

# EDITORIALS – 18TH AUG 2026

## 1. TAXING 'FRIVOLOUS' (GS Paper III Economy)

This editorial 'Taxing 'frivolous' industries will not fund India's science' was published in The Hindu on 18th Aug 2026, highlights why taxing profitable industries cannot sustainably finance science without reforming rigid funding and procurement systems.

### Flawed case for earmarked taxation

- The proposal to tax the IPL for ₹15 billion reflects earmarked taxation and falsely assumes commercial profits diminish scientific funding.
- Organised sport supports merchandise, broadcasting, food, physiotherapy and rehabilitation, generating wider employment linkages and economic spillovers.
- The zero-sum assumption ignores interdependence: science supports films and textiles, while scientists consume entertainment and public services.
- High sporting expenditure does not necessarily reduce scientific output; dispersed market decisions contain more information than centralised allocation.
- Tax proceeds cannot guarantee better research when public spending remains controlled by officials insulated from its practical consequences and opportunity costs.

### Allocation and expenditure constraints

- Distributing funds equally or by productivity creates an allocation dilemma, as measurement and expert selection risk favouritism and disciplinary bias.
- Science competes with legitimate public claims from hospitals and policing, while scientists also dispute funding across research disciplines and equipment categories.
- Government grants function as conditional subsidies, treating recipients as potential misusers and replacing scientific judgment with bureaucratic control.
- Rigid earmarking funds what is "allowed," not "needed"; an e-server qualified as electronics, while a graphics card was classified as consumable.
- Use-it-or-lose-it funding encourages wasteful year-end purchases, regulatory workarounds and delayed experiments under cumbersome procurement rules.

## Reforms proposed

- Removing archaic restrictions, including constraints linked to the University Grants Commission Act, 1956, could strengthen research autonomy and talent retention.
- Eliminating GST and import duties on scientific equipment would lower research costs and prevent public money from circulating back to government.
- Simplifying CSR compliance and FCRA procedures could attract private endowments, foreign funding and longer-term, higher-risk research investment.
- Import substitution and mandatory Government e-Marketplace procurement often prioritise cheap domestic equipment over internationally competitive research quality.
- India must liberalise capital flows into academia and reduce excessive government dependence, rather than taxing profitable industries labelled frivolous.

### BEYOND EDITORIAL

#### Why public funding remains indispensable for basic research

- Public-good character: The publicly funded Human Genome Project created open foundational knowledge later used extensively by pharmaceutical, biotechnology and diagnostic companies.
- Long gestation: The publicly financed LIGO programme required decades of research before detecting gravitational waves in 2015, demonstrating why markets avoid uncertain scientific horizons.
- Strategic capability: Institutions such as ISRO and the Department of Atomic Energy sustain high-risk space and nuclear research whose national benefits exceed immediate commercial returns.
- Institutional inclusion: ANRF's PAIR programme connects each established hub with three to seven institutions, including at least two State public universities, to widen research capacity.
- Talent pipeline: DST's INSPIRE programme annually offers 12,000 higher-education scholarships and 1,000 doctoral fellowships, creating skilled researchers for academia and industry.
- Crowding-in effect: Evidence from the United States shows every additional dollar of publicly funded basic research stimulates about \$8.38 in private R&D investment after eight years.
- Accountable autonomy: ANRF combines competitive peer-reviewed grants with annual research-outcome assessment, offering accountability without prescribing every laboratory purchase or research pathway.

## 2. LOSING FOREST FOR TREES

### (GS Paper III Environment)

This editorial 'Losing forest for trees' was published in The Hindu on 18th Aug 2026, highlights how India's plantation-focused approach has increased tree counts without restoring ecologically functional forests.

#### Green India Mission's implementation failure

- A CAG performance audit found that the Green India Mission achieved little despite operating for nearly a decade.
- Against its target of improving 1.4 million hectares, GIM covered only 0.11 million hectares, while forest expansion reached barely 4%.
- Intended convergence with CAMPA and MGNREGS funds for afforestation and land restoration largely failed to materialise.
- As a NAPCC pillar, GIM was meant to restore biodiversity, water security, carbon sequestration and habitats while supporting India's Paris commitment.

#### 'Plantation numbers versus forest restoration

- Launched in 2024, 'Ek Ped Maa Ke Naam' reported 140 crore saplings, but plantation totals cannot represent forest quality.
- The India State of Forest Report 2023 recorded 1,445 sq km additional green cover, but only 156 sq km was true forest.
- The remaining 1,289 sq km comprised tree cover outside forests, while dense canopies within recorded forests continued degrading into scrubland.
- In the Aravallis, fresh plantations cannot reverse mining, encroachment and invasive vilayati kikar or recreate a complex native ecosystem.
- Ecological restoration requires reviving biodiversity, habitats and natural processes, whereas plantation drives primarily produce measurable hectares and sapling counts.
- The CAG framework can measure expenditure and implementation gaps but cannot fully assess the ecological value of a living forest.

## BEYOND EDITORIAL

### Community-led ecological restoration

- Statutory authority: Section 5 of the Forest Rights Act empowers Gram Sabhas to protect, regenerate, conserve and manage recognised community forest resources.
- Local knowledge: Community forest plans developed in Maharashtra incorporated village-level understanding of native vegetation, resource use and local ecological conditions into restoration decisions.
- Livelihood incentives: Restoring Maharashtra Gram Sabhas' authority to issue transit permits for minor forest produce strengthened community rights and women's livelihood opportunities.
- Women's participation: Coastal women's groups in Odisha have combined mangrove restoration with climate-resilient livelihoods, linking ecosystem protection with household economic security.
- Institutional foundation: Uttarakhand's Van Panchayats and Joint Forest Management committees demonstrate that community stewardship can complement formal Forest Department administration.
- Scalable model: Maharashtra expanded a successful community forest-resource management model to another 100 villages across seven districts in the Konkan and Vidarbha regions.
- Ecological accountability: Community forest plans using baselines, survival monitoring and documentation can assess regeneration and habitat recovery more meaningfully than plantation numbers alone.

### 3. DECODING INDIA'S GROWTH IN MERCHANDISE EXPORTS (GS Paper III Economy)

This editorial 'Decoding India's growth in merchandise exports' was published in The Hindu on 18th Aug 2026, highlights how India's nearly 20% merchandise export growth was driven predominantly by petroleum products rather than broad-based diversification.

#### Export performance and sectoral drivers

- India's merchandise exports reached \$44.2 billion in July 2026, rising nearly 20% year-on-year despite the West Asia conflict.
- The trade deficit widened from nearly \$28 billion to \$32 billion because imports grew faster than exports.

- Petroleum products contributed \$2.8 billion, or 39% of incremental exports, followed by electronics at 30% and engineering goods at 25%.
- During April–July 2026, petroleum exports rose 42.6% from \$21 billion to \$30 billion, reflecting higher prices after the Iran conflict.
- Engineering exports increased 18.2% to \$46.4 billion, while electronic goods grew 30.7% to \$21.2 billion, supporting limited sectoral diversification.
- Marine products grew nearly 18%, meat, dairy and poultry products 41%, and handicrafts 16%, indicating broader but smaller export gains.

### Market composition and diversification

- Despite new tariffs, the United States remained India's largest market with nearly one-fifth of exports, while Singapore's share rose from 2.7% to 4.7%.
- China's share remained broadly stable, while the UAE's share fell from 8.5% to 6.5% because of the West Asia crisis.
- Exports grew fastest to South Africa, Tanzania, Sri Lanka, Malaysia and Kenya, but this market expansion was driven mainly by refined petroleum.
- Tanzania's share in India's exports nearly doubled from 1.1% to 2%, although petroleum dominated the increase in its export value.
- Rising exports to Vietnam and Taiwan were not petroleum-led; any easing of regional tensions will reveal the true extent of export diversification.

### BEYOND EDITORIAL

#### Deepening domestic value addition in exports

- Value-added measurement: Smartphones became India's largest individual export in 2025–26, but electronics' domestic value addition remained around 18–20%, revealing substantial imported-input dependence.
- Component ecosystem: The Electronics Components Manufacturing Scheme seeks to deepen local production of sub-assemblies and parts, moving exports gradually beyond final-stage assembly.
- Pharmaceutical upgrading: Bulk-drug PLI support helped India move from a ₹1,930 crore trade deficit in 2021–22 to a ₹2,280 crore surplus by 2024–25.
- GVC integration: RBI previously estimated India's global value-chain participation at 34% of gross exports, compared with 45.9% for ASEAN economies.
- MSME capability: With 176 MSMEs participating in PLI schemes by November 2024, expanded testing, certification and technology support can integrate smaller firms into export supply chains.

- Branding potential: A 2026 parliamentary committee recommended promoting designer jewellery, branded products and laboratory-grown diamonds to shift gems exports towards higher-value segments.
- Trade architecture: Rules of origin under the India-EU trade agreement require specified domestic processing, encouraging exporters to build local value rather than merely re-export imported inputs.