

Mains matrix

1. Gender Imbalance in the Higher Judiciary
2. Refugees, infiltrators
3. "Navigating the global economic transformation."
4. The 'critical factor' in India's clean energy ambitions
5. Why is the fiscal architecture of municipalities flawed?
6. The Future of the India–Middle East–Europe Corridor (IMEC)

Gender Imbalance in the Higher Judiciary

- **Statistics:**

- **High Courts:** Only 14% of judges are women.
- **Supreme Court:** Only 3.1% of judges are women (1 woman out of 34 judges).
- **Leadership:** Only 1 out of 25 High Courts is headed by a woman Chief Justice.

- **Root Cause:** The current **Collegium system** is identified as the main reason. It is described as a highly networked "ethical club" that disadvantages women and underprivileged sections.

- **Contrast with Lower Judiciary:** The lower courts fare much better, with women constituting nearly 38% of judges, as selection is through **competitive examinations**.

2. The Proposed Solution: All-India Judicial Service (AIJS)

- **Core Idea:** Introduce an open, national-level, merit-based, competitive, and transparent examination for judicial appointments, similar to the IAS and IPS.
- **Key Proponent:** The idea has been supported by **President Droupadi Murmu**.
- **Constitutional Basis: Article 312** empowers Parliament to create new All-India Services, including an AIJS.

3. Arguments For the AIJS

- **Promotes Diversity & Inclusion:** Would offer opportunities to less-represented social groups and women.
- **Ensures Merit & Transparency:** A uniform process would reduce the influence of biases and patronage.
- **Precedent of Success:** The **UPSC model** is cited as a successful example:
 - The 2024 Civil Services exam results showed

remarkable diversity (318 OBC, 160 SC, 87 ST, 109 EWS candidates selected).

- Women are excelling (top two ranks in 2024 were women, and 11 out of the top 25 were women).
- In the IPS, 28% of the 2024 recruits were women (54 women).
- **Addresses Practical Issues:** Could help address infrastructural deficits (like lack of separate toilets for women in court complexes) by creating a systemic push for gender-friendly policies.

4. Countering Opposition & Proposed Model

- **Opposition's Argument:** The judiciary and Bar resist, fearing **executive interference** and a dilution of **judicial autonomy**.
- **Rebuttal to Opposition:**
 - There is no evidence of executive interference in the selection of the lower judiciary, which is already done via competitive exams.
 - A properly designed system can safeguard independence.
- **Proposed Governance Model:**

- **Examination Conducting Body: UPSC.**
- **Eligibility & Criteria:** Set by the **Supreme Court** in consultation with the **High Courts**.
- **Administrative Control:** Selected judges would work under the control of the Supreme Court or the concerned High Court.
- **Training:** A comprehensive basic training program would be decided by the courts.

5. Conclusion & Call to Action

- The author concludes by quoting Georges Clemenceau: "**War is too important a matter to be left to generals.**"
- Similarly, **justice is too serious to be left entirely to the judiciary.**
- Citizens have a stake in ensuring an inclusive judiciary and need to be given access to the selection process.

How to use it

Primary Relevance: GS Paper II (Governance, Constitution, Polity)

1. Structure, Organization and Functioning of the Judiciary:

- **How to use:** This is the core of the issue. The statistics on gender representation are a

direct critique of the judiciary's internal appointment process.

- **Key Points:**

- **Collegium System as a "Closed Shop":** Describe the Collegium as a highly networked system that perpetuates homogeneity, leading to the abysmal numbers: **Only 14% women in HCs, 3.1% in SC, and 1 woman Chief Justice out of 25 HCs.**
- **Contrast with Lower Judiciary:** Use the **38% representation of women in lower judiciary** (due to exams) to argue that a transparent, exam-based system is inherently more equitable.
- **Constitutional Provision:** Cite **Article 312** as the enabling provision for creating an All-India Judicial Service.

2. Appointment to various Constitutional Posts, Powers, Functions and Responsibilities of various Constitutional Bodies:

- **How to use:** The AIJS proposal involves creating a new constitutional service.
- **Key Points:**
 - **Role of UPSC:** The proposal suggests

the **UPSC** as the examination-conducting body, leveraging its proven track record of conducting fair and transparent examinations.

- **Balancing Powers:** The proposed model aims to balance roles: **UPSC (selection), Supreme Court/High Courts (eligibility, administrative control, training).** This addresses the fear of executive overreach while introducing transparency.

3. Salient Features of the Representation of People's Act:

- **How to use:** While not directly about elections, the principle of representation is key.
- **Key Points:**
 - Argue that for the judiciary to command public trust, its composition must broadly reflect the society it serves. A judiciary dominated by a narrow segment of society lacks **representative legitimacy**.

Secondary Relevance: GS Paper I (Society) & GS Paper IV (Ethics)

1. GS I: Role of Women and Women's Organization; Social Empowerment:

- **How to use:** The data is a stark indicator of the glass ceiling in one of the country's most powerful professions.
- **Key Points:**
 - Use the statistics to demonstrate that **structural and systemic barriers** (the "old boys' club" network), not a lack of merit, are the primary reason for the underrepresentation of women in the higher judiciary.

2. GS IV: Ethics and Human Interface; Probity in Governance:

- **How to use:** The issue touches upon ethics in public life and governance.
- **Key Points:**
 - **Transparency vs. Secrecy:** The Collegium's opacity can be contrasted with the probity and transparency expected in public institutions. The AIJS model aligns with the principle of **openness and fairness**.
 - **Impartiality and Non-discrimination:** An ethical judiciary must not only be impartial in its judgments but also non-discriminatory in its composition. The current

system fails on the latter count.

- **Quote:** The concluding quote, "*Justice is too serious to be left entirely to the judiciary,*" is a powerful ethical argument for democratic accountability and citizen-centric governance.

Refugees, infiltrators

Subtitle

India needs a refugee policy document that is non-discriminatory

Context and Central Argument

Main Idea

- Union Home Minister Amit Shah emphasized distinguishing between *refugees* and *infiltrators*.
- While valid, the **problem lies in the lack of clear legal and objective criteria** to make this distinction.
- India needs a **comprehensive, non-discriminatory refugee policy**.



Legal and Institutional Context

1. International Legal Position

- India is **not a signatory** to:
 - The **1951 UN Convention on the Status of Refugees**, and
 - The **1967 Protocol**.
- Hence, **no comprehensive national law** defines who qualifies as a refugee.
- This creates **scope for arbitrary treatment** and inconsistent handling.

2. Existing Legal Framework

- As of **March 2025**, apart from:
 - **Citizenship Act (1955)**
 - **Passports Act (1967)**
- Three colonial-era laws governed refugees:
 1. **Foreigners Act, 1946**
 2. **Registration of Foreigners Act, 1939**
 3. **Passport (Entry into India) Act, 1920**
 - From **April 2025**, these will be replaced by the **Immigration and Foreigners Act**, which merges and streamlines earlier laws, including:
 - **Immigration (Carriers' Liability) Act, 2000**

Policy and Implementation Issues

1. Absence of a Refugee Policy Document

- Despite having legal tools, **India lacks a uniform refugee policy**.
- This has resulted in **different yardsticks** for different refugee groups.

2. Example of Unequal Treatment

- **Tibetan refugees:** A rehabilitation policy (2014) exists — approx. **63,000**.
- **Sri Lankan Tamils:** Around **97,000**, but **no such comprehensive document**.
- **As of June 2023:**
 - Total refugees/persons of concern: **2.11 lakh**
 - Includes groups from **Myanmar, Afghanistan, Bangladesh, Africa, and West Asia**.
- Those without documentation or who overstay are treated as **illegal migrants (under Citizenship Act)** and may be labeled as **infiltrators** — leading to **harassment of genuine refugees**.

The Citizenship (Amendment) Act, 2019 (CAA)

Intent:

- To grant citizenship to **non-Muslim minorities** (Hindus,

Sikhs, Buddhists, Jains, Parsis, Christians) from:

- **Bangladesh**
- **Pakistan**
- **Afghanistan**

Criticism:

- Seen as **discriminatory**, since it **excludes Muslims** and other persecuted groups like **Sri Lankan Tamils** and **Rohingyas**.

Special Clause:

- **Exemption** granted to **Tamil refugees** who:
 - Registered with authorities.
 - Arrived **before January 9, 2015**.
- Those who came later **do not enjoy exemption**, despite similar circumstances.

Key Issues and Implications

1. Lack of Uniform Criteria

- Absence of consistent legal parameters → arbitrary official decisions.
- Leads to **inconsistent humanitarian treatment**.

2. Discriminatory Framework

- Selective inclusion/exclusion (as in CAA) undermines **constitutional equality** and **India's secular ethos**.

3. Humanitarian vs Security Dilemma

- Overlap between **refugees (victims)** and **infiltrators (illegal entrants)** complicates enforcement.
- Need for **objective and humane** criteria.

Way Forward

Challenge	Required Action
No comprehensive refugee law	Enact a Refugee and Asylum Act defining status and rights clearly
Arbitrary treatment	Establish uniform legal criteria applicable to all
Discriminatory approach (CAA)	Ensure non-discriminatory humanitarian relief irrespective of religion
Bureaucratic confusion	Train officials for consistent interpretation and humane implementation



Conclusion

India's approach to refugees has always been humanitarian, but inconsistent. To maintain this moral high ground, a **clear, consistent, and fair refugee policy** — applicable to all communities

— is essential.

True humanitarianism must be **non-discriminatory**, respecting both national security and the dignity of those seeking refuge.

How to use it

Primary Relevance: GS Paper II (Governance, Constitution, Social Justice)

1. Indian Constitution—historical underpinnings, evolution, features, amendments, significant provisions and basic structure:

- **How to use:** The core of the debate revolves around constitutional morality versus parliamentary law.
- **Key Points:**
 - **Fundamental Rights:** Argue that a refugee policy must align with **Article 14 (Right to Equality)** and **Article 21 (Right to Life and Personal Liberty)**, which extends to all persons, not just citizens. The current selective approach (e.g., CAA) is criticized for violating this spirit.
 - **Secularism:** The discriminatory nature of the CAA, which excludes Muslims from its purview, can be debated against the constitutional ideal of secularism.

2. Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

- **How to use:** The absence of a uniform policy is itself a policy failure.
- **Key Points:**
 - **Policy Paralysis:** Highlight the "unequal treatment" of different groups (Tibetans have a 2014 policy, Sri Lankan Tamils do not) as a classic case of inconsistent policy implementation leading to arbitrary outcomes.
 - **Implementation Challenge:** The lack of trained officials and clear criteria leads to the harassment of genuine refugees, who are mislabeled as "infiltrators."

Primary Relevance: GS Paper III (Security, Disaster Management)

1. Security challenges and their management in border areas:

- **How to use:** The Home Minister's emphasis on distinguishing refugees from infiltrators is central to internal security.
- **Key Points:**

- **National Security**
Imperative: A clear policy is needed to genuinely identify and manage security threats ("infiltrators") without tarring all foreigners with the same brush.
- **Border Management:** A robust refugee law would work in tandem with the new **Immigration and Foreigners Act** to create a streamlined system for entry, registration, and monitoring.

2. Disaster Management:

- **How to use:** Refugee influxes are often a form of human-made disaster.
- **Key Points:**
 - A national refugee policy can be integrated into disaster management plans to handle large-scale influxes (e.g., Rohingyas from Myanmar, Sri Lankan Tamils in the past) in a coordinated and humane manner.

Secondary Relevance: GS Paper IV (Ethics & International Relations)

1. GS IV: Ethics and Human Interface:

- **How to use:** The issue is deeply ethical.

• Key Points:

- **Humanitarian Ethics vs. Legalism:** India has a tradition of *ahimsa* and providing shelter (e.g., Tibetans, Sri Lankans, Bangladeshis in 1971). The current legal vacuum forces a choice between this humanitarian impulse and a strict, often discriminatory, legalism.
- **Moral Leadership:** Upholding non-discriminatory humanitarianism, as the article suggests, enhances India's soft power and moral standing globally.

2. Effect of policies and politics of developed and developing countries on India's interests:

- **How to use:** India's stance is watched internationally.
- **Key Points:**
 - Not being a signatory to the 1951 UN Refugee Convention is often used to critique India's human rights record. A domestic law could address these concerns while safeguarding national interests.

"Navigating the global economic transformation."

1. The Core Argument: A Seismic Shift in the Global Economic Order

- The world is undergoing a major transformation driven by the great-power conflict between the **United States and China**.
- This shift is reshaping global trade, finance, and strategy, but also presents a rare opportunity to forge a **more equitable world order**.

2. Five Key Drivers of the Global Economic Transformation

1. The Rise of Populist-Autocrats and Crony Capitalism:

- A new model where the state and large corporations (oligopolies/crony-capitalists) are deeply intertwined.
- Governments service these entities in exchange for political support, prioritizing corporate well-being over citizen welfare.
- This leads to the mortgaging of public assets and a distortion of policies, damaging the social contract.

2. Resurgent Democratic Primordialism & U.S. Hegemony:

- The U.S. is pursuing an "America First" policy to "Make America Great Again."
- **Examples of U.S. actions:** Pressuring Taiwan on chip manufacturing, securing trade routes (Panama), fortifying

supply chains for rare earths, fusing digital currency with foreign policy (Pakistan), and exerting pressure in the Arctic.

- This has led to a myopic belief in "spheres of control," igniting conflicts.

3. The Power of Big Tech and Digital Colonialism:

- Big Tech and "cloud capitalists" extract rents, reshape mass consciousness, and influence political outcomes.
- **Digital Colonialism is exemplified by:** The AI Action Plan, the Cloud Act, the weaponization of SWIFT, and state-backed digital currencies.
- These systems threaten national economic sovereignty, dilute international financial norms, and complicate political funding.

4. Withdrawal of Developmental Aid:

- Populist-autocrats are cutting developmental aid, creating opportunities for undemocratic forces.
- **Consequences:** Millions pushed into poverty (e.g., in Africa), increased emigration (e.g., from Nepal), and a rise in distress migration and recruitment by armed militias.

5. U.S. Tariffs and Sanctions:

- American tariffs (on 70+ nations) and sanctions (on 30+ nations)

disrupt the free flow of trade, capital, and ideas.

- In response, the **Global South** is seeking alternatives through bilateral treaties, supply chain localization, de-dollarization, and exploring currency alternatives.

3. The Opportunity for India and the Global South

- The crisis of the old neoliberal model (based on capital accumulation, cheap labor, and environmental damage) has created untenable debt and inequality.
- India and the Global South have a choice: accept an unjust order or **collaboratively construct a "New Economic Deal."**

Proposed Actions for India:

- Overhaul international financial institutions for fairer representation of the Global South.
- Push for a new debt-relief framework to free nations from structural adjustments.
- Fashion new economic alliances (e.g., through BRICS or South-South partnerships).
- Champion fair trade policies to protect domestic industries.
- Build **bipartisan relationships** with partner

nations to "fireproof" ties from changes in government.

4. The Need for a Domestic Recalibration in India

To realize its potential, India must undertake a domestic "course correction":

- **State's Commanding Role:** The state must take a commanding role (as in East Asia) over critical sectors like energy, infrastructure, data, defense, and healthcare, which are essential for national security.
- **Regulation and Investment:**
 - Institute strong **anti-monopoly norms** and create **sovereign wealth funds** (like Norway's).
 - Heavily invest in scientific research and education.
- **Leverage Public Sector:** Strategically redeploy Public Sector Units (PSUs) like China's state-owned enterprises, instead of privatizing them, to maximize revenue and geopolitical objectives.
- **Align Digital-Financial Paradigm:** Ensure the new digital-financial system aligns with constitutional and national goals.

5. Conclusion: The "India Way" Forward

- Foreign policy must be **substantive, not performative**.
- The core principle should be **non-alignment** (even if it's rebranded as multi-alignment for expediency).
- India must shed partisanship and build a consensus on its national direction to harness this golden opportunity and realize its rightful place in the world.

How to use

Primary Relevance: GS Paper II (International Relations)

1. Bilateral, Regional and Global Groupings and Agreements involving India and/or affecting India's interests:

- **How to use:** The entire analysis explains the "why" behind India's foreign policy moves.
- **Key Points:**
 - **Multi-Alignment as a Necessity:** Explain India's engagement with groups like **QUAD, BRICS, and I2U2** as a direct response to the five drivers—countering Chinese influence (Driver #2), reducing digital colonialism (Driver #3), and creating alternatives to Western-led institutions (Driver #5).

- **The "India Way" of Non-Alignment:** Use the conclusion to argue that India's refusal to fully align with any bloc is a strategic choice to maximize its autonomy and bargaining power in a fragmented world.
- **Building Fireproof Relationships:** The suggestion to "build bipartisan relationships with partner nations" is a sophisticated point to include when discussing India's ties with the US, Russia, or EU, emphasizing the need for policy continuity beyond individual governments.

2. India and its Neighborhood-Relations:

- **How to use:** The drivers have direct implications for South Asia.
- **Key Points:**
 - **Chinese & US Influence:** Driver #2 (US Hegemony) and Driver #1 (Crony Capitalism) explain the strategic and economic inroads China is making in India's neighborhood through projects like BRI.
 - **Impact of Withdrawn Aid (Driver #4):** Link this to

distress in neighboring economies (e.g., Nepal, Sri Lanka) which can lead to instability and increased migration, directly affecting India's security.

Primary Relevance: GS Paper III (Economy, Security)

1. Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment:

- **How to use:** The "Domestic Recalibration" section is a ready-made blueprint for economic policy.
- **Key Points:**
 - **State's Commanding Role:** Use this to debate the role of PSUs. Argue for their strategic redeployment in critical sectors (energy, defense, data) rather than outright privatization, citing the model of East Asian economies.
 - **Sovereign Wealth Funds & Anti-Monopoly Norms:** These are specific, high-value policy recommendations that showcase depth. Suggest creating funds for strategic investment and

regulating Big Tech to prevent market distortion.

- **Investment in R&D:** Link heavy investment in science and education to achieving self-reliance (Atmanirbhar Bharat) in critical technologies.

2. Effects of Liberalization on the Economy:

- **How to use:** The article provides a critique of the old neoliberal model.
- **Key Points:**
 - Argue that the current global shift is a result of the failures of the neoliberal model ("untenable debt and inequality"). This provides context for India's need for a new development paradigm.

3. Security Challenges and Their Management in Border Areas:

- **How to use:** The drivers have direct security dimensions.
- **Key Points:**
 - **Weaponization of Trade & Finance (Driver #5):** U.S. sanctions and the weaponization of SWIFT are tools of economic coercion that India must guard against by promoting de-dollarization and

alternative financial systems.

- **Digital Colonialism (Driver #3):** Frame data sovereignty and control over digital infrastructure (like 5G and cloud networks) as critical national security issues.

Secondary Relevance: GS Paper I (Society) & GS Paper IV (Ethics)

1. GS I: Globalization and its Social Effects:

- **How to use:** The drivers explain the social fallout of globalization.
- **Key Points:**
 - **Distress Migration (Driver #4):** Connect the withdrawal of developmental aid to increased poverty and migration, which can strain social structures in host countries.

2. GS IV: Ethics in International Relations:

- **How to use:** The call for a "New Economic Deal" is an ethical argument.
- **Key Points:**
 - Discuss India's potential leadership role in championing a more **just and equitable global order** as an ethical

imperative, moving beyond a narrow, self-interest-based foreign policy.

The 'critical factor' in India's clean energy ambitions

1. The Core Challenge & Ambition

- **Ambition:** For India to become a global leader in clean energy and achieve its goals of **500 GW of renewable energy capacity by 2030** and **net-zero emissions by 2070**.
- **Critical Factor:** The entire green transition depends on securing **Critical Minerals and Rare Earth Elements (REEs)**, such as lithium, cobalt, and nickel.
- **Problem:** India is heavily import-dependent (**nearly 100%** for many key minerals), creating supply chain vulnerabilities dominated by China.

2. Why Critical Minerals Are Essential

- They are indispensable for key clean energy technologies:
 - **Electric Vehicles (EVs):** For batteries; the EV market is projected to grow at a **49% CAGR (2023-2030)**.
 - **Renewable Energy:** For solar panels, wind turbines, and the **energy**

storage market (valued at \$2.8 billion in 2023).

- **Strategic Importance:** Securing a supply is not just an economic issue but also vital for **industrial growth and national security**.

3. India's Current Initiatives and Potential

- **Domestic Potential:** Untapped resources of lithium (Jammu & Kashmir, Rajasthan) and REEs (Odisha, Andhra Pradesh).
- **Policy Reforms:**
 - **Mines and Minerals (Development and Regulation) Act, 2021 & 2023:** Accelerated exploration and opened the sector to private participation.
 - **National Critical Mineral Mission (NCMM):** A ₹34,300 crore plan to strengthen the entire value chain.
- **Progress:** The discovery of **5.9 million tonnes of inferred lithium** in J&K and successful auctions of critical mineral blocks are promising steps.

4. Key Areas for Action & Investment

Area	Current Challenge / Action Needed
1. Domestic Mining	Contributes only 2.5% to GDP (vs. 13.6% in Australia). Needs streamlined licensing, financial incentives (subsidies, tax breaks) , and faster operationalization of mining leases.
2. Processing & Refining	India contributes <1% of global REE production . Needs to rapidly build capacity via Public-Private Partnerships (PPPs) and government backing for pilot projects.
3. Global Partnerships	KABIL (Khanij Bidesh India Ltd.) must expedite the acquisition of overseas mineral assets. State-owned companies (e.g., NMDC, IREL) need private partners for global and domestic projects.

Area	Current Challenge / Action Needed
4. Circular Economy & Recycling	India recycles only 10% of its ~4 million metric tonnes of annual e-waste. Needs advanced recycling facilities , better implementation of rules (e.g., Battery Waste Management Rules, 2022), and public-private hubs to boost technology.

5. The Way Forward: Conclusion

- The **National Critical Mineral Mission** and recent auctions are positive first steps.
- **Success depends on:** Strong state support, clear policies, and effective **public-private collaboration**.
- A robust mineral ecosystem will not only power India's clean energy goals but also position the country as a **green economy leader**, creating jobs and driving innovation.

How to use

Primary Relevance: GS Paper III (Economy, Environment, Security)

1. Indian Economy and issues relating to Planning, Mobilization of

Resources, Growth, Development and Employment:

- **How to use:** This is the core application. Critical minerals are the "new oil" for the 21st-century economy.
- **Key Points:**
 - **Supply Chain Vulnerability:** Highlight the **near 100% import dependence** on minerals like lithium and cobalt, dominated by China, as a major strategic vulnerability for sunrise industries like **Electric Vehicles (projected 49% CAGR)**.
 - **Policy Initiatives:** Discuss key reforms like the **Mines and Minerals (Development and Regulation) Act, 2021 & 2023** and the **₹34,300 crore National Critical Mineral Mission (NCMM)** as essential government interventions to de-risk the economy.
 - **Public-Private Partnership (PPP):** Emphasize that success requires collaboration between PSUs like **KABIL** and private players for both

domestic mining and overseas acquisitions.

2. Conservation, Environmental Pollution and Degradation, Environmental Impact Assessment:

- **How to use:** Link the mining of critical minerals to sustainable development.
- **Key Points:**
 - **Sustainable Mining:** Acknowledge that domestic mining (e.g., the **5.9 million tonnes of lithium in J&K**) must be balanced with stringent environmental safeguards and community engagement.
 - **Circular Economy:** The low **e-waste recycling rate (only 10%)** is a major gap. Cite the **Battery Waste Management Rules, 2022** and argue for advanced recycling facilities to create a circular economy, reducing the need for virgin mineral extraction.

3. Security challenges and their management in border areas:

- **How to use:** Frame resource security as a component of national security.
- **Key Points:**
 - **Strategic Autonomy:** Over-reliance

on a single country (China) for critical minerals is a **national security risk**. A domestic supply chain is crucial for strategic sectors like defense (e.g., semiconductors, aerospace) and energy.

- **Resource Diplomacy:** The role of **KABIL** in acquiring overseas assets is a form of economic statecraft and resource diplomacy to ensure secure supplies.

Secondary Relevance: GS Paper II (Governance, International Relations)

1. Government Policies and Interventions for Development in various sectors:

- **How to use:** The entire response is a case study of policy-driven development.
- **Key Points:**
 - Evaluate the effectiveness of the **NCMM** and the **MMDR Act amendments** in attracting private investment and streamlining the mining sector.

2. Bilateral, Regional and Global Groupings and agreements involving

India and/or affecting India's interests:

- **How to use:** The search for critical minerals is shaping India's foreign policy.
- **Key Points:**
 - **International Partnerships:** India is actively partnering with resource-rich countries like **Australia** (through the Critical Minerals Investment Partnership) and Argentina to diversify its supply chains, reducing dependence on China.
 - **Groups like QUAD:** The Quadrilateral Security Dialogue (Quad) has a strong pillar of cooperation on critical and emerging technologies, which is underpinned by the need for resilient supply chains for these very minerals.

Why is the fiscal architecture of municipalities flawed?

Subtitle

Are municipal bonds the new frontier of local finance? Is over-centralisation of taxes a problem?

Author

Tikender Singh Panwar

Central Argument

Despite contributing nearly **two-thirds of India's GDP**, urban municipalities control **less than 1% of the country's tax revenue**.

This fiscal imbalance reflects **over-centralisation of tax powers** and a **deeply flawed municipal finance system**.

The Core Issue

Indian cities are not underperforming due to inefficiency but because of:

- **A broken fiscal architecture.**
- **Overdependence on Central and State transfers.**
- **Lack of predictable, autonomous revenue streams.**

1. How Did Cities Lose Their Tax Revenues?

Impact of GST:

- Before GST, cities relied on **own revenue sources** such as:
 - **Octroi**
 - **Entry tax**
 - **Local surcharges**
- Post-GST: These were **subsumed into the GST framework**.

Result:

- Municipalities now retain **barely 19% of their own revenue sources**.
- Dependence on **State and Central grants** has **deepened**.
- The **municipal fiscal base has eroded**, weakening local governance and accountability.

2. Structural Problem: Power Inversion

- In a democracy, **power and responsibility** should be decentralised.
- But in India:
 - **Cities are expected to deliver services** (housing, sanitation, climate resilience, etc.)
 - **Without sufficient fiscal powers or autonomy**.
- This creates a **paradox of responsibility without revenue**.

3. What About Municipal Bonds?

Background:

- Promoted under **NITI Aayog's Urban Strategy** as a reform measure.
- Marketed as a tool to:
 - Improve municipal finances.

- Reduce dependence on grants.

Reality Check:

- Indian municipalities lack **credibility** and **creditworthiness** to attract investors.
- Cities fail to generate predictable income from taxes or user charges.
- Bonds thus remain a **limited and unreliable** source of finance.

4. Structural Bias in Evaluation

Issue of "Own Revenue" Metric:

- City performance is judged largely by **own revenue collection** (property tax, user fees).
- This **ignores transfers and grants** from higher levels of government.

RBI's Viewpoint:

- RBI and credit-rating agencies classify municipal revenue as "non-recurring," which **undermines the real income potential** of cities.
- This narrative **keeps cities dependent** and reinforces a **centralised fiscal mindset**.

5. Injustice in Fiscal Federalism

Current Imbalance:

- **State and Union governments** take a **lion's share of taxes**, leaving cities as *beggars before the Centre*.
- Local property taxes form **only 20–25%** of a city's revenue base — administratively and politically constrained.

Effect:

- Burden of urban financing shifts to **citizens**, especially the poor, via:
 - **User charges**
 - **Privatisation of basic services**
- This further widens **inequality** and reduces **collective access** to amenities like water, sanitation, lighting, and mobility.

6. What is the Way Ahead?

A. Democratisation of Fiscal Federalism

- Cities must have **autonomous fiscal powers**.
- Need to emulate **Nordic models** (Denmark, Sweden, etc.), where:
 - Cities control a significant portion of tax revenue.
 - There is **transparent, accountable devolution**.

B. Key Steps Proposed

1. **Recognise cities as fiscal entities** in the national system —

not mere implementing agencies.

2. **Reform grant mechanisms** — make them predictable and linked to performance, not discretion.
3. **Empower cities to earmark GST or State share** for municipal borrowing and development.
4. Promote **citizen participation and transparency** in city finances.
5. Ensure **fiscal equity** — poorer cities must receive proportional support.

7. Broader Message

The Author Argues:

- India's urban governance depends on **fiscal justice**, not bookkeeping.
- Cities are **not cost centres**, they are **wealth generators**.
- Without fiscal autonomy, **urban India's potential will remain underutilised**.

“True reform begins when cities are treated as engines of national prosperity — not as cost centres dependent on higher governments.”

How to use

The fiscal crisis of urban local bodies (ULBs) is a symptom of a deeper **governance deficit** and a **violation of the spirit of the 74th**

Constitutional Amendment Act. It represents a fundamental failure of **fiscal federalism**, where the entities responsible for delivering services (cities) are starved of the financial resources to do so, leading to inefficiency, inequality, and stunted urban development.

Primary Relevance: GS Paper II (Governance, Constitution, Federalism)

1. Functions and Responsibilities of the Union and the States, Issues and Challenges Pertaining to the Federal Structure:

- **How to use:** This is the most direct application. The issue is a classic case of "**federal asymmetry**" where the third tier of governance is effectively disempowered.
- **Key Points:**
 - **The 74th CAA Promise vs. Reality:** The 74th Amendment aimed to empower ULBs as "institutions of self-government." However, the **over-centralisation of tax powers** (with the Union and States) has rendered this promise hollow. Cities contribute **~66% of India's GDP** but control **less than 1% of its tax revenue**.

- **Fiscal Federalism Crisis:** The article highlights a "**power inversion**"—cities have the responsibility for services (housing, sanitation) without the corresponding revenue-raising power. This violates the principle of **subsidiarity** (decisions should be taken at the level closest to the people).
- **Impact of GST:** Use the GST example to show how ULBs lost their core revenue sources like **octroi and entry tax**, deepening their dependence on grants and weakening local accountability.
- **Potential Question:** *"The 74th Constitutional Amendment Act has failed to achieve its objective of creating 'institutions of self-government' in urban areas." Critically examine."

2. Devolution of Powers and Finances up to Local Levels and Challenges Therein:

- **How to use:** The entire article is about the failure of financial devolution.
- **Key Points:**
 - **Flawed Evaluation:** The practice of judging

municipalities primarily on "own revenue" while ignoring transfers is a structural bias that keeps them dependent.

- **Limited Tools: Municipal bonds** are not a panacea because ULBs lack the creditworthiness due to their unstable revenue streams.

Secondary Relevance: GS Paper I (Society) & GS Paper III (Economy)

1. GS I: Urbanization, their problems and their remedies:

- **How to use:** Link the fiscal crisis to the visible problems of urban India.
- **Key Points:**
 - The lack of funds leads to **inadequate infrastructure, poor sanitation, and unaffordable housing**. The burden shifts to citizens through **higher user charges**, disproportionately affecting the poor and widening inequality.

2. GS III: Government Budgeting, Mobilization of Resources:

- **How to use:** The article provides a critique of urban public finance.
- **Key Points:**

- Discuss the need for **fiscal empowerment of cities** as a prerequisite for effective urban infrastructure and service delivery. The **Nordic model** cited in the article is a good example to suggest for comparative analysis.

The Future of the India–Middle East–Europe Corridor (IMEC)

Introduction

The **India–Middle East–Europe Corridor (IMEC)** is a proposed multimodal transport network linking **India to Europe** via the **Arabian Peninsula**, combining maritime and rail routes. Envisioned as an alternative to China's Belt and Road Initiative (BRI), it aims to promote **economic integration, energy cooperation, and connectivity** across Asia, the Middle East, and Europe.

1. Historical Background

a) Favorable Context (2022)

- The **Abraham Accords (2020)** normalized relations between Israel and several Arab nations, creating optimism for regional peace and enabling the **integration of Haifa Port (Israel)** with **Jordan's rail network** and the **Gulf states**.

b) Strengthened Relations

- India's deepening partnerships with the **UAE, Saudi Arabia, and the U.S.** led to the creation of the **I2U2 grouping (India, Israel, UAE, U.S.)**, laying the foundation for cooperative economic and infrastructure projects.

c) Trade Significance

- The **EU is India's largest trading partner** (over **\$136 billion in trade**).
- The IMEC could **reduce transit costs and time** for Indian exports by providing direct connectivity to **European markets via the Mediterranean**.

2. Importance of IMEC

Dimension	Significance
Economic	Offers a cost-effective and faster trade route connecting India, West Asia, and Europe.
Strategic	Diversifies supply chains and reduces overdependence on existing vulnerable routes such as the Red Sea.
Resilience	Responds to Houthi attacks and maritime disruptions in the Red Sea by offering an alternate pathway.

Dimension	Significance
Geopolitical	Strengthens India's presence in West Asia and enhances its role as a connectivity provider rather than just a participant.
Collaborative Platform	As a multi-member initiative , it allows for flexibility in adapting to evolving geopolitical scenarios.

3. Recent Geopolitical Developments

- Launch:** Announced during the **G20 Summit (New Delhi, 2023)** with support from the **EU, France, Germany, Italy, Saudi Arabia, UAE, and the U.S.**
- Crisis Impact:** The **Hamas attacks (October 7, 2023)** and subsequent **Israel-Hamas conflict** severely destabilized the region.
 - Escalating tensions in **Gaza, Lebanon, and Yemen** threaten the project's **security and viability**.
 - Regional fragmentation and renewed hostility have **undermined the peace foundation** on which IMEC was built.

4. Mediterranean and Global Dynamics

a) Arctic Challenge

- **Climate change** is opening new **Arctic maritime routes**, benefiting **Russia, China, the U.S., and Northern Europe**.
- These emerging sea lanes may **reduce dependence on Mediterranean ports**, posing a **long-term threat** to their economic significance.

b) Mediterranean Interest

- Nations like **Italy and France** back the IMEC to **preserve their maritime relevance** in global trade.
- They view the IMEC as a means to **counterbalance Arctic routes** and maintain **strategic connectivity** with Asia and the Middle East.

c) India's Role

- India, as a **fast-growing economy** and **trusted global partner**, is seen as pivotal in ensuring:
 - Economic engagement.
 - Political stability.
 - Supply-chain diversification.

5. Challenges

Challenge	Explanation
Geopolitical instability	Ongoing conflicts in West Asia (Israel– Hamas, Iran–Saudi rivalry).
Coordination complexity	Multiple members with varying interests and alignments.
Security of routes	Vulnerable maritime lanes and potential sabotage risks.
Funding and implementation	Requires massive capital investment and logistical alignment among participating states.

6. The Way Forward

1. **Flexible Route Design:** Adjust routes and partnerships to **bypass conflict-prone zones**.
2. **Multilateral Cooperation:** Involve **EU institutions, regional organizations, and financial bodies** to share risk and responsibility.
3. **Integrate with India's Connectivity Vision:** Align IMEC with India's **Sagarmala, PM Gati Shakti, and Chabahar initiatives**.
4. **Security Mechanisms:** Establish a **joint maritime security**

framework to safeguard corridors.

5. **Regional Diplomacy:** Promote **India–Gulf–Israel dialogue** for stability and trade cooperation.

Conclusion

The IMEC symbolizes a new phase in **India's strategic connectivity diplomacy**, linking the Indo-Pacific with the Mediterranean.

However, its success hinges on **political stability in West Asia, sustained multilateral cooperation**, and **strategic adaptability** to evolving global realities.

If executed effectively, the IMEC could transform India into a **crucial hub in transcontinental trade**, reinforcing its role as a **balancing power** in a multipolar world.

How to use it

IMEC is not merely an infrastructure project; it is a **geostrategic declaration**. It represents India's ambition to transition from being a participant in global supply chains to an **architect of new, resilient, and rules-based connectivity networks**, directly challenging China's BRI and enhancing its own strategic autonomy.

Primary Relevance: GS Paper II (International Relations)

1. Bilateral, Regional and Global Groupings and Agreements Involving

India and/or affecting India's interests:

- **How to use:** This is the core application. IMEC is a quintessential example of modern, flexible, and multi-aligned diplomacy.
- **Key Points:**
 - **A Strategic Counter to BRI:** Position IMEC as a democratic, transparent, and sustainable alternative to China's debt-laden and strategically opaque Belt and Road Initiative (BRI).
 - **Multi-Alignment in Action:** The project involves a diverse set of partners: the **U.S. & EU (Western bloc)**, **UAE & Saudi Arabia (Arab world)**, and **India**. This demonstrates India's ability to build consensus across traditional geopolitical divides.
 - **Leveraging Mini-Lateral Groups:** Highlight that IMEC is a natural progression from the **I2U2 (India, Israel, UAE, USA)** grouping, showing how small, focused partnerships can catalyze larger strategic initiatives.

2. India and its Neighborhood-Relations:

- **How to use:** IMEC extends India's "neighborhood" to West Asia and Europe.

- **Key Points:**

- **West Asia as an Extended Neighborhood:** The project cements India's "Look West" policy, deepening ties with crucial partners like the UAE and Saudi Arabia, which are vital for energy security, trade, and the Indian diaspora.
- **Beyond Pakistan:** IMEC allows India to connect to Europe and Central Asia without relying on land routes through Pakistan, overcoming a key geographical constraint.

Primary Relevance: GS Paper III (Economy, Security, Technology)

1. Infrastructure: Energy, Ports, Roads, Airports, Railways etc.:

- **How to use:** IMEC is a massive multimodal infrastructure project.
- **Key Points:**
 - **Multimodal Connectivity:** It seamlessly integrates **maritime shipping (India to UAE)** with **rail networks**

(across Arabian Peninsula) and then **shipping again (to Europe)**, creating an efficient supply chain.

- **Integration with Domestic Initiatives:** Link IMEC to India's **PM Gati Shakti National Master Plan** and **Sagarmala** for port-led development. It can also be synergized with the **Chabahar Port** in Iran, providing India with multiple connectivity options.

2. Security challenges and their management in border areas:

- **How to use:** The project has a direct link to maritime and economic security.

- **Key Points:**

- **Supply Chain Resilience:** Frame IMEC as a response to **vulnerabilities in the Red Sea** (Houthi attacks). It offers an alternative route, making global trade more resilient to chokepoint disruptions.
- **Maritime Security:** The need for a "joint maritime security framework" underscores the non-traditional security

dimensions of economic projects.

3. Effects of Liberalization on the Economy:

- **How to use:** IMEC is a tool for enhancing India's trade and export competitiveness.
- **Key Points:**
 - **Boosting Exports:** With the **EU as India's largest trading partner**, a faster and cheaper corridor would make Indian goods more competitive, boosting sectors like textiles, pharmaceuticals, and engineering.

Secondary Relevance: GS Paper I (Geography)

1. Geopolitics of Resources:

- **How to use:** The project is influenced by and influences global trade geography.
- **Key Points:**
 - **Changing Trade Flows:** Discuss how IMEC aims to re-route Asia-Europe trade. Also, mention the long-term challenge from **new Arctic routes** due to climate change, which IMEC partners like Italy and France want to counter.

To join India's affordable and quality mains evaluation plan

Visit – www.mentoraias.co.in

MENTORA IAS

“YOUR SUCCESS, OUR COMMITMENT”