SanskritiIAS

EDITORIAL HIGHLIGHTS

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GS 3: ECONOMY THE HINDU

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The fact is youth unemployment has a household cost

India's youth unemployment crisis is usually told through a single statistic: how many young people cannot find work. The latest Periodic Labour Force Survey (PLFS 2025) reports an unemployment rate of 14.8% among 18-29 year-olds, rising to 29.4% among those who are tertiary educated (with a diploma, graduate or post-graduate levels). The broader picture is larger than the unemployment rate alone suggests. Unemployment as a measure captures only those people who are not working but are actively seeking or available for work. It excludes those outside the labour force, including those who may have stopped looking for work, a group that may include many young women. Against the narrower measure of unemployment, the broader picture is considerably larger: 40.1% of tertiary-educated youth are neither in employment, education nor training, commonly referred to as NEET. Among tertiary-educated young women who are NEET, 74.7% are outside the labour force – neither working nor classified as unemployed because they are not seeking or available for work.

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A framing that misses another issue

Unemployment is only the most visible part of a wider problem of educated young people remaining outside employment. And for those who are looking for work, the wait can be long. Examination paper leaks, recruitment delays and debates over India's demographic dividend have kept the spotlight firmly on young jobseekers.

Yet, this framing misses an important question. Unemployment is rarely experienced by individuals alone. Behind every unemployed graduate is often an entire household that financed the degree, adjusted its spending and continues to support a young adult's job search. Looking at youth unemployment through the household rather than the individual raises a different question: what happens to families when an educated young adult cannot find work? How households experience that unemployment may depend not only on the absence of work, but also on how long the search lasts and on the resources families have to sustain it.

> Unemployment among educated youth in India extends beyond jobseekers, placing prolonged financial pressure on families

The households that invested in education

Around 15.4% of Indian households have a tertiary-educated young adult (18-29 years). These are households that have invested in higher education in the expectation that it would provide a pathway to secure employment and upward mobility. Yet, one in five households is supporting at least one unemployed tertiary-educated young adult (20.8%). The household consequences are measurable. Compared to households without any educated unemployed youth, those with unemployed youth spend, on average, ₹1,087 less per month on consumption overall, and ₹710 less per household member.

On average, these households have only 1.5 earning members, compared with two in households without an unemployed educated youth. For 14.4% of them, there is no active earning member at all, while 39.5% depend on a single earner. And in nearly two-thirds (62.5%), no one in the household has a regular salaried job.

The pressure on households becomes more serious when unemployment persists. Nearly three in five (58%) unemployed tertiary-educated youth have been searching for work for more than a year. Close to three in 10 (28.9%) have been unemployed for more than two years. A household supporting an unemployed graduate for a few months faces a different pressure than one financing a job search stretching across one or two years. Extended unemployment depletes savings, reduces consumption, and forces difficult choices about what employment the young adult should accept.

The data show a clear pattern: the ability to sustain prolonged job search is associated with household earning capacity. For someone in a household surviving on one earner or without a regular salary, the pressure to start earning is likely to arrive much sooner. What looks like the duration of an individual's unemployment, therefore, is also a measure of how long a family must sustain the wait. These families must push their unemployed youth toward immediate employment, even if it means accepting positions far below their qualifications. The choice is not between a 'good job' and 'bad job.' It is between 'any job' and economic insecurity.

The policy question

Current employment policy largely treats youth joblessness as an individual problem, addressed through apprenticeships, skilling and hiring incentives. The evidence here suggests that the consequences of unemployment extend beyond the individual jobseeker to the household supporting them. The length of the transition from education to work also matters, because someone is financing that wait. Recruitment delays, prolonged selection processes and extended job searches impose very different costs on a household with several earners than on one relying on a single income or without a regular salaried worker. Therefore, employment policy needs to pay greater attention to how long young people remain unemployed, and to the economic circumstances of the families supporting them during that period. Reducing avoidable delays in entry into work is not only a labour-market concern; it can also reduce the strain that prolonged unemployment places on households.

The views expressed are personal

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How the SC ruling redefined 'industry'

The majority held that 'industry' under the IRC must be interpreted based on its own specific text and statutory context, unburdened by the legacy of the 1978 precedent; Justices B.V. Nagarathna, Dipankar Datta, and Ujjal Bhuyan formed the minority view that a re-evaluation of the 1978 judgment was 'unwarranted'

EXPLAINER

Krishnadas Rajagopal

The story so far:

A nine-member Constitution Bench of the Supreme Court of India recently held that the nearly half-century-old interpretation of the term 'industry' will not automatically apply to the Industrial Relations Code (IRC), 2020, which came into force in November 2025 and replaced the legacy Industrial Disputes Act, 1947. This decision effectively severs the new labour regime from an expansive, worker-friendly precedent set in 1978, establishing a clean slate for future labour law disputes.

The scope of 'industry'

To understand the significance of this judgment, one must look back to the historic 1978 ruling in *Bangalore Water Supply and Sewerage Board v. R. Rajappa.*

Authored by Justice V.R. Krishna Iyer, that seven-judge Bench significantly broadened the definition of Section 2(j) under the 1947 Act. The 1978 judgment introduced the triple test, which classified systematic or organised operations based on employer-employee cooperation to provide goods or services for consumers as an industry.

This sweeping definition brought various activities, including hospitals, educational institutions, and municipalities, under the legal definition of an industry. The only exclusions were core sovereign functions of the state, such as defence, judiciary, and law enforcement. For nearly half a century, this judgment had enabled workers across diverse sectors to access legal recourse, enforce labour rights, and engage in collective bargaining against unfair practices.

The crux of the judgment

The Constitution Bench, led by Chief Justice of India Surya Kant, addressed the question whether the 1978 definition of 'industry' should govern Section 2(p) of the IRC.

Word of caution: Justice B.V. Nagarathna stressed that altering the definition of industry could create uncertainty and disrupt industrial peace. AFP

The majority held that 'industry' under the IRC must be interpreted based on its own specific text and statutory context, unburdened by the legacy of the 1978 precedent. Chief Justice Kant noted that while the core principles of the 1978 ruling had stood the test of time, the 1978 judgment would no longer act as the "sheet anchor" for interpreting 'industry' under the IRC.

Pending cases under the 1947 Act will continue to be governed by the 1978 Bangalore Water Supply precedent. All future disputes governed by the new Industrial Relations Code will be interpreted afresh.

Differing points of view on the Bench

The nine-judge Bench reflected nuanced positions on the balance between worker protections and modern economic realities.

An opinion authored by Chief Justice Kant, and shared with Justices Satish Chandra Sharma, Alok Aradhe and Vipul M. Pancholi, held that the 'triple test' of 1978 Bangalore Water Supply and Sewerage Board case judgment will continue to be applied to pending industrial disputes.

The Chief Justice, however, found that the 1978 verdict could have been articulated differently and set down a "reformulated" triple test, which would operate prospectively. However, the possibility of using the recast triple test to determine if an operation was an industry or not under Section 2(j) of the repealed 1947 Act is non-existent as the new labour law, The Industrial Relations Code 2020, has already come into force. The Bench has unanimously made it clear that 'industry' under the 2020 Code will be "interpreted independently" to align with contemporary industrial dynamics, and not be burdened by the 1978 verdict.

Justices B.V. Nagarathna, Dipankar Datta, and Ujjal Bhuyan formed the minority view on the Bench that a re-evaluation of the 1978 judgment was "unwarranted". Justice Nagarathna cautioned that altering the definition could create uncertainty and disrupt industrial peace.

Justice Nagarathna argued that the 1978 judgment had offered a broad-based definition of 'industry'. She highlighted that the judgment was a child of its time, when public sector workers were transitioning into private employment due to a changing industrial landscape inspired by privatisation, liberalisation and globalisation of the Indian economy.

Justice Joymalya Bagchi supported the need for the reference to the nine-judge Bench, but expressed his inability to agree to a "reformulated" triple test. Justice Bagchi said an apprehension that the triple test conceived in the 1978 judgment converted any organised activity into an industry was misplaced.

The judge agreed with Justice Nagarathna that even the state could enter into seemingly non-sovereign functions. The concept of 'sovereignty' has itself undergone changes with the passage of time. Absence of a profit motive did not take an activity outside the realm of industry, he observed. He said it was unwise to "re-draft" Justice Iyer's triple test. Justice Datta echoed the need for judicial consistency. Sharing his opinion with Justice Bhuyan, Justice Datta remarked that institutional credibility relies on respecting finality rather than perpetuating doubt over established law.

A step towards a new era

By severing the IRC from the 1978 precedent, the Supreme Court has set the stage for a new chapter in Indian labour law, leaving it to future courts to decide where the lines between employer authority and worker protections will ultimately be drawn.

THE GIST

- A nine-member Constitution Bench of the Supreme Court recently held that the nearly half-century-old interpretation of the term 'industry' will not automatically apply to the Industrial Relations Code, 2020.
- A 1978 ruling had introduced the triple test, which classified organised operations based on employer-employee cooperation to provide goods or services for consumers as an industry. This judgment had enabled workers across diverse sectors to enforce labour rights.

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Did Press Note 3 relaxations help attract more FDI?

The Centre says that 29 FDI projects worth ₹4,895.65 cr. had been reported to it under the revised framework

T.C.A. Sharad Raghavan

The story so far

The Union government on Friday said that India had received foreign direct investment (FDI) worth ₹4,895 over just the last few months, from companies that have benefitted from recent relaxations made to India's FDI rules.

The aim of the relaxations was precisely to ease the flow of investments that had earlier been locked out of India.

What was the earlier rule?

The Union government had issued Press Note 3 in April 2020, in which it amended India's FDI policy. The existing rule at the time stated that any entity of Bangladesh and Pakistan could invest in India only after securing Government approval. Press Note 3 widened this stipulation to include any country that shared a land border with India. So, this included Pakistan, China, Bangladesh, Nepal, and Bhutan.

The popular perception is that the government took this decision as a result of border clashes between India and China at Galwan.

However, Press Note 3 was issued in April 2020, before those clashes took place in May.

The reason the change was made was to prevent hostile takeovers of companies ailing due to the COVID-19 pandemic. India and a few other countries had noticed that, early on in the pandemic, Chinese companies were buying up majority stakes in companies in the countries whose stock prices had plummeted due to the pandemic. The FDI restriction was aimed at curbing this.

While the origin of the rule was not directly linked to the border clashes, its extension over the years was certainly a result of the frigid relationship between India and China.

What was the relaxation?

In March 2026, the Centre eased the Press Note 3 restrictions somewhat. It said that FDI from entities would be allowed in India through the automatic route, without needing express government approval, if these entities had less than 10% stake based in countries that share a land border with India.

In other words, companies that had minority and non-controlling stakes held by these land-border countries could invest in India through the easier route.

The government did this because it said that a lot of investment into India had been held up because even companies that had tiny stakes owned by Chinese entities faced stricter restrictions on their investments into India.

"It is expected that the new guidelines will provide clarity and ease of doing business in India, and facilitate investments which can contribute towards greater FDI inflows, access to new technologies, domestic value addition, expansion of domestic firms and integration with global supply chain," the government had said in March when it eased the rules.

What has been the benefit?

The Ministry of Commerce and Industry said on Friday that a total of 29 FDI projects worth ₹4,895.65 crore had been reported to it under its revised framework up to August 10, 2026.

It added that these investments span a range of sectors, including information technology, artificial intelligence, information and communication, manufacturing, pharmaceuticals, data centres and transport services, among others.

Further, the investments have come from several countries, including Mauritius, the U.S., the Republic of Korea, Japan, Singapore, Luxembourg, and the Cayman Islands.

In relative terms, this investment amount is not all that significant. For instance, it amounts to less than 1% of the total FDI India received in 2025-26. But it is still early days, and for India and FDI, every little bit helps.

THE GIST

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UPI turns a decade-old, sees 13,000-fold surge in transaction volume

The Hindu Bureau
MUMBAI

The Unified Payments Interface (UPI), launched on August 25, 2016 by the National Payments Corporation of India (NPCI), has completed 10 years of transforming digital payments in India.

UPI has emerged as the backbone of India's digital payments ecosystem and a critical driver of financial inclusion, the Finance Ministry said in a release.

Over the decade, UPI's annual transaction volume expanded from 1.78 crore transactions in FY17 to over 24,162 crore transactions in FY26, representing a 13,000-fold surge in transaction volume.

Transaction value rose sharply from ₹0.07 lakh crore in FY17 to approximately ₹314 lakh crore in FY26, translating into a more than 4,000-fold increase in transaction value, the Ministry said.

UPI is currently operational in 11 countries and has emerged as one of the most successful pillars of digital public infrastructure, providing an interoperable, real-time payments platform that enables seamless peer-to-peer and peer-to-merchant transactions via a single application. "By bridging the digital divide, advancing financial inclusion, and expanding access to digital financial services, UPI has empowered individuals and communities across the country while driving broad-based economic participation," it added.

Annual transaction volume expanded from 1.78 crore in FY17 to 24,162 crore in FY26.

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Gor in Srinagar: A one-man mission to strengthen a sputtering relationship

MICHAEL KUGELMAN

SERGIO GOR'S comment about Jammu and Kashmir being an important part of India has generated banner headlines, and understandably so.

Taken literally, his words go against decades of US policy on Kashmir. They are even more noteworthy than President Donald Trump's offer, made soon after Operation Sindoor last year, to work with India and Pakistan to help find a "solution" for Kashmir. That's because Trump's comments actually reflected a past US policy — one espoused in the initial years after 1947, when several administrations sought to help solve the Kashmir issue. The US posture has since evolved from working on it actively to taking a more hands-off role and welcoming any Indian and Pakistani efforts to resolve it themselves.

Additionally, this isn't just any US ambassador to India who made this comment. Gor is an ambassador who also serves as special envoy to South Asia, which gives him ample policy authority over both India and Pakistan. Even more important is that Gor is widely believed to be a close confidant of Trump's.

But as significant as Gor's statement was, it's important not to overstate the implications. This is likely more about Gor's desire to bolster US-India relations than it is about anything having to do with Kashmir.

Recall that since Gor arrived in New Delhi in January, he has been on a one-man mission to strengthen a sputtering relationship. He has pursued high-level engagements in New Delhi and across Indian states. He has announced conciliatory measures, like inviting India to join the Pax Silica silicon supply-chain initiative after India initially didn't receive an invitation. His messaging about India and US-India ties has been unrelentingly positive, in contrast to the sharp criticism directed at India by the White House in the months before Gor took up his ambassadorial post.

Against this backdrop, we can see what was likely at play in Srinagar.

Gor was keen to keep up his positive messaging and broader charm offensive with New Delhi. By saying Kashmir is an "important part of India", he was giving it a handsome compliment and perhaps providing a US rationale for pursuing commercial cooperation with Kashmir — a goal identified by Gor in an X post shortly after his Kashmir visit. Additionally, more broadly, given his proximity to Trump, Gor may have been looking to say something that would go down well with the Indian business community, to help advance an evergreen objective of his boss — attract more foreign investment to the US.

It's also essential not to overstate the implications of Gor's comments for the US-India-Pakistan triangle

Unsurprisingly, there's been no formal US statement announcing a new policy on Kashmir. To be sure, Washington also hasn't walked back Gor's comments or clarified that US policy on Kashmir remains the same. But this can perhaps be attributed to a view within US government circles that there's no reason whatsoever to interpret Gor's comments as a policy shift. After all, as several Indian analysts have noted, Gor used the word "important", as opposed to "integral". The latter term is the one often invoked by New Delhi when articulating its position on Kashmir. Additionally, the term "important" is not as closely associated with contexts linked to territoriality.

It's also essential not to overstate the implications of Gor's comments for the US-India-Pakistan triangle. True, Pakistan's foreign ministry summoned the US charge d'affaires, Nathalie Baker, soon after Gor's comments. But that move shouldn't be read as a threat to a resurgent US-Pakistan partnership. It's very unusual for a US official to say anything about Kashmir that goes against Pakistan's position. And this is Kashmir — what multiple Pakistani leaders have described as the country's "jugular vein".

In this sense, Islamabad had no choice but to rapidly summon Baker. But Pakistani officials have been quiet ever since. And that's no surprise; they have no interest in rocking the boat with a US administration on which they badly want to remain on good terms, given its stated interest in capitalising on commercial opportunities in Pakistan — and in partnering in a range of spaces, from counterterrorism to peace mediation in the Middle East.

Meanwhile, Gor's comments may deliver a boost to US-India ties, but not much more than that.

The Indian government has said little about them publicly, and much of the messaging from Indian voices — from officials in Kashmir to prominent independent analysts — has essentially revolved around the view that what the US thinks about Kashmir ultimately doesn't matter, given that it's India's issue. This ho-hum reaction may also be a reflection of the trust gap in India when it comes to Washington these days — a problem that Gor, despite his best efforts, has so far been unable to fix.

Ultimately, given the significance of what Gor said and who he is, it would be wrong to dismiss all this as much ado about nothing. But at the end of the day, there's no change in policy or diplomatic alignments to speak of. It's just another case of an unconventional administration doing unconventional things.

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India is Claude's second-largest market, but ranks 101st in per-capita usage

Soumyarendra Barik
New Delhi, August 24

INDIA IS the second-largest market for Anthropic's Claude AI by overall usage, but ranks near the bottom globally when that usage is adjusted for the size of its working-age population. The finding highlights how adoption of the chatbot remains limited to a relatively small section of users in the country — and India's per-capita income may have a role to play.

According to Anthropic's latest Economic Index, India ranks 101st among 116 countries in Claude usage per working-age person. The gap between India's high aggregate usage and its low per-capita ranking suggests that the country's position as one of Claude's biggest markets is driven largely by its population size, rather than widespread adoption of the AI tool across workers and consumers. "This gap suggests that India's high Claude use overall reflects the sheer size of its population, not that the average person is using Claude heavily," Anthropic said.

As of 2025, India's per capita income is \$2,702 (Rs 2,58,548) per year. For reference, the per capita income of Bangladesh is \$2,597 while that of Sri Lanka is around \$5,000. The US has a per capita income of around \$90,000.

Snapshot of India's AI use

The findings point to a broader challenge for AI adoption in India, where access to and use of advanced AI tools remains uneven despite the country's large technology workforce and the government's push to expand domestic AI capabilities.

Anthropic's analysis shows that higher-income countries generally record greater Claude usage per person, with factors such as income, access to digital infrastructure and awareness of AI tools likely influencing adoption.

On a regional basis, Maharashtra, Tamil Nadu, Karnataka, and Delhi together account for over half of India's total Claude use. REUTERS

"Globally, per-capita AI adoption is strongly correlated with per-capita income. India's per-capita use is consistent with what this relationship would predict. Without addressing structural barriers related to income, digital infrastructure, and awareness outside the IT sector, Indian AI adoption is likely to remain concentrated," it added.

The data also suggests that Claude's use in India is currently more closely linked to professional and technical work than broad-based consumer adoption.

This could limit the extent to which productivity gains from generative AI spread across sectors, particularly outside technology-heavy occupations and major economic centres.

It is worth noting that Anthropic's analysis is based on Claude usage and may not be a measure of overall AI adoption in India, though it is one of the most popular AI companies in the world.

Indian states using Claude

Claude use in India is concentrated in a few economically high-performing states. Maharashtra, Tamil Nadu, Karnataka, and Delhi together account for over half of India's total Claude use — and "this pattern closely mirrors India's IT sector geography and urban economic output," the company said.

"The concentration in these four states — home to Bengaluru, Hyderabad, Chennai, Mumbai, and Delhi NCR — suggests that current AI adoption is driven primarily by India's established technology workforce rather than broad-based consumer uptake," it said.

The primary reasons that Indians are using Claude also reflect that gap. Anthropic said the occupational mix of Indian Claude AI use, inferred by mapping tasks to related occupations, skews towards software development and engineering roles, consistent with the country's large IT services sector. "Broadening AI's economic impact will require looking beyond software and IT services," it added.

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Tracing Ashoka in Ujjain: What new dig at Vaishya Tekri can reveal

Nikita Mohta
New Delhi, August 24

THE MADHYA Pradesh government has begun restoring Buddhist monuments linked to the Mauryan emperor Ashoka, starting with a fresh excavation at Vaishya Tekri in Ujjain.

Initial excavations by the Department of Archaeology of the erstwhile Gwalior State in 1938–39 unveiled large bricks and punch-marked coins here, prompting archaeologists to date the structure to the Mauryan period.

In his 2011 paper, "Aśoka and Buddhist Nuns: Early Buddhism in Ujjain and Malwa", academic Peter Skilling wrote: "The largest stupa, popularly called Vaisya Tekri, is about 350 feet at its base and 100 feet high. Nearby is a smaller stupa, called Kumbhar (or Kumhar) Tekri. Both are relatively undisturbed, except for the unfortunate fact that a power line runs between them, and a giant pylon squats rudely on Kumbhar Tekri's shoulder."

But academic Himanshu Prabha Ray, in an interview with *The Indian Express*, urged caution, noting that the excavation report is decades old and that its interpretation was shaped by earlier accounts, particularly Alexander Cunningham's writings on Ashoka. While acknowledging the mound's impressive size and its reported comparison with the Great Stupa at Sanchi, Ray said, "I think we are jumping the gun. We need to investigate further beyond the 1938-39 excavation."

Ashoka's years in Ujjain

Ujjayini (modern Ujjain), on the banks of the Sipra, a tributary of the Chambal, was the capital of Avanti and an important commercial centre. Historian Romila Thapar, in *Asoka and the Decline of the Mauryas*, notes that Ujjain was a major crossroads, linking trade routes to western coastal ports such as Broach and Sopira, as well as to Pataliputra.

Ashoka was sent to Avanti as viceroy by his father, Bindusara. Unlike his brief sojourn in Taxila, he is believed to have spent about a decade in Avanti, with Ujjain as his headquarters. Thapar writes, "We feel that he was sent to Taxila for a special purpose and after having completed his work there, he was then appointed to the viceroyalty at Ujjain in recognition of his work."

Ancient city

- Mud fortifications were first built around Ujjain in the seventh century BCE. By about the sixth century BCE, Avanti, with Ujjain as its capital, had emerged as a powerful independent kingdom.
- Historian Nayanjot Lahiri says of Ujjain, "By the time Ashoka got there, it was an urban centre of respectable antiquity, having flourished along the Sipra river for 300 years or more before it became his place of functioning."

Vaishya Tekri has an estimated height of 100 ft, against the 54 ft Sanchi Stupa. EXPRESS

Where Ashoka met Devi

On his way to Ujjain, Ashoka stopped in Vidisha, where he met Vedisadevi, the daughter of a merchant. They later had a son, Mahinda, and a daughter, Samghamitta.

Ashoka's appointment to Ujjain appears to be well supported by historical evidence: his own edicts, issued after he became emperor, refer to the presence of a prince, or kumara, at Ujjain.

Lahiri also points to the geography. "Ashoka is shown as meeting Devi at Vidisha, and Vidisha falls on the way to Ujjayini from Pataliputra".

Fresh excavations

Scholars have welcomed the government's decision to fund excavations.

Ray points to Sanchi, where the ashes of Buddhist teachers who taught or stayed at its monasteries were buried around stupas. "The stupa does not occur as an isolated structure. It always has smaller stupas and other structures around it. I would suggest that the excavations look beyond the stupa itself and use the money to understand how the site grew over time: what other structures were around it, and who were the monks who taught or stayed there."