatory.

Risky AI devices should be audited and bias tested on a regular basis. Citizens should be granted the right to explanation and the right to appeal to the automated decisions. The tight control of purpose, limited collection and severe punishment of abuse should be reinforced to ensure better data protection.

Digital literacy too is to be considered as a constitutional empowerment. Individuals should be in a position to criticise, challenge and oppose digital power structures. Rights are mere theories without knowing.

Digital technologies have become an integral part of citizenship. They determine the availability of services, political participation and even identity. With governance increasingly being more data-driven, constitutional values should be used as the starting point for this shift. Freedom, equality and privacy are too precious to be among the mute victims of efficiency. Digital constitutionalism is not just a change in law. It is the defence of the democratic era in the algorithmic era. It is a promise to make sure that technology is a servant of the people and not their silent authoritarian master.

Constitutional principles are under threat in a world where data collection, artificial intelligence and surveillance technologies are taking the lead



## CONCERNS OVER 'DIGITAL CONSTITUTIONALISM'

The government briefly ordered smartphone makers to pre-install the Sandes-like 'Janchaar Saathi' app, a move rolled back within 48 hours amid fears of mass surveillance and unchecked data collection.



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# DIGITAL CONSTITUTIONALISM

## THE CRISIS: UNPRECEDENTED GOVERNMENT CONTROL



### MASS SURVEILLANCE:

Government exploit technology to monitor citizens on unprecedented scale



### DATA CENTRALIZATION:

Digital platforms consolidate vast personal data without sufficient safeguards



### ALGORITHMIC GOVERNANCE:

AI-driven systems make decisions affecting citizens' lives with minimal transparency



### CONSTITUTIONAL VULNERABILITY

Traditional constitutional protections lag behind rapid technological advancement

## Understanding Digital Constitutionalism

### Definition:

The application of constitutional principles like liberty, privacy, equality, and justice to digital governance and technological systems.



Liberty



Privacy



Equality



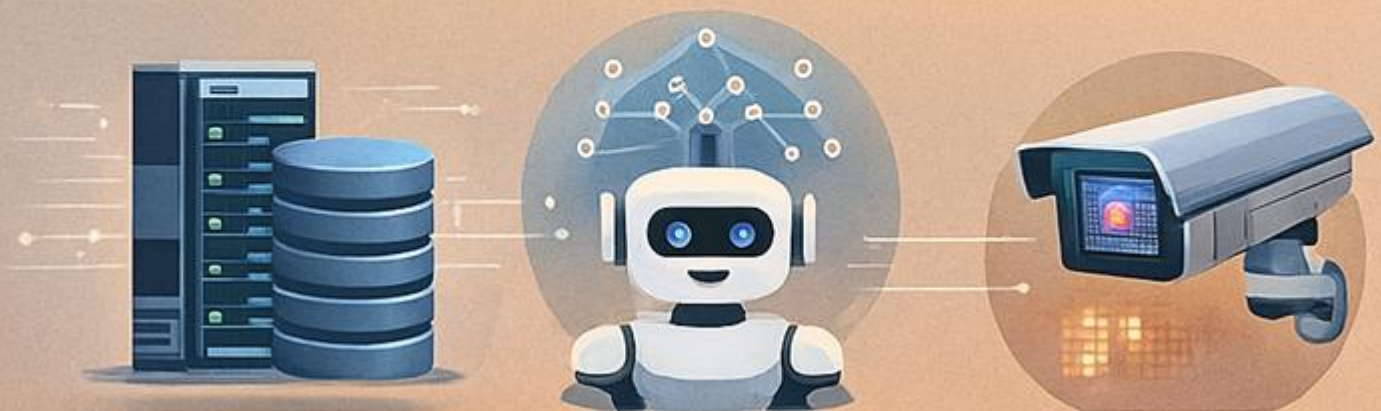
Justice



# DIGITAL CONSTITUTIONALISM

## Core Question:

How do we protect fundamental rights in an increasingly digital world where data collection, artificial intelligence, and surveillance technologies are becoming omnipresent?



Data Collection

Artificial Intelligence

Surveillance  
Technologies

# DIGITAL CONSTITUTIONALISM

## Major Concerns

### Mass Surveillance

Facial recognition, digital IDs, and monitoring systems track citizens without adequate consent or oversight

### Data Security

Personal data breach of privacy by government agencies and private corporations

### Regulatory Gap

Laws lag behind technology; insufficient legal framework for digital rights protection

### Algorithmic Bias

AI systems used for decision-making (hiring, lending, policing) perpetuate discrimination

# DIGITAL CONSTITUTIONALISM

## FACIAL RECOGNITION

Used for population tracking, border control, and law enforcement without legal safeguards or transparency



## SURVEILLANCE TECHNOLOGIES RESHAPING GOVERNANCE

### PREDICTIVE ALGORITHMS

AI systems predict criminal behavior and allocate resources, creating systemic biases against marginalized groups



### SOCIAL MEDIA MONITORING

Governments monitor social media and track online activities without citizen consent for population surveillance



### DIGITAL IDENTITY & AADHAAR

Mass biometric data collection enables unprecedented government surveillance reach and centralized tracking



# DIGITAL CONSTITUTIONALISM

## How Our Legal System Falls Short

### Constitutional Lag

The Constitution was written in 1950; it doesn't address digital privacy, algorithmic justice, or data rights

### Fragmented Laws

Multiple overlapping laws (ITA 2000, DPDP Act 2023) create confusion and enforcement gaps

### Weak Enforcement

Courts struggle to keep pace with technology; inadequate penalties for violations; limited redress mechanisms

# DIGITAL CONSTITUTIONALISM

## Protecting Digital Rights: What India Needs

### Stronger Legal Framework

- Constitutional amendment on digital privacy
- Comprehensive data protection with accountability
- Algorithmic transparency mandates
- Independent digital rights watchdog

### Global Alignment

- Learn from EU's GDPR model
- International digital rights standards

### Judicial & Institutional Strength

- Tech-savvy judiciary to handle digital cases
- Fast-track digital rights redressal

### Democratic Accountability

- Public participation in tech policy design
- Transparent government tech procurement
- Regular audits of surveillance systems
- Citizens' right to know data collection

## The Digital Constitution We Need

**Digital rights are human rights.** As technology becomes woven into every aspect of governance and daily life, constitutional protections must evolve.

India must craft a digital constitution that guards individual autonomy, ensures transparency, and holds both government and tech companies accountable — ensuring that in our increasingly digital world, fundamental freedoms remain uncompromised.



# NEW LABOUR CODES

**Context:** The article argues that India's new labour codes modernise outdated regulations, expand social security, streamline compliance, and create a more balanced framework benefiting both workers and employers.

## New labour codes are a win-win for workers and employers



SHAMIKA RAVI

INDIA'S LABOUR market has been shaped by a complex legacy of well-intentioned but ultimately restrictive regulations. For decades, labour laws designed to protect workers ended up discouraging firms from growing, formalising, or hiring at scale. The sweeping labour reforms implemented through the four labour codes mark an important break from this past. By modernising outdated legislation and simplifying compliance, these reforms promise to reshape the labour landscape and unlock India's employment and growth potential. From here on, the states that enforce these reforms with full commitment are likely to witness major investments and job creation.

The foundation of India's labour regulation was the Industrial Disputes Act (IDA) of 1947. This created powerful disincentives for firms to expand beyond a small size. Three major distortions emerged. First, productive firms deliberately stayed smaller than optimal, fearing regulatory burdens if they grew. This prevented the development of large, competitive manufacturing enterprises. Second, India became a country of micro and small informal units, which often lacked access to technology, capital, and skilled management. These firms naturally struggled to raise productivity or offer secure, well-paid jobs. Third, the laws ended up protecting a tiny minority of formal, unionised workers, while the vast majority remained outside any legal safety net. Ironically, rules intended to defend workers benefited only those already fortunate enough to be in stable, formal jobs.

To close loopholes, the government introduced the Contract Labour Act (CLA) of 1970, increasing compliance requirements for firms hiring contract workers. Amendments in 1976 and 1982 tightened restrictions by lowering the thresholds at which firms needed government permission for layoffs. Despite India's 1991 economic lib-



ILLUSTRATION: C.R. SAKSHI

eralisation, the labour law system remained largely untouched, continuing to discourage large-scale, labour-intensive manufacturing. Over time, this rigid regulatory environment led to a structural imbalance: India had abundant labour, but firms were reluctant to hire. Job creation lagged behind economic growth, and millions remained in informal employment.

Recognising these distortions, the government consolidated 29 laws into four comprehensive labour codes: the Code on Wages (2019), the Industrial Relations Code (2020), the Code on Social Security (2020) and the Occupational Safety, Health and Working Conditions Code (2020). Now notified, these reforms aim to balance worker protection with economic dynamism. They modernise outdated provisions, simplify compliance, expand social protection, and give firms the flexibility they need to grow.

**Universal wage and social protection:** The Code on Wages establishes a uniform national framework for minimum wages and timely payments. This is a major step toward inclusivity. Earlier laws covered only certain categories of workers, excluding many in the informal sector. Now, all workers across industries, regions, and job types receive wage protection. Combined with mandatory ap-

India's labour market has long been shaped by protective laws that turned into a stranglehold, pulling back its economic potential. The new labour codes represent a comprehensive attempt to correct that imbalance

pointment letters, this pushes employers toward formalisation and transparency. The Code on Social Security expands the safety net to gig workers, platform workers, and other non-traditional categories that form a rapidly growing share of India's workforce. For the first time, delivery workers, ride-share drivers, freelance workers, and others on digital platforms are legally recognised and eligible for social security benefits. This modernises labour law to match contemporary forms of work.

**Simplified compliance and reduced bureaucracy:** A major obstacle for Indian firms has historically been the complexity of labour compliance. Different laws required multiple registrations, licences, inspections, and returns. The new codes consolidate these into one registration, one licence, and one return, greatly reducing bureaucratic friction. This is crucial for small and medium enterprises, which often operate informally precisely to avoid compliance burdens. Simplified procedures make it easier and more attractive for firms to join the formal economy, hire workers officially, and expand operations.

**Flexibility in hiring and managing labour:** The Industrial Relations Code introduces greater flexibility in hiring and workforce management. While maintaining

protections against arbitrary dismissal, it streamlines processes for layoffs and retrenchment in medium-sized firms. This reduces the uncertainty firms previously faced, encouraging them to hire without fear of crossing rigid thresholds. At the same time, worker protections remain intact through dispute-resolution mechanisms and safeguards against misuse. The goal is not to erode rights but to create a predictable, rules-based environment where both workers and employers benefit.

**Modern, safer workplaces:** The Occupational Safety, Health and Working Conditions Code consolidates safety and health regulations across sectors and establishes clearer standards for working conditions. This is significant in construction, mining, manufacturing, and transportation, where outdated or fragmented laws previously created confusion. A modern safety framework improves the quality of work, encourages investment in safer technology, and ensures dignity and protection for workers.

Empirical evidence from recent decades suggests that Indian states that have implemented labour reforms have benefited more from trade liberalisation. This indicates that states with less restrictive labour regulations, such as lower bureaucratic hurdles and greater labour market flexibility, have enabled their industries to better capitalise on trade opportunities. But on the whole, these state-level reforms have been rare.

India's labour market has long been shaped by protective laws that turned into a stranglehold, pulling back its economic potential. The new labour codes represent a comprehensive attempt to correct that imbalance. By simplifying regulation, expanding protections, embracing new forms of work, and giving firms the flexibility to grow, these reforms create the conditions for a more dynamic labour market. If implemented effectively, the reforms can promote formal employment, raise productivity, encourage investment, and deliver better working conditions. They offer a pathway for India to move from a fragmented, informal labour system to a more modern, inclusive, and growth-oriented framework, unlocking the true potential of its vast and diverse workforce.

The writer is member, EAC-PM

## Syllabus Integration:

- **GS 2:** Labour reforms as part of governance and policy implementation; legislative consolidation of 29 laws into four labour codes; role of the state in shaping labour rights and employer obligations.
- **GS 3:** Economic impacts—ease of doing business, employment generation, productivity gains, reduced regulatory burdens, and improved investment climate; social security expansion for gig/platform workers.
- **GS 4:** Ethical dimensions—fair wages, job security, workplace safety, equitable protections for vulnerable workers, and balancing employer flexibility with worker dignity.
- **Prelims:** Four Labour Codes (Wages, Industrial Relations, Social Security, OSH), key provisions like fixed-term employment, universal minimum wage framework, gig worker inclusion, and the codification of compliance mechanisms.

## MAINS PYQs

### CSE - 2024

Discuss the merits and demerits of the four Labour Codes' in the context of labour market reforms in India. What has been the progress so far in this regard? (Answer in 250 words)

# INDIA'S NEW LABOUR CODES

The article argues that India's four new labour codes mark a major shift from a restrictive, fragmented system toward a unified framework that can boost formalisation, investment and job creation.

**WTN  
(WHAT'S THE  
NEWS)**



# NEW LABOUR CODES

## The Journey: From Fragmentation to Unity

### 1947-2020:

India operated under 44 outdated labour laws from the pre-independence era



### Legacy Impact:

Large informal sector with limited worker protections and compliance complexity



### Challenge:

Restrictive regulations discouraged firm growth, formalisation, and job creation



### Reform Need:

Unified, modern framework to balance worker protection with economic dynamism

# NEW LABOUR CODES

## CHALLENGES WITH PRE-CODES ERA

### THREE MAJOR DISTORTIONS EMERGED

Three major distortions emerged. First, productive firms deliberately stayed smaller than optimal, fearing regulatory burdens if they grew. This prevented the development of large, competitive manufacturing enterprises.



Second, India became a country of micro and small informal units, which often lacked access to technology, capital, and skilled management. These firms naturally struggled to raise productivity or offer secure, well-paid jobs



Third, the laws ended up protecting a tiny minority of formal, unionised workers, while the vast majority remained outside any legal safety net. Ironically, rules intended to defend workers benefited only those already fortunate enough to be in stable, formal jobs

## The Four Pillars of Reform

### 1. Wages Code (2020)

Fair wage standards, timely payments, and transparent wage structure across all sectors

### 2. Industrial Relations Code (2020)

Streamlined labour-employer relations, dispute resolution, and union participation mechanisms

### 3. Social Security Code (2020)

Expanded coverage for gig workers, platform workers, and formalised sector employees

### 4. Occupational Safety & Health Code (2020)

Unified safety and health standards across construction, mining, manufacturing, and transport sectors



# NEW LABOUR CODES

## Safer Workplaces

Consolidated health and safety standards across all sectors

## Expanded Social Security

Coverage extended to gig, platform, and informal workers

## What Workers Gain

## Modern Work Recognition

Legal recognition and protections for delivery workers, share-drivers, and digital platform workers

## Dispute Resolution

Faster, structured grievance mechanisms to protect worker rights

## Fair Wages

Transparent wage structures with timely payment guarantees

Section 5 of the Code on Wages, 2019 establishes a statutory right to **minimum wages** for **all employees**, extending its coverage to every sector, both **organised and unorganised**. Earlier, the minimum wages applied only to scheduled employments, covering roughly 30% of the workforce.

### Pro Worker Provisions

- Ensures **minimum pay for every employee**, irrespective of industry, category, or nature of employment
- Provides a uniform legal safeguard nationwide, reducing wage disparity.
- Benefits vulnerable groups like casual employee, daily wagers, and migrant labourers.
- Promotes social justice and equity by narrowing wage gaps.
- Enhances employee' income security and living standards.

### Pro Employment Provisions

- Encourages greater workforce participation, especially among women and migrants.
- Improves job stability and retention with fair pay.
- Boosts employment growth by fostering confidence in fair compensation as no employee is paid below the government-notified minimum wage.

## SECTION 5 OF THE CODE ON WAGES, 2019

establishes a statutory right to minimum wages for all employees, extending its coverage to every sector, both organised and unorganised

### PRO WORKER PROVISIONS



Ensures minimum pay for every employee, irrespective of industry, category, or nature of employment



Provides a uniform legal safeguard nationwide, reducing wage disparity



Benefits vulnerable groups like casual employees, daily wagers, and migrant labourers



Promotes social justice and equity by narrowing wage gaps



Enhances employees' income security

### PRO EMPLOYMENT PROVISIONS



Encourages greater workforce participation, especially among women and migrants



Improves job stability and retention with fair pay



Boosts employment growth by fostering confidence in fair compensation as no employee is paid below the government-notified minimum wage



## What Employers Gain



### **Simplified Compliance**

One unified code replaces 44 outdated, fragmented regulations



### **Greater Flexibility**

Streamlined processes for temporary staffing and workforce scaling



### **Reduced Uncertainty**

Clear, predictable rules for hiring, firing, and workforce management



### **Lower Compliance Costs**

Single registration and clearer administrative requirements



### **Business Growth**

Reduced regulatory burden encourages formal sector expansion and job creation



# NEW LABOUR CODES

## FLEXIBILITY IN HIRING AND MANAGING LABOUR

The Industrial Relations Code introduces greater flexibility in hiring and workforce management. While maintaining protections against arbitrary dismissal, it streamlines processes for layoffs and retrenchment in medium-sized firms. This reduces the uncertainty firms previously faced, encouraging them to hire without fear of crossing rigid thresholds.



At the same time, worker protections remain intact through dispute-resolution mechanisms and safeguards against misuse.



The goal is not to erode rights but to create a predictable, rules-based environment where both workers and employers benefit

## MODERN, SAFER WORKPLACES

The Occupational Safety, Health and Working Conditions Code consolidates safety and health regulations across sectors and establishes clearer standards for working conditions. This is significant in construction, mining, manufacturing, and transportation, where outdated or fragmented laws previously created confusion.



A modern safety framework improves the quality of work, encourages investment in safer technology, and ensures dignity and protection for workers



This is significant in construction, mining, manufacturing, and transportation, where outdated or fragmented laws previously created confusion

# NEW LABOUR CODES

## Simplified Registration

Single portal for labour compliance across all codes

## Progressive Rollout

Phased implementation to ensure smooth transition

## Digital Framework

Online grievance filing, dispute resolution, and worker registration

## Capacity Building

Training programs for firms and workers on new provisions

## Implementation & Compliance

## The Win-Win Outcome



### Economic Growth

Formalisation, investment, and job creation accelerated through reduced regulatory barriers



### Worker Protection

Modern, comprehensive safeguards across wages, safety, social security, and dispute resolution



### Rules-Based Environment

Predictable, transparent framework where both workers and employers benefit from clarity