

Essential Editorials (E2) for CSE (M)-2026

JULY 01, 2026

Article: PM's Review of Deregulation & Regulatory Reforms; The Indian Express

Why in News?

- The Prime Minister's review meeting with all Central Secretaries marks India's shift from first-generation economic reforms (1991 Liberalisation) to **next-generation governance reforms**, centred on **regulatory simplification, compliance reduction, trust-based governance, Ease of Doing Business (EoDB), Ease of Living (EoL)** and the vision of Viksit Bharat @2047 through a Whole-of-Government (WoG) approach.

Background: Why is India pursuing Deregulation?

- Despite the 1991 economic reforms, businesses and citizens continued to face multiple licences, excessive compliances, repeated inspections, numerous certifications, departmental clearances, procedural criminal penalties, cumbersome documentation and delays in service delivery, creating a 'Licence Raj 2.0'. The present reform agenda seeks to replace **control-based**

governance with trust-based, technology-enabled and citizen-centric governance, in line with the philosophy of 'Minimum Government, Maximum Governance'.

Key highlights of the Meeting

- The discussion focused on (i) Deregulation for Ease of Doing Business and Ease of Living, and (ii) Promotion of Atmanirbhar Bharat. The Prime Minister stressed **breaking departmental silos, adopting a Whole-of-Government approach, ensuring outcome-oriented governance, improving citizens' quality of life and accelerating implementation rather than merely announcing reforms.**

Institutional mechanisms driving

Deregulation

1. High-Level Committee on Non-Financial Regulatory Reforms (HLC-NFRR)

- **Chairperson:** Rajiv Gauba (Former Cabinet Secretary; Member, NITI Aayog)

- **Constituted:** 19 August 2025 by the Cabinet Secretariat
- **Mandate:** Review and rationalise **non-financial regulations, licences, permissions, certifications and regulatory approvals** to build a **modern, flexible, trust-based, citizen-centric and business-friendly regulatory framework.**

2. Task Force on Compliance Reduction & Deregulation

- **Head:** K.K. Pathak, Special Secretary, Cabinet Secretariat
- **Mandate:** Reduce unnecessary compliances, procedural delays and inspection burden while coordinating **state-level deregulation reforms** through Centre-State collaboration.

Deregulation: Meaning

- Deregulation refers to the **simplification, rationalisation or removal of unnecessary regulations while retaining essential safeguards relating to public safety, labour welfare, consumer protection and environmental sustainability.** It signifies '**Better Regulation**' rather than '**No Regulation**'.

Philosophy behind the Reform

Earlier Governance	Emerging Governance
Control & Permission-based	Trust-based & Facilitative
Inspector Raj	Risk-based Inspections
Compliance-heavy	Compliance-light
Department-centric	Citizen-centric
Rule-oriented	Outcome-oriented
Government as Controller	Government as Facilitator
Prior Approvals	Self-certification wherever feasible

Objectives of the Deregulation agenda

Economic

- Improve the investment climate by reducing business costs, enhancing competitiveness, promoting MSMEs, boosting manufacturing and exports, and strengthening **Make in India.**

Governance

- Improve service delivery through **faster approvals, reduced red tape, greater inter-ministerial coordination,**

enhanced transparency and accountability.

Citizen-centric

- Reduce the compliance burden on citizens through **digital governance, simplified procedures and improved Ease of Living.**

Strategic

- Advance the objectives of **Atmanirbhar Bharat, Digital India, Make in India and Viksit Bharat @2047.**

Whole-of-Government (WoG) Approach

Meaning: A governance model where **all ministries and departments work as an integrated system** by sharing information, coordinating policies and jointly pursuing common national objectives, instead of functioning in isolated departmental silos.

Importance

- Eliminates duplication and policy conflicts.
- Ensures faster decision-making and better implementation.
- Promotes integrated service delivery and improved citizen experience.
- Enhances administrative efficiency and policy coherence.

Ease of Doing Business (EoDB)

Meaning: Creating a regulatory ecosystem where businesses can start, operate, expand and exit with minimum procedural burden and maximum regulatory certainty.

Major Government initiatives

- **Jan Vishwas (Amendment of Provisions) Act, 2023** – Decriminalisation of numerous minor offences across Central laws to promote trust-based governance.
- **Large-scale rationalisation of business compliances** across ministries.
- **National Single Window System (NSWS)** – Integrated digital platform for approvals, licences and clearances.
- **PM Gati Shakti National Master Plan** – Integrated infrastructure planning and logistics.
- **Digital India** – Paperless, faceless and online governance.
- **GST** – Simplified indirect taxation through 'One Nation, One Tax'.
- **Insolvency and Bankruptcy Code (IBC), 2016** – Faster business exit and insolvency resolution.
- **Four Labour Codes** – Consolidation of 29 Central labour laws.
- **Faceless Tax Assessment** – Reduces discretion and corruption.

- **DPIIT Business Reform Action Plan (BRAP)** – Evaluates States on business regulatory reforms and investor facilitation.

Ease of Living (EoL)

- Extends deregulation to citizens by reducing government interface through **digital certificates, DigiLocker, Aadhaar-enabled services, online passport and property services, Direct Benefit Transfer (DBT), unified citizen service portals and single-window delivery mechanisms**, thereby reducing paperwork, repeated documentation, physical visits and transaction costs.

Regulatory Guillotine

- A globally recognised regulatory reform mechanism involving the **systematic review, simplification and repeal of obsolete, duplicative or unnecessary regulations**. It has been successfully adopted in countries such as **the United Kingdom, Australia, South Korea and Singapore**.

Benefits of Deregulation

Economic: Enhances investment, productivity, competitiveness, industrial growth and job creation.

Governance: Reduces corruption, bureaucratic discretion and procedural delays while improving accountability and transparency.

Administrative: Strengthens inter-departmental coordination, administrative efficiency and policy implementation.

Social: Improves public service delivery, citizen satisfaction and overall Ease of Living.

Challenges

- **Over-deregulation** may weaken labour rights, environmental safeguards and consumer protection.
- **Federal constraints**, as many regulatory functions fall within the jurisdiction of States and local bodies.
- **Administrative resistance** arising from reluctance to relinquish regulatory control.
- **Capacity constraints**, including the need for digital skills, process re-engineering and change management.

- **Regulatory capture**, where excessive deregulation may enable undue industry influence over policymaking.

Way forward

- Institutionalise **periodic regulatory reviews**, expand **risk-based inspections** and **self-certification**, deepen **digital integration of approvals**, ensure **time-bound service delivery and outcome-based governance**, strengthen **Centre-State coordination**, introduce **sunset clauses for obsolete regulations**, and adopt **global best practices while preserving essential public safeguards**.

Article: Financial Stability in an Era of Geopolitical Fragmentation &

AI; The Indian Express

(GS-III: Indian Economy | Science & Technology | Internal Security | Essay | Interview)

Background

Following the **Global Financial Crisis (2008)**, the **COVID-19 pandemic**, persistent geopolitical conflicts and the rapid diffusion of **Artificial Intelligence (AI)**, the nature of financial risks has fundamentally changed. Financial stability today depends not only on sound domestic banking but also on the ability to manage **systemic risks arising from geopolitical fragmentation, technological disruption, cyber threats and volatile global capital flows**.

The RBI's **Financial Stability Report (FSR), June 2026** reflects this shift by emphasizing **anticipatory regulation, macroprudential supervision and institutional resilience** to safeguard India's growth momentum.

GS-III: Indian Economy

Major findings of RBI

Strengths of India's Financial System

- Banking sector remains resilient with **GNPA declining to a multi-decadal low of 1.8% (March 2026)**.
- Strong capital adequacy, liquidity buffers and bank profitability.
- Healthy corporate balance sheets and sustained credit growth.
- Stress tests indicate banks and NBFCs remain adequately capitalised even under adverse scenarios.

Emerging risks

1. Geopolitical fragmentation

Growing strategic rivalries and conflicts may lead to:

- Supply-chain disruptions.
- Commodity and energy price volatility.
- Inflationary pressures.
- Trade fragmentation.
- Global financial uncertainty.
- Capital flow volatility.

2. Artificial Intelligence & Financial stability

Rapid AI adoption is creating new macro-financial vulnerabilities:

- AI-driven asset bubbles.

- Concentration of investments in a few technology firms.
- Algorithmic trading-induced volatility.
- Cybersecurity and operational risks.
- Spillover effects across global financial markets.

3. Global financial risks

- Tight monetary policies.
- Elevated sovereign debt.
- Bond market fragility.
- Shadow banking (leveraged NBFIs).
- Persistently uncertain global financial conditions.

Government & RBI Initiatives

Strengthening Banking Stability

- Insolvency & Bankruptcy Code (IBC), 2016.
- Asset Quality Review (AQR).
- Prompt Corrective Action (PCA).
- Basel III implementation.
- EASE Reforms for PSBs.
- Bank recapitalisation.

Digital financial governance

- Unified Payments Interface (UPI).
- Digital Rupee (CBDC).
- Account Aggregator Framework.

- Public Tech Platform for Frictionless Credit.

Responsible AI ecosystem

- IndiaAI Mission.
- Digital Personal Data Protection Act, 2023.
- Responsible AI initiatives.
- RBI's increasing focus on AI-enabled financial supervision.

GS-III: Science & Technology

AI as a Double-edged technology

Opportunities

- Productivity gains.
- Financial inclusion.
- Improved fraud detection.
- Better credit assessment.
- Efficient regulatory supervision (SupTech).

Risks

- Asset price bubbles.
- AI-enabled cyberattacks.
- Model opacity ("black-box" AI).
- Algorithmic bias.
- Financial contagion through automated markets.

GS-III: Internal Security

AI and digital finance increase vulnerabilities relating to:

- Cyber attacks on financial institutions.
- Digital payment fraud.
- Critical financial infrastructure security.
- Data breaches.
- AI-enabled financial crimes.

Way forward

- Strengthen macroprudential regulation.
- Improve cyber resilience of financial institutions.
- Regulate AI in financial markets through risk-based frameworks.
- Enhance supervision of NBFCs and fintechs.
- Diversify supply chains and external economic partnerships.
- Strengthen international regulatory cooperation.