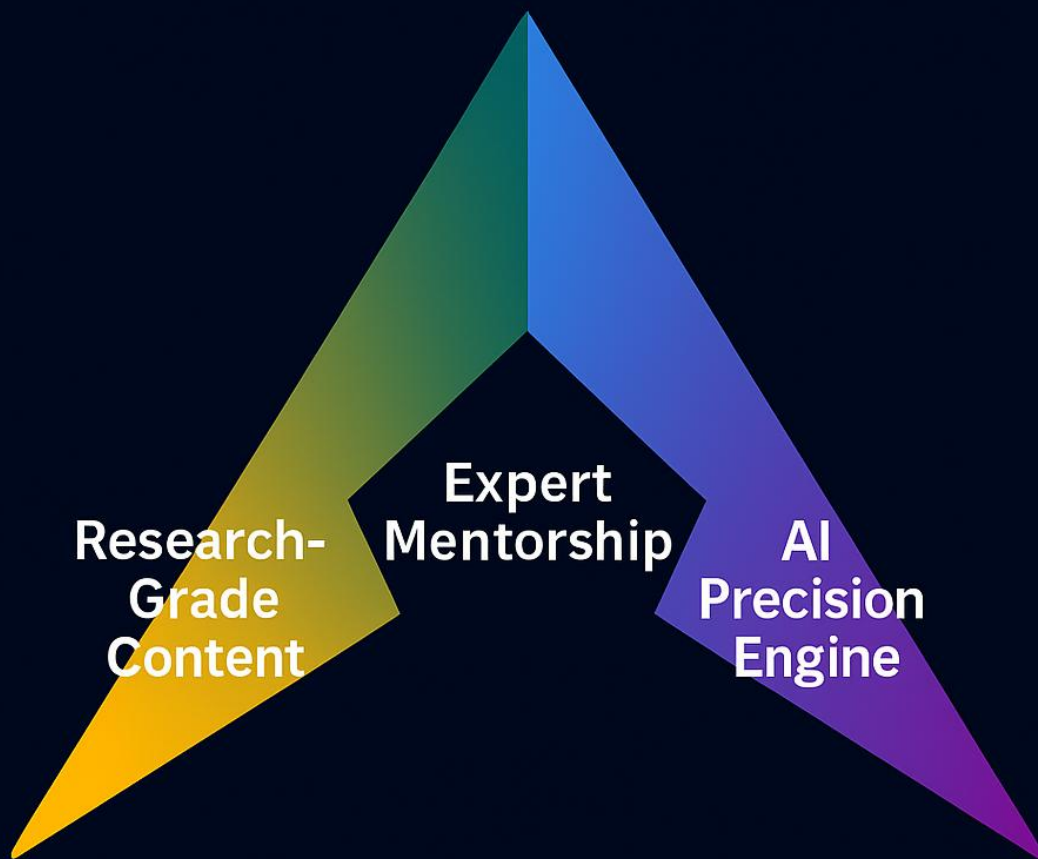


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DAILY CURRENT AFFAIRS DATED 15.05.2026

GS Paper II: International Relations

1. India's Europe Outreach and India-Nordic Summit, 2026

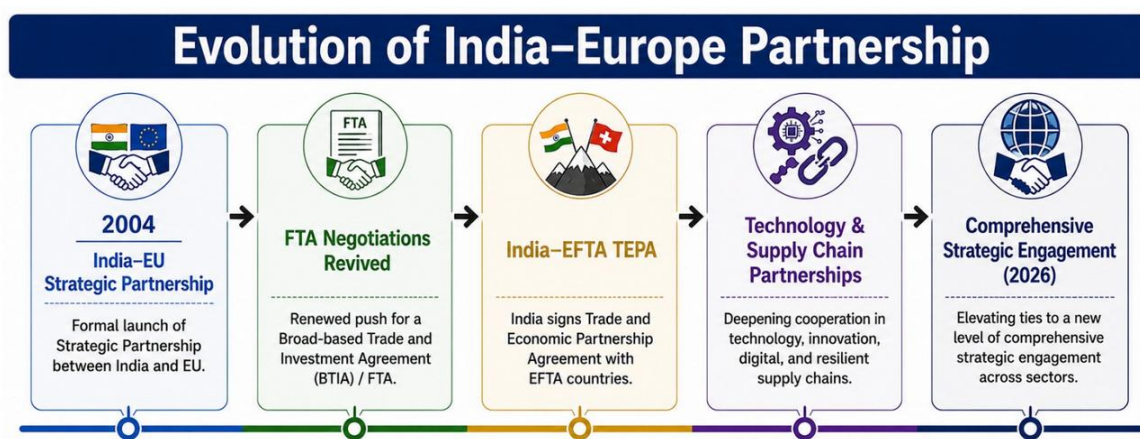
a. Introduction

Prime Minister Narendra Modi visited Norway, the Netherlands, Sweden, and Italy, and participated in the Third India-Nordic Summit in Oslo. The visit reflects India's expanding engagement with Europe amid a rapidly evolving geopolitical and economic environment.

The outreach occurs against the backdrop of:

- Instability in West Asia.
- Changing transatlantic relations.
- Global supply-chain restructuring.
- Efforts by major economies to reduce strategic dependence on China.

The visit underscores India's objective of deepening cooperation in trade, technology, investment, defence, clean energy, and connectivity.



b. Background

Evolution of India-Europe Relations

- India's engagement with Europe has evolved from a predominantly trade-centric relationship into a comprehensive strategic partnership encompassing economic cooperation, technological collaboration, security engagement, and global governance.

Major Milestones

- India-European Union Strategic Partnership (2004).
- Revival and conclusion of India-European Union Free Trade Agreement negotiations.
- India-European Free Trade Association Trade and Economic Partnership Agreement (TEPA).
- Growing cooperation in semiconductors, clean energy, maritime security, digital technologies, and resilient supply chains.

The convergence of interests has been driven by Europe's search for trusted economic partners and India's aspiration to diversify strategic relationships while maintaining strategic autonomy.

c. Key Features of the Visit

Aspect	Details
Countries Visited	Netherlands, Sweden, Norway and Italy
Major Event	Third India–Nordic Summit
Focus Areas	Trade, technology, defence, energy and maritime cooperation
Economic Context	India–EU FTA and India–EFTA TEPA
Geopolitical Context	West Asian instability, changing transatlantic dynamics and China's growing influence
Core Objective	Building resilient economic and strategic partnerships

Among the various engagements, the India–Nordic Summit occupies a particularly important position as a dedicated platform for cooperation between India and the Nordic region.

d. India–Nordic Summit

The India–Nordic Summit serves as a high-level institutional mechanism for cooperation between India and the Nordic countries.

i. Evolution of the Summit

Summit	Venue	Year
First	Stockholm	2018
Second	Copenhagen	2022
Third	Oslo	2026

ii. Participating Countries

- India
- Norway
- Sweden
- Denmark
- Finland
- Iceland

The summit format is particularly significant because very few countries maintain a dedicated summit-level engagement mechanism with the Nordic region.

iii. Economic Significance

Indicator	Value
India–Nordic Trade	USD 19 Billion

India's Exports	USD 9.4 Billion
India's Imports	USD 9.6 Billion
Nordic Companies Operating in India	More than 700
Indian Companies Operating in Nordic Countries	More than 150

The figures indicate a balanced and increasingly diversified economic relationship.

iv. Importance of India–EFTA Trade and Economic Partnership Agreement (TEPA)

The India–EFTA Trade and Economic Partnership Agreement (TEPA) came into force on 1 October 2025.

Members of EFTA

- Iceland
- Liechtenstein
- Norway
- Switzerland

Expected Benefits

- Long-term foreign investment.
- Technology transfer.
- Greater market access.
- Employment generation.
- Integration into global value chains.

While the summit provides a collective framework for cooperation, each European partner contributes distinct strategic strengths to India's broader engagement with the continent.

e. Country-wise Strategic Significance

i. Netherlands: Gateway for Innovation and Logistics

- The Netherlands is one of Europe's most technologically advanced economies and a major logistics hub.

Areas of Cooperation

- Semiconductors.
- Green hydrogen.
- Water management.
- Maritime technologies.
- Port infrastructure and logistics.

Strategic Relevance

- The partnership combines Dutch technological expertise with India's manufacturing scale and market potential. Cooperation in semiconductor ecosystems and hydrogen technologies is particularly important for India's industrial transformation.

ii. Sweden: Technology and Defence Partnership

- Sweden is among the world's leading innovation-driven economies and consistently invests heavily in research and development.

Key Areas of Cooperation

- Advanced manufacturing.
- Defence technology.
- Innovation ecosystems.
- Critical minerals.
- Green technologies.

Defence Cooperation

- The establishment of a Carl-Gustaf manufacturing facility by Saab in Jhajjar represents India's first defence manufacturing project with 100 per cent foreign direct investment.

Strategic Importance

- Promotion of Make in India.
- Defence indigenisation.
- Technology transfer.
- Strategic autonomy in defence production.

iii. Norway: Maritime and Arctic Cooperation

- Norway occupies a unique position in India's engagement with Europe because of its expertise in maritime industries, Arctic affairs, and sustainable ocean management.

Major Areas of Cooperation

- Blue Economy.
- Green shipping.
- Maritime infrastructure.
- Arctic governance.
- Defence cooperation.

Recent Developments

- Indian shipyards have emerged as important partners for Norwegian shipping companies. Norway has also contributed advanced tunnelling technologies to major Indian infrastructure projects.

Strategic Relevance

Norwegian expertise complements India's:

- Sagarmala Programme.
- Maritime India Vision.
- Blue Economy framework.
- Arctic research and governance ambitions.

iv. Italy: Connectivity and Industrial Cooperation

- Italy is emerging as an important stakeholder in strengthening India's connectivity with Europe.

Role in IMEEC

- Italy is expected to serve as a major European gateway for the India–Middle East–Europe Economic Corridor (IMEEC).

Importance of IMEEC

The corridor seeks to:

- Enhance trade connectivity.
- Improve supply-chain resilience.
- Reduce transportation costs.
- Strengthen energy security.
- Facilitate digital and infrastructure integration.

Strategic Significance

- For India, IMEEC represents both an economic and geopolitical initiative capable of reshaping Eurasian connectivity while reducing vulnerabilities in global supply chains.

The country-specific partnerships collectively demonstrate why Europe is becoming an increasingly important pillar of India's external engagement strategy.



f. Why Europe Matters for India

Diversification of Strategic Partnerships

- India's foreign policy increasingly follows a strategy of multi-alignment, whereby it strengthens relations with multiple centres of power without becoming dependent on any single bloc. Europe provides a crucial pillar of this approach.

Access to Advanced Technology

European countries are global leaders in:

- Semiconductors.
- Artificial Intelligence.
- Green hydrogen.
- Renewable energy.
- Advanced manufacturing.
- Quantum technologies.

Partnerships in these sectors can accelerate India's technological modernisation.

Supply-Chain Resilience

- Many European countries are pursuing a strategy of de-risking, aimed at reducing excessive economic dependence on China.
- This aligns with India's ambition to emerge as a trusted manufacturing and investment destination within global value chains.

Energy Transition and Sustainability

Cooperation with Europe supports India's transition towards cleaner energy systems through:

- Green hydrogen partnerships.
- Renewable technologies.
- Sustainable mobility.
- Energy-efficient industrial systems.

Skilled Mobility

Several European countries face demographic challenges arising from ageing populations and labour shortages.

India's skilled workforce can contribute in:

- Information technology.
- Healthcare.
- Research and development.
- Engineering.
- Higher education.

Support in Global Governance

Several Nordic and European countries have consistently supported:

- Reform of the United Nations Security Council.
- Rules-based international order.
- Climate action initiatives.
- Multilateral cooperation.

Such support strengthens India's aspirations for a greater role in global governance institutions.

Despite substantial convergence of interests, several structural and geopolitical challenges continue to constrain the full potential of India–Europe relations.

g. Challenges in India–Europe Relations

Slow Implementation of Agreements

- Trade and investment agreements often face delays in operationalisation, reducing their immediate economic impact.

Regulatory Divergences

Differences in standards relating to:

- Data governance.
- Environmental regulations.
- Sustainability requirements.
- Labour norms.

can create barriers to deeper economic integration.

Geopolitical Volatility

- Conflicts in West Asia and tensions among major powers can affect connectivity corridors, trade routes, and energy supplies.

Competition for Investment

- India faces competition from ASEAN economies, Eastern European countries, and other emerging markets in attracting global investment flows.

h. Way Forward

Strengthening India–Europe Partnership:

- Fast-track implementation of India–EU and India–EFTA trade agreements.
- Expand collaboration in semiconductors, artificial intelligence, quantum technologies, and green hydrogen.
- Strengthen maritime cooperation through IMEEC and Arctic partnerships.
- Promote academic exchanges, innovation networks, and workforce mobility.
- Deepen defence-industrial cooperation under Make in India.
- Leverage European investments to support India's vision of becoming a developed nation by 2047.

A stronger India–Europe partnership will not only accelerate economic growth but also contribute to a more balanced, resilient, and multipolar global order.

Conclusion

India's Europe outreach and the Third India–Nordic Summit, 2026 reflect a decisive effort to deepen partnerships with Europe at a time of global uncertainty and supply-chain realignment. By expanding cooperation in technology, trade, defence, clean energy, maritime security, connectivity, and skilled mobility, India seeks to strengthen its strategic autonomy and economic resilience.

The Nordic countries and key European partners offer advanced innovation, sustainable technologies, and investment opportunities that align closely with India's developmental priorities. However, timely implementation of trade agreements, regulatory coordination, and geopolitical stability will be essential. If pursued effectively, the India–Europe partnership can become a major pillar of a multipolar, resilient, and future-oriented global order.

GS Paper II: Current Affairs

2. Medical Education in India: From Expansion to Excellence

a. Introduction

Medical education reform has re-emerged as a major policy issue following debates surrounding the National Eligibility cum Entrance Test (NEET), concerns regarding examination integrity, and questions about the quality of medical training amid the rapid expansion of medical colleges and seats.

Over the past decade, India has significantly expanded its capacity to produce doctors. However, the policy discourse is now shifting from increasing the number of medical graduates to ensuring that they possess the competence, ethical orientation, and technological skills required for a rapidly evolving healthcare ecosystem.

The challenge before India is no longer merely one of access to medical education but of ensuring excellence, equity, and relevance in medical training.

“Why Medical Education Matters”



b. Why Medical Education Reform Matters

Importance of Medical Education

- Medical education forms the foundation of a nation's healthcare system. The quality of doctors produced directly influences public health outcomes, healthcare accessibility, patient safety, and overall human development.

Areas Affected by Medical Education Quality

- Universal Health Coverage (UHC).
- Healthcare quality and accessibility.
- Human capital development.
- Public trust in healthcare institutions.
- Preparedness for emerging health challenges.
- Global competitiveness of Indian medical professionals.

As India's healthcare needs become increasingly complex, the focus must shift from quantitative expansion to qualitative transformation.

c. Current Status of Medical Education in India

Indicator	Status
Medical Colleges (2021–22)	Approximately 596
Medical Colleges (2025–26)	More than 818
MBBS Seats	Nearly 1.29 lakh
Postgraduate Seats	Around 85,000
Admission Mechanism	National Eligibility cum Entrance Test (NEET)
Regulatory Body	National Medical Commission
Curriculum Framework	Competency-Based Medical Education

The expansion has substantially improved access to medical education and is expected to contribute towards addressing doctor shortages. However, concerns regarding educational quality have emerged alongside this rapid growth.

While expansion has improved accessibility, it has also exposed several structural weaknesses that need urgent policy attention.

d. Key Challenges in Medical Education

i. Capacity Expansion versus Quality Assurance

- The rapid establishment of medical colleges has not always been accompanied by a corresponding enhancement in infrastructure and academic resources.

Major Challenges

- Availability of qualified faculty.
- Adequate clinical exposure.
- Modern laboratories and teaching facilities.
- Research infrastructure.
- Effective mentoring systems.

Implication

- A healthcare system may suffer if expansion occurs without adequate safeguards for educational quality and professional competence.

ii. Vacant Medical Seats and Specialty Imbalances

- Despite increasing demand for medical education, a considerable number of undergraduate and postgraduate seats remain vacant, particularly in non-clinical disciplines.

Disciplines Affected

- Anatomy.
- Physiology.
- Biochemistry.
- Community Medicine.

Reasons

- Preference for higher-paying clinical specialities.
- Limited academic career incentives.
- Long educational pathways.
- Better opportunities in private practice and industry.

Consequence

- Persistent vacancies create shortages of future faculty members, affecting the sustainability of medical education.

iii. Changing Aspirations of Medical Students

- Medicine has traditionally been viewed as one of the most respected professions. However, changing socio-economic realities have altered student preferences.

Factors Influencing Career Choices

- Long training duration.

- Intense academic pressure.
- Burnout and mental stress.
- Work-life imbalance.
- Attractive opportunities in technology, entrepreneurship, and management.

Medical education must therefore adapt to the aspirations and expectations of a new generation of learners.

iv. Erosion of Trust in the Doctor–Patient Relationship

Historically, doctors enjoyed immense social trust and moral authority. However, healthcare is increasingly being perceived through a consumer-service framework, contributing to:

- Increased litigation.
- Violence against healthcare workers.
- Greater scrutiny of medical decisions.
- Ethical and professional challenges.

Medical education must place renewed emphasis on communication, empathy, and patient-centred care.

Beyond institutional challenges, the admission process itself has come under scrutiny, making examination reforms an important component of the broader transformation agenda.

e. NEET and the Need for Examination Reform

i. Achievements of NEET

The introduction of NEET has produced several positive outcomes.

- Standardised admission process across the country.
- Reduction in multiple entrance examinations.
- Greater transparency in admissions.
- Strengthening of merit-based selection.

The examination has significantly contributed towards creating a uniform national framework for medical admissions.

ii. Emerging Concerns

Recent controversies have highlighted weaknesses in the existing system.

Examination-Related Issues

- Paper leak allegations.
- Security vulnerabilities.
- Re-examination disputes.
- Psychological stress among aspirants.

Pedagogical Concerns

The current examination pattern often encourages:

- Memorisation.
- Coaching-centred preparation.
- Factual recall.

rather than fostering:

- Analytical reasoning.
- Scientific temperament.
- Clinical aptitude.
- Problem-solving abilities.

iii. Reforming the Admission Process

Future reforms should transform NEET from a test of memory into a test of aptitude.

Suggested Measures

- Greater emphasis on higher-order cognitive skills.
- Assessment of analytical and clinical reasoning.
- Technology-enabled examination systems.
- Enhanced cybersecurity and examination integrity.
- Reduction in dependence on rote learning.

Such reforms would improve alignment between admission processes and the competencies required in modern medicine.

f. Faculty Shortage: A Structural Challenge

i. Causes of Faculty Shortage

- **Historical Underinvestment:** Limited postgraduate intake in pre-clinical and para-clinical disciplines has reduced the available pool of future educators.
- **Rapid Institutional Expansion:** The growth in medical colleges has outpaced the availability of trained teaching personnel.
- **Regulatory Requirements:** Strict faculty–student ratio norms, while necessary for quality assurance, have intensified shortages.

ii. Possible Solutions

National Faculty Pool

A centralised repository of qualified faculty can facilitate:

- Resource sharing across institutions.
- Online and blended teaching.
- Uniform learning standards.

Professors of Practice

- Experienced clinicians and healthcare professionals can be integrated into teaching systems, enriching practical training.

Continuous Faculty Development

- Regular training in pedagogy, technology, and research methods can improve instructional quality.

Faculty quality and institutional strength are closely linked to the research ecosystem, which remains another critical area requiring reform.

g. Building a Robust Research Ecosystem

i. Existing Concerns

Research output in many institutions remains constrained by structural weaknesses.

Research is often:

- Promotion-driven rather than problem-driven.
- Repetitive in nature.
- Weakly linked to public health priorities.
- Limited in translational impact.

As a result, the contribution of medical research to healthcare innovation remains below its potential.

ii. Importance of Translational Research

Translational research connects scientific discovery with practical healthcare outcomes.

Knowledge Flow

Laboratory Research → Clinical Application → Public Health Policy

Benefits

- Improved patient outcomes.
- Better disease management.
- Stronger health systems.
- Evidence-based policymaking.

iii. Research Reforms

Early Research Exposure

Medical students should receive training in:

- Research methodology.
- Critical thinking.
- Scientific writing.
- Evidence-based medicine.

Outcome-Oriented Assessment

Research evaluation should prioritise:

- Clinical relevance.
- Societal impact.
- Innovation.
- Public health contribution.

rather than focusing solely on publication numbers.

Alongside research, technological transformation is reshaping healthcare delivery and necessitating a fundamental redesign of medical curricula.

h. Artificial Intelligence and the Future of Medical Education

Healthcare is undergoing profound technological transformation driven by advances in:

i. Emerging Technologies

- Artificial Intelligence.
- Predictive analytics.
- Precision medicine.

- Telemedicine.
- Digital health platforms.
- Electronic Health Records.

Future doctors will increasingly work alongside intelligent decision-support systems.

ii. Curriculum Transformation

Medical education must incorporate:

- Health informatics.
- Data literacy.
- Artificial intelligence applications.
- Digital health technologies.
- Ethical use of healthcare data.

Such competencies will become indispensable in the coming decades.

iii. Human Intelligence and Artificial Intelligence

Artificial intelligence should be viewed as a tool that augments human capability rather than replacing medical professionals.

Potential Benefits

- Improved efficiency.
- Enhanced diagnostic accuracy.
- Support for clinical decision-making.
- Expanded healthcare access.

Human Qualities That Cannot Be Replaced

- Clinical judgement.
- Ethical reasoning.
- Compassion.
- Empathy.
- Human communication.

The future physician must therefore combine technological competence with humanistic values.

The ultimate objective of these reforms is not merely educational improvement but the creation of a stronger, more equitable, and future-ready healthcare system

i. Way Forward

Institutional Reforms

- Shift from input-based regulation to outcome-based accreditation.
- Strengthen oversight by the National Medical Commission.

Examination Reforms

- Redesign NEET to evaluate aptitude, reasoning, and analytical ability.
- Strengthen transparency and examination security mechanisms.

Faculty Development

- Establish a National Faculty Pool.
- Encourage blended and technology-enabled learning.

Research Reforms

- Promote translational and public-health-oriented research.
- Integrate research training into undergraduate education.

Technology Integration

- Introduce artificial intelligence, digital health, and health informatics into curricula.
- Modernise teaching hospitals and laboratories.

Humanistic Medical Education

- Strengthen ethics education and communication skills.
- Promote patient-centred care.
- Rebuild trust in the doctor–patient relationship.

India must move from a framework focused primarily on expansion to one centred on excellence, innovation, and ethical professionalism.

Conclusion

Medical education in India stands at a critical juncture where the focus must shift from quantitative expansion to qualitative excellence. While the rapid increase in medical colleges and seats has improved access and strengthened the healthcare workforce, persistent challenges relating to educational quality, faculty shortages, research capacity, examination reforms, and technological preparedness require urgent attention.

A future-ready medical education system must combine clinical competence, ethical professionalism, research orientation, digital literacy, and compassionate patient care. By aligning reforms with the needs of a modern healthcare ecosystem, India can create a cadre of doctors capable of advancing universal health coverage, strengthening public health resilience, and positioning the country as a global leader in medical education and healthcare innovation.

GS Paper III: Economy

3. India Needs to Win Back Foreign Investors: A Reform Roadmap for Sustained Growth

a. Introduction

India has witnessed significant foreign capital outflows amid growing global uncertainties arising from trade tensions, geopolitical conflicts, and volatility in energy markets. Foreign Portfolio Investors (FPIs) have withdrawn substantial investments from Indian markets, while rising crude oil prices threaten to widen the Current Account Deficit (CAD).

These developments have revived the debate on how India can strengthen investor confidence, improve external-sector resilience, and sustain long-term economic growth.

b. Context and Background

Over the past three decades, foreign investment has played a crucial role in India's economic transformation by supplementing domestic savings, enhancing productivity, creating employment opportunities, and integrating the economy with global markets.

However, the global investment landscape is undergoing a significant transformation. Investment decisions are increasingly shaped by geopolitical considerations, strategic alliances, industrial policies, technological competition, and supply-chain realignments. Consequently, countries are now competing not only on economic fundamentals but also on policy certainty, institutional quality, governance standards, and strategic positioning.

Against this backdrop, India must pursue a comprehensive reform agenda that strengthens both macroeconomic stability and structural competitiveness.

Why Foreign Investment Matters

- Supplements domestic savings and investment.
- Facilitates technology transfer and innovation.
- Generates employment opportunities.
- Enhances export competitiveness.
- Integrates India with global production and financial networks.



c. Emerging Trends in Global Capital Flows

Recent global investment patterns reveal important structural shifts:

Indicator	Trend
Global FDI Flows	Increasing globally
Developed Economies	Receiving a larger share of global investment
Developing Economies	Facing relatively slower investment inflows
India's External Sector	Experiencing pressure from capital outflows and trade imbalances

Implications for India

- Capital increasingly favours destinations with policy predictability.

- Institutional quality has become a key determinant of investment decisions.
- Strategic and geopolitical considerations are influencing investment flows.
- Countries must compete on ease of doing business, infrastructure and governance standards.

To respond effectively to these emerging challenges, India requires a phased reform strategy encompassing immediate stabilisation, medium-term competitiveness enhancement, and long-term economic transformation.

d. A Three-Tier Reform Strategy for India

i. Short-Term Stabilisation Measures

Reforming the Tax Regime for Foreign Investors

- One proposal is to move towards a residence-based taxation system for long-term capital gains. Under this framework, foreign investors would pay taxes in their country of residence while India exempts long-term capital gains earned by non-residents.
- The rationale is that taxation at the point of exit may discourage investment inflows and reduce India's attractiveness relative to competing destinations.

Understanding Taxation Approaches

Approach	Description
Residence-Based Taxation	Income is taxed in the investor's home country
Source-Based Taxation	Income is taxed where it is generated

India predominantly follows the source-based taxation principle.

Avoiding Excessive Dependence on FCNR Deposits

FCNR deposits have helped India manage external-sector pressures during episodes such as:

- The 1998 sanctions period.
- The 2013 Taper Tantrum.

However, excessive reliance on such instruments can create challenges:

- High mobilisation costs amid elevated global interest rates.
- Potential distortions in capital allocation.
- Increased external vulnerability.
- Temporary relief rather than structural correction.

Reducing Oil and Gold Import Dependence

India's heavy dependence on crude oil imports and high gold consumption significantly affects the Current Account Deficit.

Key measures include:

- Rational fuel pricing.
- Promotion of energy efficiency.
- Fertiliser subsidy reforms.
- Expansion of renewable energy.
- Measures to moderate non-essential gold demand.

A lower import bill directly strengthens external-sector stability.

Further Liberalisation of FDI Policies

India has progressively liberalised its FDI regime, yet additional reforms remain possible through:

- Revisiting sector-specific investment caps.
- Expanding the automatic route.
- Simplifying approval procedures.
- Introducing risk-based security screening mechanisms.

The policy mandates prior government approval for investments originating from countries sharing a land border with India, primarily to prevent opportunistic acquisitions during periods of economic stress.

While short-term measures can stabilise investor sentiment and external balances, sustained investment inflows require deeper improvements in India's competitiveness and business environment.

ii. Medium-Term Competitiveness Reforms

Infrastructure Development

Infrastructure remains one of the strongest determinants of investment attractiveness.

Priority areas include:

- Industrial corridors.
- Multi-modal logistics networks.
- Ports and shipping infrastructure.
- Freight transport systems.
- Urban infrastructure.

Efficient infrastructure lowers transaction costs, improves productivity and enhances export competitiveness.

Labour Market Reforms

Implementation of the Four Labour Codes can improve labour-market flexibility while safeguarding worker welfare.

Key objectives include:

- Encouraging formalisation.
- Enhancing labour mobility.
- Increasing employment generation.
- Supporting labour-intensive manufacturing.

A well-functioning labour market is essential for integrating India into Global Value Chains (GVCs).

Judicial and Contract Enforcement Reforms

Legal certainty is a major determinant of investor confidence.

Priority reforms include:

- AI-enabled case management systems.
- Expansion of commercial courts.
- Time-bound dispute resolution.
- Greater judicial digitisation.

Improved contract enforcement significantly reduces business risks and transaction costs.

Single Window Clearances 2.0

Despite improvements in ease of doing business, regulatory complexity continues to impose compliance costs.

A next-generation single-window framework should focus on:

- Unified approvals.
- Time-bound clearances.
- Digital compliance systems.
- Elimination of regulatory duplication.

Beyond improving competitiveness, India must undertake structural reforms that transform its position in global trade, manufacturing and finance over the long run.

iii. Long-Term Economic Transformation

Trade Liberalisation and Global Integration

Trade openness remains a critical determinant of investment flows.

India can strengthen its position through:

- Rationalisation of tariff structures.
- Expansion of Free Trade Agreements (FTAs).
- Deeper engagement with ASEAN, the European Union and emerging markets.
- Integration into global production networks.

These measures can improve export competitiveness and attract export-oriented investment.

Expanding Support for Labour-Intensive Manufacturing

Labour-intensive sectors remain critical for large-scale employment generation.

Priority sectors include:

- Textiles.
- Footwear.
- Toys.
- Food processing.
- Leather products.

Refined Production Linked Incentive (PLI) schemes can support job creation and industrial expansion.

Energy Sector Reforms

Reliable and affordable energy is essential for industrial competitiveness.

Priority reforms include:

- Strengthening energy security.
- Improving power distribution efficiency.
- Accelerating renewable energy deployment.
- Rationalising energy taxation.
- Exploring inclusion of electricity and petroleum products within GST.

These reforms can lower production costs and improve economic efficiency.

Financial Sector Deepening

A resilient economy requires strong domestic capital markets.

Key reforms include:

- Development of corporate bond markets.
- Expansion of pension and insurance funds.
- Strengthening domestic institutional investors.
- Creation of long-term infrastructure financing mechanisms.

A deeper financial system reduces excessive dependence on volatile portfolio flows.

The combined impact of these reforms extends beyond attracting investment and contributes to broader economic and strategic objectives.

e. Significance of the Reform Agenda

Growth and Development Outcomes

- Greater foreign investment inflows.
- Improved Balance of Payments stability.
- Enhanced manufacturing competitiveness.
- Higher productivity growth.
- Increased employment opportunities.
- Stronger long-term economic growth.

Strategic Benefits & Enhancing Economic Resilience

- Diversification of investment sources.
- Reduced vulnerability to global financial shocks.
- Stronger supply-chain integration.
- Enhanced participation in Global Value Chains.
- Improved economic security.

Despite the potential benefits, the reform agenda must address several legitimate concerns relating to equity, national security and political feasibility.

f. Challenges and Concerns

Tax Incentives for Foreign Investors

- Potential loss of government revenue.
- Perception of preferential treatment.
- Risks of treaty shopping.
- Possibility of tax avoidance.

Trade Liberalisation

- Pressure on MSMEs.
- Increased competition for import-sensitive industries.
- Employment disruptions in less competitive sectors.
- Need for transition-support mechanisms.

Labour Reforms

- Business flexibility.
- Worker welfare.
- Social security protection.
- Political acceptability.

FDI Liberalisation

Particular caution is required in sectors involving:

- Critical infrastructure.
- Sensitive technologies.
- Digital platforms.
- Strategic resources.

Effective implementation of reforms requires coordinated action by multiple institutions across the economy.

g. Way Forward

India's objective should not merely be to attract short-term capital inflows but to create an ecosystem that consistently attracts productive and long-term investment.

Priority Areas

- Macroeconomic stability.
- Infrastructure development.
- Labour and judicial reforms.
- Trade integration.
- Energy security.
- Financial-sector deepening.
- Regulatory transparency.
- Policy predictability.
- Efficient governance.
- Strong legal institutions.

A calibrated reform strategy that balances openness with national security concerns can position India as one of the world's most attractive destinations for sustainable long-term investment.

Conclusion

Winning back foreign investors requires India to move beyond short-term measures and undertake a comprehensive reform agenda that combines macroeconomic stability, policy predictability, institutional efficiency, and structural competitiveness. While immediate steps can help stabilise capital flows and strengthen external-sector resilience, sustained investment inflows will depend on deeper reforms in infrastructure, labour markets, trade integration, energy security, judicial processes, and financial-sector development.

By creating a transparent, innovation-driven, and globally competitive investment ecosystem, India can attract long-term productive capital, enhance economic resilience, generate employment, and accelerate its journey towards becoming a developed and globally influential economy by 2047.

Reader's Note — About This Current Affairs Compilation

Dear Aspirant,

This document is part of the PrepAlpine Current Affairs Series — designed to bring clarity, structure, and precision to your daily UPSC learning.

While every effort has been made to balance depth with brevity, please keep the following in mind:

1. Orientation & Purpose

This compilation is curated primarily from the UPSC Mains perspective — with emphasis on conceptual clarity, analytical depth, and interlinkages across GS papers.

However, the PrepAlpine team is simultaneously developing a dedicated Prelims-focused Current Affairs Series, designed for:

- factual coverage
- data recall
- Prelims-style MCQs
- objective pattern analysis

This Prelims Edition will be released separately as a standalone publication.

2. Content Length

Some sections may feel shorter or longer depending on topic relevance and news density. To fit your personal preference, you may freely resize or summarize sections using any LLM tool (ChatGPT, Gemini, Claude, etc.) at your convenience.

3. Format Flexibility

The formatting combines:

- paragraphs
- lists
- tables
- visual cues

—all optimised for retention.

If you prefer a specific style (lists → paras, paras → tables, etc.), feel free to convert using any free LLM.

4. Monthly Current Affairs Release

The complete Monthly Current Affairs Module will be released soon, optimized to a compact 100–150 pages — comprehensive yet concise, exam-ready, and revision-efficient.

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