EDITORIALS - 8TH AUG 2026

1. Pay wall (GS Paper III Economy)

This editorial 'Pay wall' was published in The Hindu on 8th Aug 2026, highlights the unfairness of charging for UPI when taxpayers already subsidise its payment infrastructure.

Proposed UPI Charges and Risks

- The 2026 amendment empowers the government to notify chargeable transactions, reversing the fee exemption for UPI and RuPay.
- Passed by the Lok Sabha without debate, the amendment precedes any final decision on transaction charges.
- Initial charges may cover large merchants with ₹1–1.5 crore turnover and payments above ₹2,000, affecting only 5% of UPI transactions.
- However, delegated powers allow wider coverage; merchants may transfer costs to consumers, encouraging a return to cash.

Cost Burden and Fairness

- Since UPI became free in 2020, payment operators have borne maintenance costs; the RBI Governor argues that someone must pay.
- However, taxpayers already subsidise processing costs for small-merchant transactions up to ₹2,000, weakening the case for additional charges.
- The government has paid ₹11,349 crore under the subsidy scheme and budgeted another ₹2,000 crore for 2026–27.
- Charging users after government-led digitalisation through demonetisation may fuel resentment, despite claims of supporting infrastructure, innovation and security.
- The editorial favours RBI funding, accepting slightly lower transfers to the Centre over an unpopular public levy.

Beyond Editorial

UPI as Digital Public Infrastructure

- Massive scale: NPCI recorded 23.66 billion UPI transactions worth ₹29.88 lakh crore in July 2026, demonstrating its public-infrastructure reach.
- Bank interoperability: UPI connected 741 banks by July 2026, enabling transfers across institutions without restricting users to closed payment networks.
- Financial inclusion: UPI 123PAY enables feature-phone users to make digital payments without internet access, widening participation beyond smartphone users.

- Small-payment access: UPI Lite supports faster PIN-less transactions below ₹1,000, improving convenience for everyday retail payments.
- Service innovation: UPI AutoPay facilitates recurring bills and EMIs, while Credit Line on UPI integrates sanctioned bank credit with payment applications.
- Global adoption: The 2023 UPI-PayNow linkage with Singapore enabled instant, cost-effective cross-border transfers for migrant workers, students and other users.
- Consumer protection: NPCI's UPI Help enables complaint tracking, while RBI rules require unauthorised electronic transaction complaints to be resolved within 90 days.

2. Prudent approach (GS Paper III Economy)

This editorial 'Prudent approach' was published in The Hindu on 8th Aug 2026, highlights the RBI's prudent rate pause amid inflationary, currency and geopolitical risks.

Monetary Decision and External Stability

- With June CPI inflation reaching 4.38%, the RBI retained the repo rate at 5.25% for a fourth consecutive meeting.
- The RBI prioritised macroeconomic stability amid elevated crude prices, geopolitical uncertainty, capital outflows and rupee depreciation.
- Its dollar-rupee swap and hedging support for FCNR(B) deposits aim to maintain domestic liquidity and strengthen foreign-exchange reserves.
- Forex reserves approached $700 billion, FCNR(B) deposits reached $40 billion, and the rupee recovered to nearly ₹95.

Inflation Risks and Growth Outlook

- The MPC's view that inflation remains confined to food and fuel may be premature as fuel costs increasingly affect transport and services.
- Transport inflation rose from 1.75% in May to 4.31% in June, affecting food, travel and tourism through higher input costs.
- Despite consecutive commercial LPG price cuts, eateries may not immediately reduce prices, while passenger-vehicle manufacturers have raised prices.
- A possible Hormuz settlement may ease crude prices, but the Ukraine conflict threatens Russian supplies, sustaining imported inflation risks.
- Despite external shocks, merchandise exports grew 15.5% in June, while consumption and public-private investment supported domestic resilience.

Beyond Editorial

Monetary Policy Transmission to the Real Economy

- Benchmark reform: RBI mandated external benchmark-linked floating loans for retail and micro-small enterprises from October 2019, extending them to medium enterprises in 2020.
- Earlier rigidity: Despite a 175-basis-point repo reduction during 2015–16, lending rates on outstanding loans declined only 71 basis points.
- Improved transmission: RBI's August 2021 review found that a 250-basis-point repo cut produced a 217-basis-point decline in fresh-loan lending rates.
- Liquidity influence: Surplus liquidity and external benchmark lending accelerated transmission during March–August 2020, according to RBI's monetary policy assessment.
- Deposit-rate lag: RBI's June 2022 MPC minutes noted that banks need not raise deposit rates quickly while excess liquidity remains available.
- Sectoral variation: RBI found stronger rate transmission to MSMEs, housing and large industries in 2021, showing that policy effects differ across borrowers.
- Supply-side limitation: RBI attributed 2021 inflation partly to global commodities, logistics costs and fuel taxes, which interest-rate changes cannot directly resolve.

3. Food Security Act amendments will hurt the poorest (GS Paper II Governance, Gs Paper I Society)

This editorial 'Food Security Act amendments will hurt the poorest' was published in The Indian Express on 8th Aug 2026, highlights how replacing household-based Antyodaya rations with per-capita entitlements will disproportionately harm the most vulnerable.

Antyodaya's Protective Rationale

- Launched in late 2000, AAY covers over two crore poorest households; its ration increased from 25 kg to 35 kg, now provided free.
- The Supreme Court mandated PVTG coverage and, in 2003, inclusion of destitute households without an earning member.
- While the NFSA adopted per-capita entitlements for priority households, AAY retained household entitlements to protect small, income-less families.

Impact of the Proposed Amendment

- The amendment replaces 35 kg with 7 kg per person, capped at 35 kg; smaller households lose 20–80% of existing rations.
- HCES 2023–24 shows 53% of AAY households have fewer than five members, creating only losers and no gainers.

- Nearly one million women living alone face an 80% ration cut; 85% are widows and 74% are illiterate.
- Since surplus foodgrain can be exchanged or sold, AAY rations provide economic security; imposing per-capita equality undermines substantive equity.

Limited Savings and Better Alternatives

- Against 10 million tonnes allocated and 8.8 million tonnes lifted in 2023–24, the amendment saves only 2 million tonnes amid excess stocks.
- Outdated AAY lists contain inclusion and exclusion errors; better-off households can shift categories while the AAY quota expands.
- Adding pulses and edible oil to PDS entitlements would better support destitute households than reducing their foodgrain entitlement.

Beyond Editorial

Wider Socio-economic Costs of Food Insecurity

- Child development: NFHS-5 recorded 35.5% child stunting and 19.3% wasting, indicating persistent damage to physical and cognitive development.
- Women's health: NFHS-5 found 57% of women aged 15–49 anaemic, linking inadequate nutrition with poorer maternal health and work capacity.
- Learning losses: PM POSHAN's coverage of Classes I–VIII recognises that school meals improve nutrition, attendance, concentration and educational outcomes.
- Productivity burden: UNICEF links childhood stunting with poorer learning and adult earnings, while the World Bank estimates a $23 return per nutrition dollar invested.
- Intergenerational deprivation: Mission Poshan 2.0 supports pregnant women, lactating mothers and children below six, recognising nutrition's lifelong and intergenerational effects.
- Crisis protection: PMGKAY ensured food security for nearly 80 crore people during COVID-19, demonstrating food entitlements' role during severe income shocks.
- Migrant vulnerability: ONORC recorded around 191 crore portability transactions by October 2025, showing the importance of uninterrupted food access for mobile populations.