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GS Paper III: Economics

1. Rupee Pressure and Subsidy Reform

a. Introduction

The pressure on the Indian rupee has reopened the debate on the sustainability of India's subsidy structure. An opinion piece has argued that India may be approaching a 1991-like reform moment, as rupee depreciation, rising energy and fertiliser costs, foreign capital outflows and widening fiscal pressures expose deeper weaknesses in public expenditure.

The issue is important because exchange rate pressure is not merely an external sector concern. When the rupee weakens, imports such as crude oil, fertilisers, edible oils and energy inputs become costlier. If these rising costs are not passed on to consumers, the burden shifts to the government through subsidies. This can widen the fiscal deficit and reduce the space available for productive public expenditure.

Thus, the debate on rupee depreciation is closely connected with fiscal management, agricultural subsidies, food security and the quality of welfare spending.

b. Why Rupee Pressure Matters for Subsidies

- **Import Cost Channel:** A weakening rupee increases the domestic cost of imported goods. This is especially important for India because the country depends on imports for crude oil, natural gas, fertiliser inputs and several industrial raw materials.
- **Government's Policy Dilemma:** When import costs rise, the government faces a difficult choice. It can allow prices to rise, which may increase inflation and hurt households. Alternatively, it can absorb the price rise through subsidies, which protects consumers in the short run but increases fiscal pressure.
- **Link Between Depreciation and Subsidy Reform:** This is where rupee depreciation and subsidy reform become connected. If subsidies are well-targeted, they can protect vulnerable groups without damaging public finances. However, if they are broad, underpriced and poorly designed, they can create fiscal stress, leakages and inefficient resource use.

Thus, rupee pressure exposes the fiscal cost of poorly designed subsidies and strengthens the case for targeted reform.

c. Fertiliser Subsidy as a Structural Problem

- **Imbalance in Fertiliser Pricing:** Fertiliser subsidy is one of the clearest examples of structural inefficiency. Urea is heavily subsidised compared to phosphatic and potassic fertilisers. This keeps urea prices artificially low and encourages excessive use of nitrogen.
- **Impact on Soil Health and Productivity:** The result is an imbalance in fertiliser consumption. Instead of using nitrogen, phosphorus and potassium in a scientifically balanced manner, farmers tend to overuse urea because it is cheaper. This damages soil health, reduces nutrient-use efficiency and affects long-term agricultural productivity.
- **Fiscal Burden:** The problem is not only agronomic but also fiscal. When urea is underpriced, the government must bear a large subsidy burden. Rising global fertiliser prices and rupee depreciation further increase this burden. In such a situation, the subsidy bill can rise even if the actual efficiency of fertiliser use remains poor.
- **Diversion and Leakages:** Low urea prices also create arbitrage opportunities. Subsidised fertiliser may be diverted for industrial use or smuggled to neighbouring countries where prices are higher. This means that part of the subsidy meant for Indian farmers may not actually reach them.

The fertiliser subsidy problem therefore reflects the combined challenge of fiscal stress, agricultural inefficiency and weak targeting.

d. Product-Based Subsidy versus Farmer-Linked Support

- **Problem with Product-Based Subsidy:** The present fertiliser subsidy system largely subsidises the product rather than the farmer. This creates distortions because the benefit is linked to the quantity of fertiliser sold, not to the actual needs of the farmer or the crop.
- **Need for Direct Farmer-Linked Support:** A better approach would be to move gradually towards direct benefit transfer linked to the farmer, preferably on a per-acre or crop-sensitive basis. Such a system can allow fertiliser prices to reflect market conditions while protecting farmers through direct income support.
- **Role of PM-Kisan and Targeting:** Integrating such support with PM-Kisan could improve targeting and reduce leakages. However, this reform is not simple. Many tenant farmers and sharecroppers cultivate land without formal land titles. If benefits are linked only to land ownership records, such cultivators may be excluded.
- **Institutional Preconditions:** Therefore, subsidy reform must be supported by better land leasing data, crop surveys, digitised records and local verification. Without this institutional preparation, a direct benefit transfer system may become more efficient fiscally but less equitable socially.

This shows that subsidy reform must combine fiscal efficiency with social inclusion, especially in a land-tenure system where many cultivators remain informal.

e. Food Subsidy and the Welfare Dilemma

- **Importance of Food Subsidy**
  Food subsidy is another major area of fiscal pressure. Free or highly subsidised foodgrain distribution plays an important role in protecting poor households, ensuring food security and reducing hunger. India's food security system has been especially important during periods of economic distress, such as the pandemic.
- **Question of Fiscal Efficiency**
  However, the continuation of very wide coverage also raises questions of fiscal efficiency. If poverty levels have declined in some sections, universal or near-universal free distribution may not be the best use of public resources. Rationalising coverage or increasing issue prices for better-off beneficiaries could release funds for nutrition, health, education, irrigation and rural infrastructure.
- **Need for Caution**
  At the same time, food subsidy reform requires caution. Food security is directly linked with welfare, nutrition and political legitimacy. Abrupt reduction of support can hurt vulnerable

households and create social distress. Therefore, reform must be gradual, evidence-based and sensitive to regional variations in poverty and nutrition.

The food subsidy debate therefore requires a careful balance between fiscal prudence and welfare protection.

f. Subsidies, Freebies and Quality of Public Expenditure

- **Distinction Between Welfare and Populism**
  The larger concern is the culture of untargeted subsidies and politically driven freebies. Subsidies are necessary in a developing country, especially for vulnerable groups. However, poorly designed subsidies reduce the fiscal space available for long-term development.
- **Opportunity Cost of Poorly Designed Subsidies**
  When a large share of public expenditure goes into underpriced inputs or broad consumption support, less money remains for capital expenditure, agricultural research, irrigation, rural roads, storage infrastructure, health, education and climate adaptation. This affects the productive capacity of the economy.
- **Reform as Better Welfare**
  Subsidy reform should therefore not be seen merely as an austerity measure. Its real purpose is to improve the quality of welfare spending. The aim should be to protect the poor more effectively while reducing leakages, distortions and wasteful expenditure.

Thus, the central issue is not whether the state should support citizens, but whether support is being delivered in the most efficient, equitable and development-oriented manner.

g. The 1991 Comparison: Useful but Limited

- **Why the Comparison Is Limited:** The comparison with 1991 should be made carefully. India today is in a much stronger position than it was during the balance of payments crisis of 1991. The economy is larger, foreign exchange reserves are stronger, financial markets are deeper and India's global economic position is more resilient.
- **Why the Warning Still Matters:** However, the warning remains relevant. Macroeconomic stress often builds gradually. If structural problems are repeatedly postponed, manageable pressures can become deeper crises. Rupee pressure, fiscal stress, subsidy inefficiency and capital outflows may not amount to a 1991-style crisis immediately, but they do indicate the need for timely reform.
- **Lesson from 1991:** The lesson from 1991 is not that India is facing the same crisis today. The lesson is that difficult reforms become costlier when they are delayed for too long.

This makes the 1991 comparison useful as a cautionary reference, but not as a direct equivalence.

h. Way Forward

- **Shift Towards Farmer-Linked Fertiliser Support:** India should gradually shift fertiliser subsidy from a product-based system to a farmer-linked direct benefit transfer model. This can be designed on a per-acre or crop-sensitive basis so that support reaches farmers without encouraging excessive fertiliser use.
- **Strengthen Targeting and Inclusion:** PM-Kisan, land records, crop surveys and local verification systems should be integrated to improve targeting. Special safeguards are needed to include tenant farmers, sharecroppers and informal cultivators who may not possess formal land titles.
- **Bring Urea under Nutrient-Based Subsidy:** Urea should be gradually brought under a nutrient-based subsidy framework. This will help correct the imbalance between nitrogen, phosphorus and potassium use and promote healthier soil management.
- **Rationalise Food Subsidy Carefully:** Food subsidy coverage should be rationalised carefully. The poor and nutritionally vulnerable must remain protected, but better-off beneficiaries can be gradually moved towards more limited support or higher issue prices.

- **Reduce Leakages in Fertiliser Distribution:** Leakages in fertiliser distribution should be reduced through digitised supply chains, real-time fertiliser tracking, point-of-sale monitoring and stronger border surveillance.
- **Redirect Savings to Productive Expenditure:** Fiscal savings from subsidy reform should not simply be used for deficit reduction. They should be redirected towards agriculture research and development, irrigation, soil health programmes, rural infrastructure, storage facilities and climate-resilient farming.
- **Ensure Phased and Transparent Reform:** Most importantly, reforms should not be abrupt. Subsidy reform must be phased, transparent and politically communicated. Farmers and vulnerable households must understand that the objective is not withdrawal of support, but better targeting and more sustainable welfare.

A successful reform strategy must therefore protect vulnerable groups while reducing leakages, correcting price distortions and improving the developmental quality of public expenditure.

Conclusion

India's subsidy challenge shows that macroeconomic stability and welfare policy cannot be separated. Fertiliser and food subsidies remain important for farmers and vulnerable households, but their present design creates fiscal stress, leakages and inefficient resource use.

A calibrated reform strategy based on direct benefit transfer, better targeting, nutrient balance and protection of vulnerable groups can strengthen fiscal discipline without weakening welfare. The real goal should be to move from subsidy-heavy populism towards productive, targeted and sustainable public expenditure.

In this sense, subsidy reform is not anti-welfare. It is a necessary step to make welfare more credible, efficient and fiscally sustainable.

GS Paper III: Environment

2. Delhi's Road Dust Pollution

a. Introduction

Delhi's air pollution problem is often discussed in relation to vehicular emissions, stubble burning, industrial pollution and adverse winter weather. However, road dust remains one of the most persistent and controllable sources of particulate pollution in the city. An investigation into Delhi's road-cleaning infrastructure found that the city's fleet of Mechanical Road Sweeping Machines is severely inadequate. Against an estimated requirement of about 505 machines, Delhi had only around 76 machines, including 52 operated by the Municipal Corporation of Delhi during much of the period examined.

This shortage is significant because road dust contributes substantially to PM10 and PM2.5, the fine particulate matter that can enter the lungs and bloodstream. Unlike seasonal pollution sources, road dust is present throughout the year. It becomes especially harmful during dry conditions, when dust deposited on roads is repeatedly lifted into the air by vehicular movement.

The issue therefore reflects a larger urban governance failure. Delhi has policy frameworks, monitoring systems and emergency response mechanisms, but basic municipal capacity for routine dust control remains inadequate.

This makes road dust pollution an important example of how environmental problems often arise from everyday gaps in urban management.

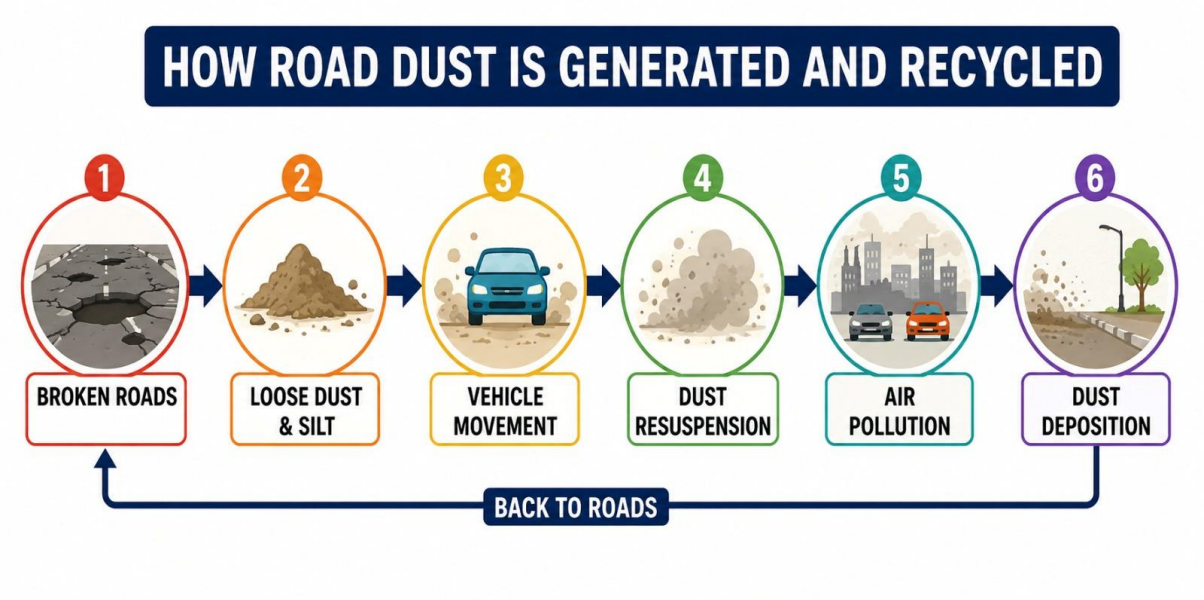
b. Understanding Road Dust as a Pollution Source

- **Composition of Road Dust**

Road dust is not merely visible dirt on roadsides. It is a complex mixture of loose soil, construction debris, pulverised road material, tyre and brake particles, and fine dust from unpaved or poorly maintained surfaces. Once deposited on roads, this material is repeatedly resuspended into the air by passing vehicles.

- **Sources of Road Dust in Delhi**
  Delhi's road dust comes from several sources. Broken roads and potholes generate loose particles. Unpaved road shoulders and exposed soil along medians contribute to dust load. Construction and demolition debris often spills onto roads. Tyre and brake wear add fine particles. Vehicular movement then lifts this material into the air, making it part of the city's breathing environment.
- **Scale of the Problem**
  Studies have shown that Delhi roads carry high silt loads. One estimate suggests that a one-kilometre stretch of road may hold around 145 kilograms of loose dust. This indicates that the problem is not marginal. It is a large, continuous and structurally embedded source of pollution.

This understanding is important because road dust cannot be controlled only by temporary water sprinkling. It requires source reduction, regular removal and better road design.



c. Why Road Dust Matters for Public Health

- **Link with PM10 and PM2.5**
  Road dust contributes to both PM10 and PM2.5. PM10 refers to particulate matter with a diameter of 10 micrometres or less, while PM2.5 refers to even finer particles with a diameter of 2.5 micrometres or less. These particles are dangerous because they can enter the respiratory system, and the finer particles can move deeper into the lungs and even enter the bloodstream.
- **Health Effects**
  Exposure to such particles can cause respiratory illness, worsen asthma, aggravate chronic obstructive pulmonary disease, inflame blood vessels and increase the risk of cardiovascular disease. Children, elderly persons, outdoor workers, traffic police personnel, street vendors and people with existing health conditions face higher risk.
- **Equity Dimension**
  The health burden is also socially unequal. Those who spend more time outdoors or live near busy, dusty roads are more exposed. Poorer households often live in congested areas with weaker municipal services, degraded roads and limited green buffers. Thus, road dust pollution is not only an environmental issue but also a public health and equity concern.

This public health dimension shows why dust control should be treated as a routine civic responsibility rather than as a temporary pollution-season activity.

d. Municipal Capacity Gap

- **Gap Between Policy and Implementation**
  Delhi's road dust crisis reveals a clear gap between policy intent and implementation capacity. The city has the Graded Response Action Plan, directions from the Commission for Air Quality Management, air quality monitoring stations and multiple emergency measures. Yet, the number of Mechanical Road Sweeping Machines remains far below the recommended requirement.
- **Importance of Mechanical Road Sweeping**
  Mechanical road sweeping is important because it removes dust from road surfaces instead of merely suppressing it temporarily. However, its effectiveness depends on the number of machines, route coverage, frequency of sweeping, road condition, machine maintenance and scientific deployment.
- **Unequal Coverage**
  A shortage of machines means that many roads, especially local and secondary roads, remain outside regular cleaning coverage. Uneven route planning can also create spatial inequality, where some areas receive regular dust-control services while others remain neglected.

This shows that air pollution control cannot succeed through emergency announcements alone; it requires everyday municipal discipline and adequate operational capacity.

e. Limits of Anti-Smog Guns and Sprinklers

- **Temporary Relief:** Delhi has often relied on visible measures such as anti-smog guns and water sprinkling during periods of severe pollution. These measures may provide temporary relief by suppressing dust for a short period. However, they do not remove the underlying dust load.
- **Resuspension of Dust:** Once the road surface dries, the dust can again be resuspended by vehicles. Therefore, sprinkling and anti-smog guns may reduce the immediate visibility of dust but do not provide a durable solution. They are most useful in specific emergency situations, not as substitutes for scientific road maintenance, proper sweeping and source control.
- **Need for Structural Prevention:** Sustainable dust management requires removing loose dust, repairing damaged road surfaces, paving road shoulders, preventing debris spillover and increasing green buffers. In other words, dust control must move from symbolic visibility to structural prevention.

This distinction is important because Delhi's pollution response often appears active during crisis periods but remains weak in routine prevention.

f. Link with Urban Planning

- **Built Environment and Dust Generation**
  Road dust is closely linked with the quality of urban planning. Degraded roads, potholes, exposed soil, poorly maintained medians, unauthorised parking, construction debris and encroachments all increase dust generation. Shrinking green buffers and degradation of the Aravalli landscape further reduce the city's natural capacity to trap dust and moderate micro-climatic conditions.
- **Multi-Sectoral Nature of the Problem**
  This shows that road dust cannot be treated only as a sanitation issue. It is also a road engineering issue, a construction regulation issue, a traffic management issue and an urban ecology issue.
- **Fragmented Accountability**
  Different municipal agencies often work in silos, which weakens accountability. For example, one agency may be responsible for road construction, another for road cleaning, another for traffic management and another for waste enforcement. Without coordination, dust control remains fragmented.

Therefore, road dust control requires integrated urban governance rather than isolated departmental action.

g. Road Dust and the Failure of Emergency-Based Pollution Control

- **Limits of Reactive Governance**
  Delhi's experience shows the limits of an emergency-based approach to air pollution. The Graded Response Action Plan is important because it activates measures during periods of severe air quality deterioration. However, road dust pollution is not limited to emergency periods. It is a daily and continuous source of pollution.
- **Need for Preventive Governance**
  If action begins only after air quality becomes severe, the city remains trapped in reactive governance. A better approach would be preventive and routine. Dust control should be integrated into regular municipal functioning, road maintenance schedules, construction monitoring and health surveillance.
- **Measuring Real Success**
  This also means that success should not be measured only by the announcement of restrictions during pollution episodes. It should be measured by cleaner roads, lower silt load, regular machine deployment, better road design and improved neighbourhood-level air quality.

The shift from emergency response to preventive governance is essential for long-term improvement in Delhi's air quality.

h. Way Forward

- **Expand Mechanical Road Sweeping Capacity:** Delhi must expand its fleet of Mechanical Road Sweeping Machines and ensure equitable coverage across all wards. The focus should not remain only on major roads; local roads, markets, residential streets and secondary roads also require regular dust-control operations.
- **Prepare a Scientific Standard Operating Procedure:** A scientific Standard Operating Procedure should be prepared for mechanical sweeping. It should classify roads according to road type, dust load, traffic intensity, surrounding land use and pollution vulnerability. This will help deploy machines where they are most needed.
- **Prioritise Road Repair:** Road repair must be prioritised. Pothole filling, resurfacing, paving of road shoulders and proper maintenance of medians can reduce dust generation at the source. Dust control cannot succeed if roads remain broken and exposed soil remains untreated.
- **Strengthen Construction and Demolition Waste Enforcement:** Construction and demolition waste enforcement must be strengthened. Debris spillover onto roads should attract strict penalties, and waste should be transported and processed through regulated systems.
- **Use Technology for Accountability:** Technology can improve accountability. Geographic Information System dashboards, vehicle tracking, machine performance data and route logs can be used to monitor whether sweeping machines are covering assigned routes at the required frequency.
- **Expand Roadside Greening:** Roadside greening should be expanded with dust-trapping and drought-resistant species. Green buffers, avenue plantations and restoration of landscapes such as the Aravalli region can help reduce dust movement and improve urban resilience.
- **Integrate Departments and Public Health Systems:** Finally, dust control must be integrated with municipal sanitation, road engineering, traffic management and public health surveillance. Air pollution cannot be addressed through isolated departments working separately.

A durable solution therefore requires a shift from episodic pollution control to routine, scientific and accountable urban management.

Conclusion

Delhi's road dust crisis shows that air pollution is not only a seasonal or meteorological problem. It is also a result of everyday failures in urban management. Since road dust is a controllable source of pollution, the solution lies in stronger municipal capacity, scientific road maintenance, improved green infrastructure and accountable implementation.

A shift from symbolic emergency measures to routine, evidence-based dust control can significantly improve urban air quality. For a city like Delhi, clean air will depend not only on large policy announcements, but also on the basic discipline of keeping roads repaired, shoulders paved, debris controlled and dust scientifically removed.

In this sense, Delhi's road dust problem is a reminder that environmental governance begins with everyday municipal competence.

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

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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.

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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.

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- paragraphs
- lists
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