



# AXIA IAS ACADEMY



**EDITORIAL ANALYSIS**



**APRIL 14**



**CONSISTENT  
COMPREHENSIVE  
AND CREDIBLE**



**UNIQUE AND BEST IN  
QUALITY**





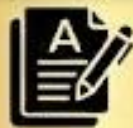
# AXIA IAS ACADEMY

## UPSC CSE CLASSES

### RISE ABOVE THE REST



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# Economic competence in judiciary

**COMPLEX DISPUTES.** Economic laws are market infrastructure; courts must interpret them as such



MEHAQOO  
RAGHAV PANDEY

**T**he Insolvency and Bankruptcy Code (Amendment) Bill, passed recently, addresses several concerns arising from judicial interpretation. The need for such corrective intervention will persist — unless judicial interpretation remains closely aligned with the underlying economic design of the Insolvency and Bankruptcy Code (IBC).

Consider the Supreme Court's 2022 ruling in *Vishal Industries*. By reading "may" in Section 7 as conferring discretion even after proof of debt and default, the Court amended the IBC's otherwise objective admission standard. Allowing the Adjudicating Authority (AA) to assess the debtor's financial health and viability at the threshold turned a mechanical, time-bound trigger into an open-ended equitable inquiry.

The Supreme Court's judgment of February 18 in *Prestige Estates Builders* modifies the IBC's structural logic as predictability had begun to fray. By reaffirming that admission under Section 7 is mandatory upon proof of debt and default, the Court re-anchors the process to an objective trigger and confines the AA to a narrow factual inquiry: whether a debt exists and whether default has occurred.

The IBC represents a structural shift in economic design. It replaced the earlier regime, where distress was diagnosed through erosion of net worth, an accounting metric that is prone to delay and dispute, with a simple objective test: has a debt remained unpaid when due? The Notes on Clauses appended to the Bill explained that this trigger would deter strategic delay, minimise threshold litigation, and enable early intervention to secure better outcomes.

The probability of reviving a

distressed enterprise declines sharply with time. Employees leave, supplier relationships weaken, customers migrate, and working capital evaporates. Even if assets retain book value, their operational obsolescence may erode. Individual stakeholders often lack collective discipline and accelerate deterioration. The IBC recognises that restructuring is most viable at the earliest stage of distress. Delay does not merely postpone resolution, it narrows the window for revival and increases the likelihood of liquidation.

Insolvency law thus coordinates both market expectations and rescue incentives.

Lenders price loans based on recovery timelines and priority certainty. Investors assess probability-of-default and loss-given-default assumptions. Resolution applicants evaluate distressed firms based on a predictable asset pool, enforceable priority rules, and the continuing viability of operations.

When admission depends solely on proof of default, restructuring negotiations begin before operational decay becomes irreversible.

**VIABILITY ASSESSMENTS** Introducing discretionary viability assessments at admission disrupts this design. Ex ante, uncertainty forces lenders to discount recovery timelines and raise risk premiums, increasing the cost of capital across the economy. Ex post, delay permits further erosion of going-concern value. By the time admission occurs, the enterprise may have lost its workforce, critical contracts, and competitive position. The statute's insistence on prompt admission reflects an understanding that time is economically decisive and delay is inherently corrosive. The IBC is

**Economic literacy in appellate adjudication is integral to the stability of the legal architecture that underpins modern markets**

built on two economic realities: the time value of money and the fragility of going-concern value.

The concern extends beyond one decision. In recent years, insolvency jurisprudence has oscillated before stabilising, unsettling expectations in the interim. The *Rathlow Papers* ruling interpreted state statutory debt in a manner that effectively elevated them within the priority structure, despite the IBC's objective of altering the order of priority of Government dues. The Section 53 waterfall was designed to create clear recovery hierarchies that inform lending models and restructuring valuations. Ambiguity in that ranking affected loss-given-default calculations and investor appetite for distressed financing, until later decisions clarified the position.

Similarly, in the litigation surrounding the resolution of *Bhushan Power and Steel*, the post-approval rejection of an implemented resolution plan years after its acceptance raised concerns about finality, an assumption central to investor confidence. Although the position was later reinstated, the reversal generated interim volatility in expectations.

More recently, the spectrum ruling presents a related structural issue. By excluding spectrum from the insolvency estate of telecom companies, the decision has significant implications for enterprises whose business models depend on licensed resources. If core operational assets are unavailable to a resolution applicant, the economic viability of restructuring diminishes sharply. The consequence is not merely deeper hierarchies for creditors, but the possible liquidation of otherwise viable firms.

These episodes illuminate a structural challenge: Modern economic statutes such as the IBC function as market-design frameworks. They shape incentives across stakeholders: banks, bondholders, private equity funds, operational creditors, employees, and foreign investors.

Judicial interpretations that modify admission thresholds, priority

hierarchies, or asset pools reshape capital allocation and influence whether distressed but viable enterprises can attract restructuring capital.

Capital markets are sensitive to uncertainty. When creditor rights appear fluid, risk premiums rise. International funds prize jurisdictional unpredictability into lending decisions. Domestic banks widen spreads to compensate for recovery volatility. Over time, the cost of capital increases for infrastructure projects, MSMEs, and large corporate alike. At the same time, confidence in the restructuring framework affects the willingness of resolution applicants to commit capital and managerial expertise to distressed enterprises.

## LEGISLATIVE DESIGN

None of this suggests that courts should privilege market common sense over statutory text. Stability emerges precisely from disciplined fidelity to legislative design. But fidelity requires an appreciation of the economic architecture embedded in statutory choices. Terms such as "may," "accrued," or "owed" in an economic statute are structural levers within an integrated financial system. Sensitivity to economic consequences deepens understanding of what the text was designed to achieve.

This is ultimately a question of institutional evolution. As economic statutes grow more sophisticated, adjudicative engagement must keep pace. Parliament recognised the technical character of insolvency adjudication in creating specialised tribunals.

As complex economic disputes increasingly reach constitutional and appellate courts, structured judicial engagement with corporate finance, valuation principles, restructuring incentives, and comparative insolvency frameworks can enhance adjudicative consistency.

The writers are respectively Executive Fellow, Insolvency Law Academy, and Assistant Professor, National Law University, Delhi.

- **Key Terms and Explanations**

- **Insolvency and Bankruptcy Code (IBC), 2016:** A unified legal framework for the time-bound resolution of insolvency and bankruptcy of companies, partnership firms, and individuals.
- **Adjudicating Authority (AA):** Under the IBC, this is the **National Company Law Tribunal (NCLT)** for corporates. It acts as the gateway for entering the resolution process.
- **Section 7 of IBC:** The provision that allows a "Financial Creditor" (like a bank) to initiate the Corporate Insolvency Resolution Process (CIRP).
- **Debt vs. Default:** *Debt* is the money owed; *Default* is the failure to pay that money when it becomes due. The IBC is "default-based" rather than "net-worth based."
- **Waterfall Mechanism (Section 53):** The priority order in which proceeds from the liquidation of assets are distributed. Secured creditors and workmen usually sit at the top, while government dues were intentionally placed lower to encourage private lending.
- **Going-Concern Value:** The value of a business as an ongoing, functional entity rather than just the sum of its physical parts (like scrap metal or empty buildings).
- **Moratorium:** A period during which all legal proceedings against the debtor are stayed to allow for a calm resolution environment.

- **Main Arguments and Substantive Parts**

- The core thesis is that **predictability is the soul of insolvency law**. When courts introduce subjective "equitable" inquiries, they undermine the economic architecture of the law.

- **The Admission Standard:** The IBC was designed as a "mechanical trigger." If a debt exists and a default has occurred, the case *must* be admitted. The **Vidarbha Industries (2022)** ruling temporarily changed "must" to "may," allowing judges to look at whether a company was still "healthy" despite the default. The recent **Power Trust (2024)** ruling has thankfully reversed this, restoring the objective standard.

- **Time is the Enemy of Value:** The article argues that operational coherence erodes quickly. As a case drags on in court, skilled employees leave and suppliers stop providing raw materials. Thus, delay doesn't just stall justice; it destroys the asset.

- **The "Spectrum" and "Asset" Debate:** Recent rulings excluding critical assets (like telecom spectrum) from the insolvency pool make restructuring nearly impossible. If a resolution applicant cannot use the core tools of the business, they won't bid, leading to liquidation.

- **Market Signaling:** Legal volatility—where rules on priority (e.g., *Rainbow Papers*) or finality of plans change—causes "risk premiums" to rise. This means banks charge higher interest rates to everyone because they aren't sure if they can recover money efficiently.

## Historical Evolution of the Issue

**Pre-1985 (Fragmented Era):** Multiple laws like the Companies Act, 1956 and Presidency Towns Insolvency Act, 1909. Recovery was slow, often taking decades.

**1985 (SICA Era):** The Sick Industrial Companies Act (SICA) introduced the "Net Worth" trigger. A company was considered "sick" only after its entire net worth was eroded. By then, it was usually too late to save.

**2016 (The Paradigm Shift):** The IBC was enacted based on the T.K. Viswanathan Committee report. It shifted control from "Debtor-in-Possession" to "Creditor-in-Control."

**2021-2023 (Judicial Oscillation):** Cases like *Rainbow Papers* (elevating tax dues) and *Vidarbha Industries* (discretionary admission) created a "swing" back toward the old, slower regime.

**2024-Present (Stabilization):** Recent amendments and Supreme Court clarifications are re-aligning judicial practice with the original "speed and objectivity" philosophy of the 2016 Code.

# ANALYSIS OF THE INSOLVENCY AND BANKRUPTCY CODE (IBC): ECONOMIC DESIGN AND JUDICIAL INTERPRETATION

## 1 THE PARADIGM SHIFT: A SIMPLE OBJECTIVE TEST

Old 'Net Worth' Model  
Complex, Slow,  
monie, & error-prone



VS

IBC Default-Based Trigger  
Simple, Fast,



Debt Owed &  
Default Occurred?  
Admit.

Secures early intervention and deterring delay to come with nonversionanl teirration

## 3 TIME-BOUND RESOLUTION: THE CORE VALUE



Delay erodes going-concern value

- Workforce leaving to rading
- Supplier trust to realber
- Competitive position or comahoupts

## 2 THE SUPREME COURT PENDULUM: A DISCRETION OR DUTY?

### A VIDARBHA INDUSTRIES (2022)



Judicial Discretion



OPEN-ENDED  
EQUITABLE  
INQUIRY

Reading 'may' as discretion even after proof of debt and default



Restored Predictability

### B POWER TRUST v. BHUVAN MADAN (2024)



RESTORING  
IBC LOGIC



ADMISSION  
MANDATORY  
UPON PROOF

Reaffirming Admission as a non-discretionary trigger



## 5 CHALLENGES & MULTIDIMENSIONAL ANALYSIS



Rise Above the Rest

- Institutional Capacity (Fill Vacancies)
- Economic: Risk Premiums & Cost of Capital
- Social: Job Security (Resolutions > Liquidation)



## 4 MARKET IMPACT &

Lenders:  
Pricing & Timelines  
Investors:  
Resolution Applicants:  
Asset Pools &  
Enforceable Rules

Section 53 priorities



## 5 CHALLENGES & MULTIDIMENSIONAL PRINCIPLES

- Institutional Capacity (Fill Vacancies)
- Economic: Risk Premiums & Cost of Capital
- Social: Job Security (Resolutions > Liquidation)



## 6 WAY FORWARD: ENHANCING ADJUDICATIVE CONSISTENCY

- Structured Judicial Engagement
- Corporate Finance & Valuation Training
- Corporate Finance & Valuation Training
- Structured Judicial Death Eneanti
- Corporaed Judicial Engagement & Ennorate Finance Consistency

- **Logical and Philosophical Base**

- **Utilitarianism in Economics:** The law prioritizes the "greatest good" for the credit market. Saving a viable company preserves jobs and taxes, which is better for society than letting it rot.

- **Time Value of Money (TVM):** A rupee recovered today is worth more than a rupee recovered five years from now. The IBC's logic is built on this fundamental financial principle.

- **Contractual Certainty:** The philosophy that "pacta sunt servanda" (agreements must be kept). If a default occurs, the consequences agreed upon in law must follow immediately to maintain market discipline.

- **Multidimensional Analysis**

- **Social:** Prevents sudden job losses by attempting "Resolution" (saving the firm) before "Liquidation" (closing the firm).
- **Political:** Balances the rights of labor (workmen dues) against the needs of big capital (banks), a sensitive tightrope in a developing democracy.
- **Legal:** Represents the tension between "Equity" (fairness in a specific case) and "Certainty" (rules that apply to everyone).
- **Ethical:** Addresses "Moral Hazard"—if debtors know they can delay court cases for years, they are more likely to default intentionally.
- **International:** Alignment with UNCITRAL (UN Commission on International Trade Law) standards makes India an attractive destination for Foreign Direct Investment (FDI).
- **Economic:** Directly impacts the **Gross Non-Performing Assets (GNPA)** of the banking sector and the ease of doing business.

## Linkages with NCERTs

### •**Class 11 Economics (Indian Economic Development)**

- Chapters on infrastructure, liberalisation, and economic reforms – discussion of NPAs, banking sector health, and the need for institutional reforms connects directly to IBC-type mechanisms.

### •**Class 12 Economics (Macroeconomics)**

- Chapters on money and banking, and government budget – insolvency outcomes affect credit creation, investment, and fiscal health (via public sector banks).

### •**Class 11 Political Science – Indian Constitution at Work**

- Chapters on judiciary and separation of powers – IBC jurisprudence illustrates how courts interact with economic policy and specialised tribunals.

### •**Class 12 Political Science – Contemporary World Politics / Politics in India since Independence**

- Themes of economic reforms, state and market, and institutional adaptation link to the emergence of IBC as a reform instrument.

### •**Class 12 Business Studies (for broader understanding)**

- Topics on financial management, corporate restructuring, and business environment can be connected to insolvency and creditor rights.

### •GS Paper 3 (Economy)

- “Indian Economy and issues relating to planning, mobilisation of resources, growth, development and employment” – insolvency and credit allocation.
- “Inclusive growth and issues arising from it” – impact on MSMEs, workers, and small creditors.
- “Effects of liberalization on the economy, changes in industrial policy and their effects on industrial growth” – IBC as structural reform.
- “Infrastructure: Energy, Ports, Roads, Airports, Railways etc.” – large infrastructure insolvencies, telecom spectrum cases.

### •GS Paper 2 (Polity and Governance)

- “Separation of powers” and “Functioning of the judiciary” – judicial interpretation of economic statutes.
- “Statutory, regulatory and various quasi-judicial bodies” – NCLT, NCLAT, IBBI.

### •GS Paper 4 (Ethics)

- Corporate governance, accountability of promoters vs creditor rights.
- Ethical issues in public sector banking decisions and haircuts.

## Way forward

### Legislative clarity and periodic review

- Draft IBC amendments with unambiguous language on key levers (admission, waterfall, estate composition).
- Introduce periodic statutory reviews to address emerging interpretive conflicts before they escalate.

### Strengthen institutional capacity

- Expand NCLT/NCLAT benches, improve case management systems, and adopt technology for e-filing, virtual hearings, and analytics.
- Enhance training and accreditation of insolvency professionals and valuers.

### Structured judicial training

- Design continuous education modules for judges on corporate finance, valuation, and comparative insolvency practices.
- Encourage specialised economic benches or dedicated rosters for complex commercial matters.

### Refine balance between rules and discretion

- Preserve mandatory default-based admission, while allowing narrowly tailored, statutorily defined exceptions (e.g., genuine settlement, technical defaults) to prevent manifest injustice.
- Make these exceptions transparent and predictable.

### Protect vulnerable stakeholders

- Strengthen safeguards for workers, small operational creditors, and homebuyers in resolution plans.
- Encourage transparent CoC voting rationales to reduce perceptions of bias.

### Data, transparency, and feedback loops

- Publish detailed data on timelines, recovery rates, and haircuts to evaluate performance and guide reforms.
- Institutionalise consultation with industry, banks, and investor associations.

## UPSC CSE Mains

### GS-3, 2013–2023

- Questions on NPAs and banking sector reforms (e.g., causes of NPAs, measures taken – including IBC).
- Questions on “Liberalization, privatization and globalization and their impact on the Indian economy.”
- Questions on infrastructure financing and investment climate.
- Questions on institutional reforms in governance of the financial sector.

### GS-2

- Questions on “Functioning of tribunals,” “Judicial overreach/activism,” and “Separation of powers.”
- Questions on “Parliament and issues of law-making,” “Delegated legislation,” etc.

### Essay Paper

- Topics around “Judiciary and economic development,” “Reforms and institutions,” and “Balancing growth with justice.”

# India's many New Years reflect ancient knowledge

I am delighted to extend my traditional New Year greetings to all in India and around the world on the occasions of Baisakhi, Bengali Bihu, Wada Bihu/Bihu Para, Sandkranti, Pousa Botsakh, Vishu, and Pongal, which reflect the spirit of Ek Bharat Shreshtha Bharat. May these auspicious occasions bring happiness and prosperity to everyone's lives.

The month of Chaitra is the time when preparations for agriculture begin. Farmers start working on the land to make it fertile. Since our people believe that hard work leads to progress, they celebrate the beginning of labour itself. Across the country, we see similar celebrations, which stand as examples of unity and shared culture in India.

In northern India, particularly in Punjab, people celebrate Baisakhi as a harvest festival. In the south, Kerala celebrates Vishu, where viewing auspicious items (kudam) is an important custom. In Assam, people celebrate Bihu, while in West Bengal, Pousa Botsakh is celebrated with enthusiasm.

Similarly, people in Manipur, Tripura, Odisha, Bihar, Uttar Pradesh, Himachal Pradesh, Haryana, and Rajasthan celebrate this period as the New Year in various traditional forms. In Haridwar, Uttarakhand, devotees from across the country gather to take a holy dip in the Ganga, marking the sanctity of the occasion.

Religio-spiritual people recently celebrated their New Year as Ugadi, while Marathi and Konkani communities observe their New Year as Gudi Padwa.

We belong to an ancient civilisation, as evidenced by the knowledge of our ancestors. Their understanding of the universe is reflected in these New Year celebrations.

Similarly, the Tamil New Year is a remarkable occasion that celebrates the wisdom of our ancestors. It is a festival that brings together tradition, family, spirituality, and a disciplined way of life. It marks a new beginning, encouraging us to move forward with fresh hope, guided by past experiences.

While we follow the global calendar today, we must also remember our Tamil calendar, which uniquely assigns names not only to days and months but also to years. There are 60 such year-names, and this year, named "paruthivu", is the 40th in the cycle.

The terms astronomy and astrology from Greek, meaning the study of the laws of the stars. In Tamil, it is referred to as "vanijai".



In northern India, people celebrate Baisakhi as a harvest festival.

Thousands of years ago, Tamil scholars understood that the Earth is spherical and studied the movement of celestial bodies and their influence.

Ancient Tamil literature such as Palithirupala describes the nature and movement of the universe. Verses explain how the world is composed of five elements and governed by celestial forces. Other works such as Sthapana-arappadi refer to planetary movements.

Sangan literature contains references to planets and stars. For instance, Saturn is described as dark (Makkimoru) in Paranasara. The tradition of studying celestial influences was associated with scholars known as "Kanjasa". The poet Kanjasa Poongudravai is believed to have derived his name from this tradition.

Even ancient texts like Tirukkappiyam refer to such learned individuals as "Arivar". Literature such as Akavasaaru shows that auspicious events like marriages were conducted by choosing proper dates and times. This tradition continues even today in Tamil Nadu. On the first day of Chaitra, Panchangam (almanac) is read in temples, and people gather to listen. Panchangam consists of five elements: weekday, lunar day (tithi), harmonious star (nakshatra), and yoga. Based on these, predictions are made about rainfall, agriculture, and other aspects of the year.

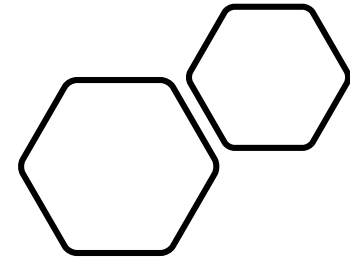
Our ancestors used both solar and lunar systems to measure time. While modern science calculates eclipses with advanced instruments, such phenomena were studied and accurately predicted in earlier times. The knowledge passed down by our ancestors is our heritage. We must preserve and pass it on to future generations. Listening to panchangam readings in temples is one way to honour this tradition.

Another aspect of the New Year reflects the respect our people had for nature's abundance. In homes, auspicious items like fruits and flowers are arranged and viewed first thing in the morning.

Spring is the season when nature renews itself — trees and plants regain their greenery, and flowers and fruits blossom. Tamils, who lived in harmony with nature, began the year by witnessing this abundance through the ritual of kani kani. Similarly, the traditional dish prepared on this day includes all tastes, including bitter. It teaches us that life encompasses all experiences, both joy and sorrow, and that we must accept them with balance.

There is a sense of commonality in these celebrations across the country, as well as in regions around the world where Indian communities have settled. These celebrations remind us of our cultural richness and diversity while highlighting the underlying unity of the nation. They symbolise the hope that we will continue to live together in harmony.

I urge the youth to celebrate the New Year with positivity, faith, and dedication, following the path shown by our ancestors. Let us begin our efforts with determination to contribute to the nation's progress. Our Bharat has always been one in its civilisational ethos and will continue to remain so. With the blessings of our elders, may the younger generation move forward in the spirit of Ek Bharat Shreshtha Bharat by 2047.



- **Key Terms and Explanations**

- **Ek Bharat Shreshtha Bharat:** A flagship initiative launched to enhance interaction and promote mutual understanding between people of different states/UTs to strengthen the fabric of national unity.
- **Panchangam:** A traditional Hindu calendar or almanac that follows the five elements of time: *Tithi* (Lunar day), *Var* (Weekday), *Nakshatra* (Star/Constellation), *Yoga* (Luni-Solar day), and *Karana* (Half of a Tithi).
- **Viksit Bharat @ 2047:** The government's vision to transform India into a developed nation by the 100th anniversary of its independence.
- **Vaaniyal:** The Tamil term for astronomy, rooted in ancient Sangam literature, indicating a systematic study of celestial bodies.
- **Kani Kanal:** The ritual of viewing auspicious items (fruits, flowers, gold) first thing in the morning on New Year's Day, symbolizing prosperity and a positive start.
- **Sangam Literature:** A collection of ancient Tamil poems (roughly 300 BCE to 300 CE) that provide a window into the social, economic, and scientific life of early South India.



- **Main Arguments and Substantive Parts**

- **Core Thesis**

- The cultural festivals of India, while appearing regional, share a common civilizational DNA that bridges the gap between ancient wisdom and modern scientific temper, fostering a sense of "Unified Bharat."

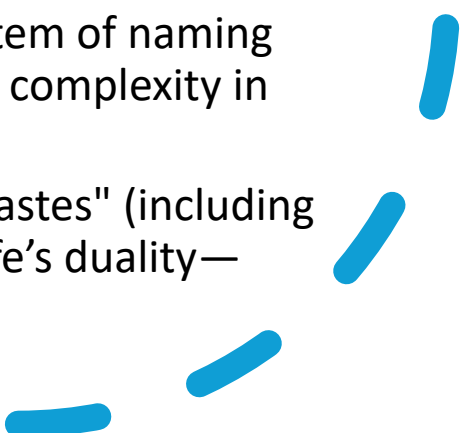
- **Key Supporting Points**

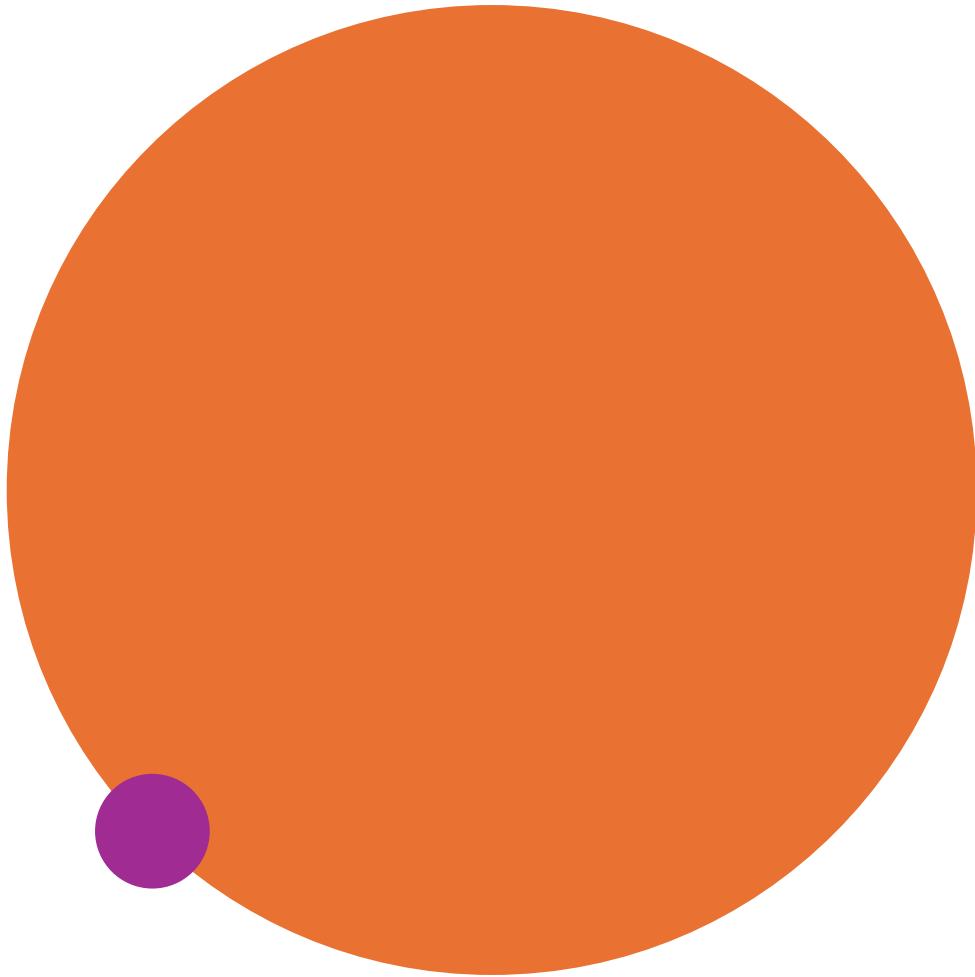
- **Agrarian Foundation:** The New Year across India (Baisakhi, Bihu, Puthandu) is inextricably linked to the harvest cycle. It celebrates "labor" as the fundamental driver of progress.

- **Indigenous Science:** Ancient India possessed sophisticated knowledge of the cosmos. Examples include the identification of Saturn as *Maimmeen* (dark star) and the understanding of the Earth's spherical shape long before Western validation.

- **The 60-Year Cycle:** The Tamil calendar's unique system of naming years (the *Jovian* cycle) demonstrates a mathematical complexity in time-keeping.

- **Ethical Living:** Traditions like eating food with "six tastes" (including bitterness) symbolize a philosophical acceptance of life's duality—equanimity in both joy and sorrow.





- **Historical Evolution of the Issue**
- **Ancient Period (Sangam & Vedic Eras):** Development of astronomical tools and calendars. Works like *Tolkappiyam* and *Purananuru* documented celestial observations.
- **Medieval Period:** Integration of regional traditions. Festivals like *Gudi Padwa* and *Vishu* became deeply rooted in community identities while maintaining Vedic astronomical links.
- **Colonial Period:** The introduction of the Gregorian calendar shifted official time-keeping, pushing traditional calendars to the realm of religious and social ritual.
- **Post-Independence:** The Calendar Reform Committee (1952) led by Meghnad Saha sought to reconcile various panchangams with modern science, leading to the Indian National Calendar.
- **Contemporary Era:** A renewed focus on "Indigenous Knowledge Systems" (IKS) under the National Education Policy 2020 and initiatives like *Ek Bharat Shreshtha Bharat*.



AXIA  
IAS ACADEMY

# AXIA IAS ACADEMY: PREMIER UPSC PREPARATION

## UPSC CSE: THE COMPLETE PATHWAY



Ganga



**PRELIMS**

CSAT & General Studies I  
(Critical Analysis & Facts)

### INTEGRATING TRADITION & SCIENCE (IKS).

#### ANCIENT TAMIL ASTRONOMY (VAANIYAL)



Sangam Literature (e.g., Purananuru)  
References to Planets & Stars



#### ASTRONOMY AXIOMS (IKS)



#### ARIIVAR & KANIYAN



**ARIIVAR & KANIYAN**  
Sage-scholars, and their connection to representation (e.g., connection to modern knowledge systems)



**SUSTAINABILITY & ENVIRONMENTAL ETHICS**  
Connects ancient practices (e.g., respecting nature) to current sustainable goals.



**PRELIMS**

CSAT & General Studies I  
(Critical Analysis & Facts)



**MAINS (WRITTEN)**

GS I-IV: Diverse Topics  
(Art, Heritage, Polity, Ethics, Economy)  
+  
Optional  
(Deep Conceptual Clarity)



Ganga



**INTERVIEW  
(PERSONALITY TEST)**

Leadership, Ethos,  
Integrity, Vision



**SELECTION & APPOINTMENT**

Selection & Appointment



**IAS  
APPOINTMENT**

### A. CASE STUDY: CULTURAL SYNERGY & INTEGRATION.

#### PANCHANGAM READING (TEMPLE SCENE)



Traditional Astronomical Forecasting  
& Tithi-Yoga-Nakshatra

#### 5 Element + 5-Element PANCHANGAM



#### REGIONAL NEW YEARS & COMMON SPIRIT



Punjakhi



Kani!



Assam

#### 'EK BHARAT SHRESHTHA BHARAT' & CIVIC ETHOS



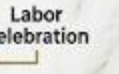
Kani Kanal



#### CULTURAL DIVERSITY AS NATIONAL UNITY



'Samatvam'  
(six tastes philosophy)



Labor  
Celebration

### AXIA IAS ACADEMY BENEFITS



**MULTIDIMENSIONAL  
LEARNING**  
Integrating Art,  
Heritage, Polity, & Ethics



**CONCEPTUAL  
CLARITY**  
Analytical Thinking  
and Case Study Focus



**ANSWER WRITING  
MASTERY**  
Structured Approaches  
& Expert Evaluation



**COMPREHENSIVE  
NOTES & PYQ'S**



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RISE ABOVE THE REST

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- Logical and philosophical base
- **Civilisational continuity**
  - Logic: Continuity of cultural practices (festivals, calendars, astronomy) from ancient to modern times shows India is not just a nation-state but an enduring civilisation.
  - Philosophical base: Historicism combined with civilisational nationalism—identity rooted in long-standing cultural knowledge rather than only in modern constitutional arrangements.
- **Unity through diversity of forms**
  - Logic: Different names, rituals and regional customs around New Year still share core themes—agricultural renewal, family bonding, spiritual reflection. Hence, diversity is surface-level; deeper unity lies in shared values.
  - Philosophical base: Pluralistic monism—multiple manifestations of a single underlying ethos, echoing ideas like “Ekam sat, vipra bahudha vadanti” in broader Indian thought.
- **Respect for labour and nature**
  - Logic: Celebrating the beginning of agricultural labour, not just its fruits, inculcates dignity of work and respect for nature’s cycles.
  - Philosophical base: Karma-centric worldview and dharmic ethic where disciplined effort and harmony with environment are moral duties.
- **Knowledge as heritage and responsibility**
  - Logic: If ancestors developed robust time-keeping, astronomical and agricultural knowledge, present generations have a duty to preserve, understand and transmit it, not abandon it under modernity.
  - Philosophical base: Epistemic conservatism with reformist potential—knowledge is inherited but must be re-engaged critically and contextually.
- **Ethic of balance and acceptance**
  - Logic: Ritual emphasis on varied tastes and experiences fosters mental resilience, acceptance of both pleasure and pain, and emotional moderation.
  - Philosophical base: Middle-path ethics, analogous to ideas of equanimity in Indian philosophical traditions (e.g. sthitaprajna in the Gita-tradition, though not named here).
- **Youth as carriers of tradition and modernity**
  - Logic: Demographically young India must anchor its developmental push (2047 vision) in civilisational values to avoid rootless modernisation.
  - Philosophical base: Communitarian view of identity where individuals are embedded in inter-generational webs of meaning and responsibility.

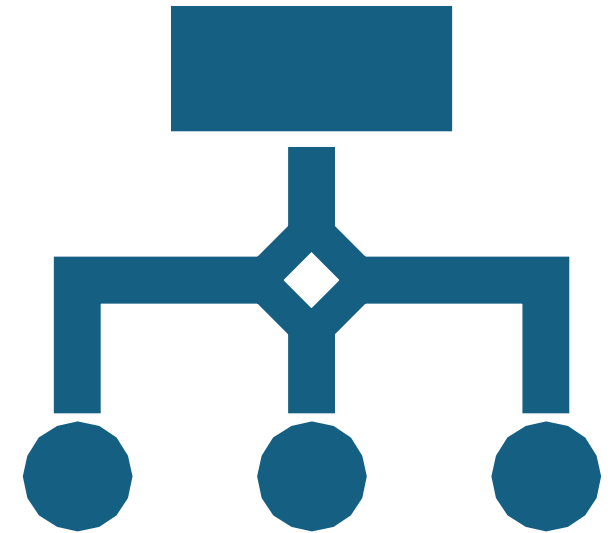
- **Multidimensional analysis**

- **Social dimension**

- Festivals function as **social integrators**, bringing together caste, class and regional groups, especially in participatory events like Bihu dances or Baisakhi melas.
- They reinforce family bonds and inter-generational transmission of values, as seen in communal panchangam readings and kani viewing by children with elders.
- Political dimension
- State use of festivals and programmes like EBSB to convey unity narratives is a **form of soft power** within domestic politics, shaping national identity.
- Regional New Year observances also manifest state pride and sub-national identities (e.g. Assamese, Tamil, Punjabi), which can be harnessed positively or, if mismanaged, fuel competitive regionalism.
- Legal dimension
- Public holidays, temple administration, and processions involve regulatory frameworks (law and order, sound limits, public health), requiring balancing of rights and responsibilities.
- Constitutional protection of cultural and educational rights supports preservation of such traditions, but courts may intervene if practices clash with fundamental rights (e.g. gender exclusion).
- Ethical dimension
- Themes of balance, acceptance, gratitude to nature and respect for labour provide a **rich resource for applied ethics**—from work culture to environmental responsibility.
- Questions arise on inclusion (e.g. participation of marginalized castes, women, religious minorities) and the ethical re-interpretation of inherited practices to meet contemporary norms.
- International dimension
- Indian diaspora communities celebrate these New Year festivals abroad, acting as **cultural ambassadors** and strengthening India's soft power.
- Internationally, framing India as an ancient yet living civilisation with sophisticated time-keeping and astronomy bolsters the country's intellectual brand.
- Economic dimension
- Festivals support local economies through tourism, handicrafts, agro-produce, and hospitality; they can be integrated into cultural circuits and homestay programmes.
- However, unregulated commercialisation can distort local traditions, increase indebtedness for ceremonial expenses, and generate environmental costs.

- 
- Linkages with NCERTs
  - **NCERT History – Class 6, 7, 8 (Our Pasts series)**: Chapters on early civilisations, agriculture, and kingdoms connect with the evolution of calendars, agrarian cycles, and regional cultures.
  - **NCERT Social and Political Life – Class 6–8**: Units on diversity, government and secularism relate directly to festivals as expressions of cultural diversity and the state’s role in protecting all traditions.
  - **NCERT Geography – Class 6–9**: Chapters on climate, seasons, and agriculture help students understand why regional New Year and harvest festivals cluster around particular months and monsoon patterns.
  - **NCERT History – Class 11 (Themes in World History) & Class 12 (Themes in Indian History)**: Discussions on early societies, states, and religious cultures provide background for understanding Sangam literature, temple institutions, and time-keeping traditions.
  - **NCERT Political Science – Class 11, 12**: Chapters on nationalism, secularism, and constitutionally protected rights link to narratives of unity in diversity and cultural rights.

- Linkages with UPSC CSE syllabus
- **GS I (Indian Heritage and Culture, History, Society)**
  - “Salient aspects of Art Forms, Literature and Architecture from ancient to modern times”: Sangam literature, festival traditions, temple-centred astronomy.
  - “Indian society – diversity, unity, regionalism”: Regional New Year festivals, Ek Bharat Shreshtha Bharat as an integration tool.
- **GS II (Polity and Governance)**
  - “Issues and challenges pertaining to federal structure”: Balancing regional identities and national cultural policies.
  - “Government policies and interventions for development in various sectors”: Cultural schemes like EBSB and their design.
- **GS III (Economy, Environment, Science & Tech)**
  - “Agriculture – major crops, cropping patterns”: Festivals’ linkage to sowing/harvest cycles.
  - “Conservation, environmental pollution”: Eco-friendly vs. environmentally harmful festival practices.
  - “Achievements of Indians in science & technology; indigenization of technology”: Traditional astronomy and time-keeping as precursors to modern scientific thinking.
- **GS IV (Ethics, Integrity, Aptitude)**
  - “Ethics in public and private relationships”, “Attitude, moral and political attitudes”: Community bonding, respect for elders, attitude to labour and nature.
  - Case studies: Using festivals to illustrate values like empathy, tolerance, and responsibility.



## Way forward

### **Integrate festivals into value-education**

- Use school and college activities around regional New Years to teach dignity of labour, environmental stewardship, and inter-community respect rather than only ritual observance.

### **Strengthen Ek Bharat Shreshtha Bharat meaningfully**

- Pair schools and colleges across states for joint celebration of each other's New Year and harvest festivals, including language exchanges and shared projects, not just token poster competitions.

### **Promote eco-friendly and inclusive practices**

- Encourage locally sourced decorations, minimal waste, and reduced noise and pollution; ensure equal participation of women, marginalized castes and minorities in festival leadership.

### **Document and research traditional knowledge**

- Support interdisciplinary research on regional calendars, Sangam astronomy, and agrarian rituals, integrating credible findings into curricula and public discourse.

### **Youth-centric cultural entrepreneurship**

- Encourage youth to develop cultural tourism, folk-art platforms, and digital storytelling around these festivals, linking livelihoods with heritage in a responsible way.

UPSC Mains – GS I / Essay

2015 GS I: “Describe any four cultural elements of diversity in India and rate their relative significance in building a national identity.”

2018 GS I: “Throw light on the significance of festivals in strengthening social bonds in India.” (theme)

2020 GS I: “Discuss how regional cultures and languages contribute to the idea of India as a nation.” (theme)

Essay (various years, themes):  
“Unity in diversity is the defining feature of India”;  
“Tradition and modernity”;  
“Art, culture and society”.

UPSC Prelims (themes)

Multiple questions across years on:

- Identification of regional festivals (e.g. Bihu, Baisakhi, Vishu, Onam, Pongal).
- Matching festivals with states or communities.

## Onus on SC to protect faith in democracy

**T**he Ides of March and April being the "cruellest month" dominated the world stage recently. "Ides" (from Latin *idus*) marked the approximate midpoint of Roman months. On March 15, 44 BCE, a few Roman senators stabbed Julius Caesar, a scene immortalised by William Shakespeare in *Julius Caesar*, where a soothsayer warns Caesar about his death "beware the Ides of March". In *The Waste Land*, T.S. Eliot called April "the cruellest month".

Throughout these past few weeks, we saw "broken images" caused by the violence unleashed in March continuing in early April. Thousands perished in an insane man-made disaster. Fortunately, the boxes are in the white corner of the ring for the time being.

A few thousand kilometres from Delhi, in West Asia, the world saw an audacious attempt by a 250-year-old democracy (the U.S.) to "restore democracy" in a civilization spanning nearly 40 centuries (Iran).

A few hundred kilometres east of Delhi, a different kind of battle of democracy raged, where people tried to save their right to vote, not from a distant aggressor but from an unprecedented aggression of the Election Commission of India.

The tragic irony is that this institution was created by the Constitution to protect the same right it conferred on every citizen. That is how Indian electoral democracy was conceived. The vision of the founding fathers was painstakingly and honestly turned into a collective dream since 1950 when India pledged itself to being a Republic launching one of the most audacious attempts at enfranchising an illiterate mass of humanity.

Many were apprehensive of the capability of the unlettered to use this right rationally, but few doubted the ability and intent of those responsible for protecting that right. And yet today, seeing the way in which millions find their voting right being "snatched"



**Ashok Larima**

Former Election Commissioner and Union Finance Secretary of India

just as they prepared to cast their vote, raises uncomfortable questions regarding the guardian institutions.

In undertaking the Special Intensive Revision (SIR), the ECI claimed a noble intent – "purging" the billion strong Indian electoral roll. This 'ambition' led to the innovative methodology of the SIR. It singled out West Bengal to apply the freshly-sharpened scythe of "logical discrepancy", which identified six million voters for 'special treatment'. The 'last twist of the knife' was that this was with the consent of the Supreme Court (SC), the most venerable and dependable last resort of the aggrieved. The cruelty is that the SC seems to not mind that the 2.7 million 'deleted' electors remained in a state of 'suspended animation', in effect, the sentence is "to be hanged by the neck". Whether it is "till death" will be decided by the appellate tribunals set up under its aegis.

Let us make no mistake. The outcome of the West Bengal elections cannot determine the fairness of this procedure adopted by the ECI. Even if the Trinamool Congress (TMC), the party that cries 'fool' most loudly, wins the elections, the 'abduction' of the voting right of those denied a chance to establish the genuineness of their contention cannot be overlooked. They were left stranded by a half-baked process, maimed by the weapon of "logical discrepancy", and undone by the apathy of the protector institutions they trusted. The apathy of one of them was evident in the 'ultimatum to TMC tweet', showing the yellow card before any foul was committed.

Last year, during the Bihar SIR hearing, the SC asserted that it would not allow mass deletions. Apparently, the scale of deletions in West Bengal has not dismayed the SC, whereas even one elector deprived unfairly should be enough to upset the court. For the ECI, it would be a matter of shame if its famous clarion call of "no voter to be left behind" hereafter

sounds like a hollow slogan.

Instead of creating a conducive environment encouraging citizens to become electors, ECI actually devised hurdles that many found impossible to cross. Instead of pursuing its motto "every vote matters", ECI created a situation that risks making people apathetic towards the process. Hitherto, it focused all its energy on increasing poll percentage, which in General Elections have never exceeded 68%. Now, its success might owe to lowering the denominator due to the large-scale deletions.

Voting is not just a public service everyone should be able to access with equal ease. It is a right guaranteed by the Constitution; a democratic duty every citizen is obliged to perform. That is the primary responsibility of the ECI, which like Hamlet sees the ghost of an intruder in every Bengali-speaking Muslim and is attempting to do what the State was obliged to but could not.

It is this obsession to 'purge' the electoral roll that has brought the ECI dangerously close to the sin of democide. Every genuine citizen pushed into limbo is entitled to feel that for him electoral democracy is dead and that for him the festival became a funeral because his grave was dug by the institutions meant to take him to the promised land.

Courts can punish illegalities, not sins. A sin only has consequences. It could keep nibbling at your conscience, if you have one. It will sully your reputation, if you care for it. But the most dangerous is if people stop believing in fairness, if people lose hope in the guardians of their rights, if they reconcile to injustice being their collective destiny.

The Supreme Court still has a chance to prevent a sin of commission and redeem the constitutional right of those who had originally passed the test of ECI's due process, successfully navigated the eddies of the SIR, only to be caught in a procedural whirlpool as they seemed ashore.

ECI devised hurdles that many found impossible to cross and created a situation that risks making people apathetic towards the process

## Key Terms and Explanations

**Ides of March:** Originally a deadline for settling debts in Rome, it became synonymous with betrayal and political upheaval after the assassination of Julius Caesar on March 15, 44 BCE.

**Special Intensive Revision (SIR):** A focused administrative exercise by the Election Commission to update electoral rolls, usually involving door-to-door verification to remove deceased, shifted, or ineligible voters.

**Logical Discrepancy:** In the context of data management, this refers to inconsistencies in voter records (e.g., age-photo mismatch, duplicate entries, or address errors) that flag a voter for further investigation.

**Democide:** While usually defined as the murder of any person or people by their government, here it is used metaphorically to describe the "killing" of a citizen's democratic identity by stripping them of their right to vote.

**Suspended Animation:** A legal or administrative state where an individual's rights are neither fully active nor permanently revoked, leaving them in a procedural limbo.

**Election Commission of India (ECI):** A constitutional body established under **Article 324** to superintend, direct, and control elections.

**Universal Adult Franchise:** The right of all adult citizens to vote regardless of wealth, income, gender, social status, race, or ethnicity (**Article 326**).

- **Main Arguments and Substantive Parts**

- **The Core Thesis**

- The central argument posits that the Election Commission, in its zeal to ensure a "clean" electoral roll, has adopted a methodology—the Special Intensive Revision (SIR)—that disproportionately targets specific demographics and results in the mass disenfranchisement of genuine citizens, thereby undermining the very democracy it is meant to protect.

- **Key Points**

- **The Paradox of Protection:** The ECI was created to safeguard the right to vote. However, its recent actions (large-scale deletions) suggest it is acting as a gatekeeper that creates hurdles rather than an enabler of democracy.

- **Targeted Methodology:** The use of "logical discrepancy" as a "scythe" implies that administrative tools are being used aggressively, particularly in sensitive regions like West Bengal, potentially leading to biased outcomes.

- **Institutional Apathy:** Both the ECI and the Judiciary (Supreme Court) are critiqued for appearing indifferent to the scale of deletions. The "suspended animation" of 2.7 million voters suggests a failure of the "last resort" for the aggrieved.

- **The Denominator Effect:** The author suggests that high voter turnout percentages might be artificially inflated not by more people voting, but by shrinking the total number of eligible voters through mass deletions.

- **Historical Evolution of the Issue**

- **Pre-1950 (Colonial Era):** Voting was restricted based on property, education, and tax-paying status. Only about 13% of the population had the right to vote.

- **1950 (The Bold Experiment):** India adopted Universal Adult Franchise despite high illiteracy. This was a "leap of faith" by the founding fathers, trusting the wisdom of the common person.

- **1990s (The Seshan Era):** T.N. Seshan redefined the ECI's power, emphasizing the Model Code of Conduct and Voter ID cards (EPICs) to clean up booth capturing and fraud.

- **2000s–Present (Digitization and Cleansing):** The shift toward digital electoral rolls and linking databases (like Aadhaar) aimed at eliminating duplicates. However, this introduced "algorithmic exclusions" where software errors led to mass deletions without adequate physical verification.

# 1. Understanding the Core Paradox



## Key Concept Definitions

- Universal Adult Franchise:** Universal Adult Franchise iconised leap of faith.
- Special Intensive Revision (SIR):** The special intensive ratio preceded voting.
- Democide:** Amage in man-faded voter, 'deleted' profile.



## Guardianship vs. Gatekeeping



# DEMOCRACY'S DEEPENING DILEMMA: DISENFRANCHISEMENT AND INSTITUTIONAL INTEGRITY

## 2. The Specific Battleground - West Bengal



**STRANDED VOTER**  
(2.7 million in limbo)  
**Suspended Animation:**  
A state of procedural limbo, disenfranchised without due process.



**ADMINISTRATIVE AMBITION**  
The 'Logical Discrepancy' scythe: Millions flagged, millions deleted.



**The Last Resort's Apathy:**  
An unprecedented challenge to judicial oversight.

## The Cruelty vs. Outcome



Process fairness over electoral outcome.

## 3. Call to Action and Ethics

### Multidimensional Impact Points



**Social**  
minority exclusion



**Political**  
denominator manipulation



**Legal**  
Conflict of Article 324 vs. 326



**Ethical**  
The sin of democide

### Way Forward

- Presumption of Citizenship:** Reversing the burden of proof.
- Mandatory Physical Verification:** Before any deletion.
- Electoral Tribunals:** Immediate appellate redressal.
- Technological Humanism:** Inclusion-focused data use.

**THE SINS OF COMMISSION: REDEEMING CONSTITUTIONAL RIGHTS**



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- **Logical and philosophical base**

- (a) Logic of the ECI's approach
- **Premise 1:** Electoral rolls contain significant inaccuracies — dead voters, duplicates, migrants, bogus entries — which can be exploited for fraud.
- **Premise 2:** Technology and data analytics can detect anomalies at scale more efficiently than manual household verification.
- **Premise 3:** Cleaning rolls is essential to free and fair elections; hence, intensive revision, even if temporarily disruptive, is justified.
- (b) Logic of the critique
- **Premise 1:** The right to be registered as a voter is a core democratic entitlement under Article 326, and any deprivation must satisfy strict standards of fairness, transparency and proportionality.
- **Premise 2:** Algorithms and data matching can have high error rates in a society with fluid naming conventions, migration, gendered name changes, poor documentation and low digital literacy.
- **Premise 3:** In a compressed SIR timeline, administrative capacity and judicial oversight are insufficient to protect all genuine voters from wrongful deletion.
- Therefore, tools designed to **protect** electoral integrity may end up **undermining** it by disproportionately hurting the poor, minorities, rural and migrant communities.
- (c) Philosophical foundations
- **Democratic egalitarianism:** Every citizen's vote carries equal moral weight; even one unjustified exclusion is a serious wrong, not a mere statistical adjustment.
- **Rule of law and due process:** No citizen should lose a core public right without notice, reasons, and an effective opportunity to challenge the decision before an impartial authority.
- **Trust and legitimacy:** Democracy rests as much on *perceived fairness* as on formal legality; institutional apathy is morally corrosive even where some legal due process exists.
- The article implicitly invokes a *Kantian* and *Rawlsian* moral lens — treating each person as an end in themselves, and judging institutions by how they treat the least advantaged.

- **Multidimensional analysis**

- **Social dimension**

- Risk of disproportionate disenfranchisement of:
  - Poor, migrant, minority, women voters with weaker documentation.
- Social exclusion can deepen existing fault lines and reinforce feelings of second-class citizenship.
- Political dimension
- Elections may remain competitive, but the *composition* of the electorate changes invisibly; political strategies, representation and outcomes can shift.
- Parties may focus more on “managing” rolls than on persuading citizens, undermining deliberative democracy.
- Legal dimension
- Growth of PILs and challenges around voter deletions; increasing judicial supervision of ECI, but also judicial restraint in not cancelling processes close to elections.
- Potential future development of jurisprudence on “procedural due process” for electoral roll management.
- Ethical dimension
- Core ethical question: Is it acceptable to knowingly run a process that will wrongly deprive some genuine citizens of their vote, merely to improve data “purity”?
- The cost is especially high because voting is a once-in-five-years opportunity in many elections; a wrongful exclusion can mean total loss of voice for an entire cycle.
- International dimension
- India’s electoral system is widely seen as a model for large-scale democracy; controversies over disenfranchisement can dent soft power and normative standing.
- Comparable debates exist globally (e.g., voter ID laws, “voter roll purges”), making this part of a broader conversation on democracy and data.
- Economic dimension
- Large SIR exercises require significant expenditure on administration, training and IT systems; resources could be misallocated if the benefit in accuracy is marginal.
- Indirectly, weaker democratic legitimacy can affect investment climate and policy stability.

## Linkages with NCERTs

### Political Science, Class 9 – “Democratic Rights”, “Working of Institutions”

- Basic ideas of rights, role of independent judiciary and Election Commission, and why institutions must act impartially.

### Political Science, Class 10 – “Elections in a Democracy”

- How electoral rolls are prepared, importance of a level playing field, and significance of universal adult franchise.

### Political Science, Class 11 – “Constitution: Why and How?”, “Election and Representation”

- Idea of political equality, representation, and legal design of electoral systems; directly connects to Article 326 and ECI’s role.

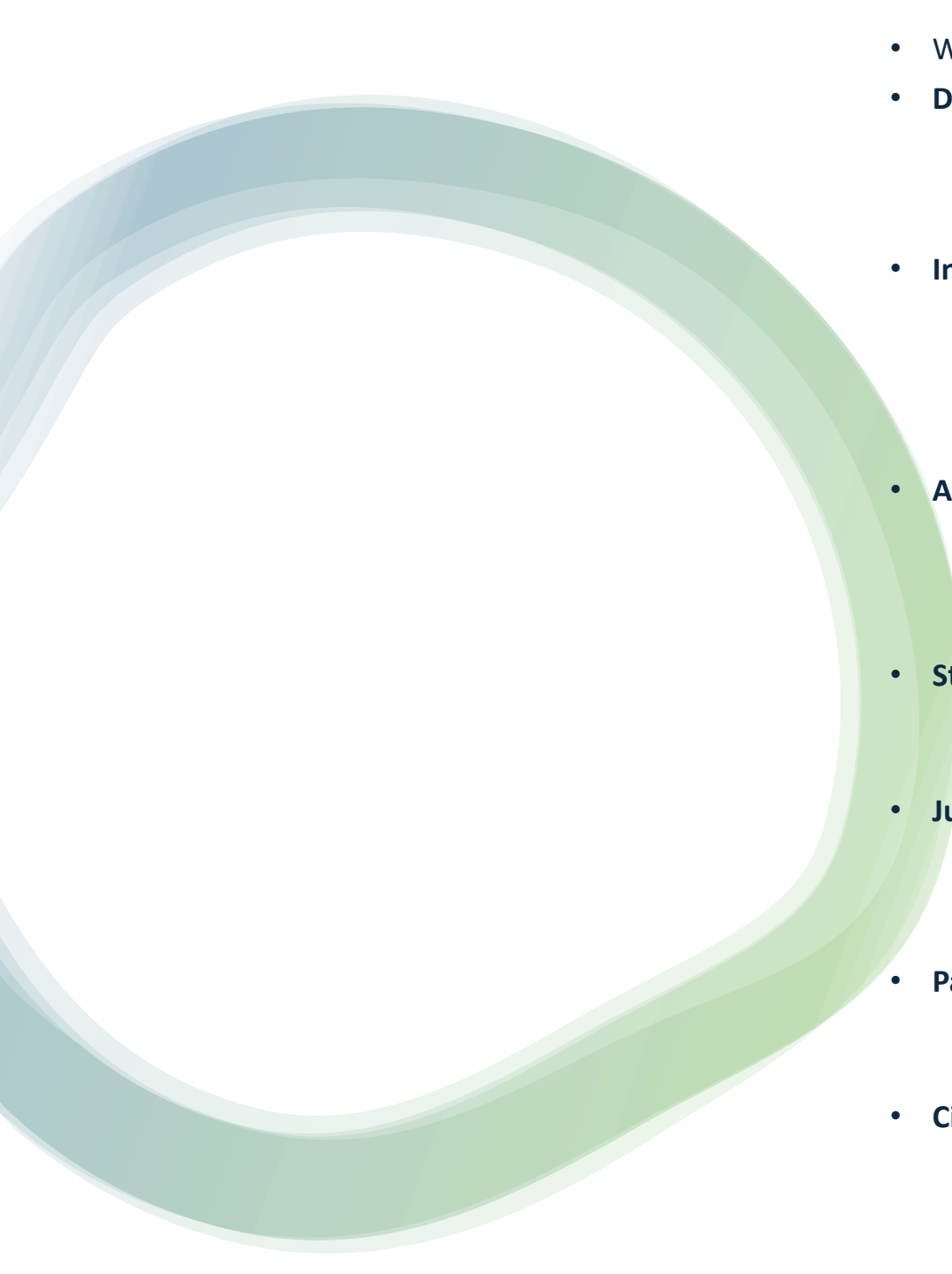
### Political Science, Class 12 – “Working of the Constitution”, “Constitution as a Living Document”

- How constitutional practices evolve, tension between text and implementation, and role of judiciary in maintaining democratic norms.

### Sociology, Class 12 – “Indian Society”, “Social Change and Development in India”

- Exclusion of marginal groups, impact of bureaucracy on citizenship, and ways in which State policies shape social stratification.

- Linkages with UPSC CSE syllabus
- GS Paper 2
- **Polity and Constitution:**
  - “Salient features of the Representation of People’s Act”
  - “Appointment to various Constitutional posts, powers, functions and responsibilities of various Constitutional Bodies” (ECI)
  - “Structure, organisation and functioning of the Executive and the Judiciary” (judicial oversight).
- **Governance:**
  - “Role of civil services in a democracy”; “transparent governance”; “citizen charters and accountability”.
- GS Paper 1
- **Indian Society:**
  - “Social empowerment, communalism, regionalism, secularism” — disenfranchisement of particular communities.
- **Modern Indian History:**
  - Legacy of freedom struggle and early commitment to universal adult suffrage.
- GS Paper 3
- **Internal security and technology:**
  - Use of databases, algorithms, and digital governance; associated risks of exclusion.
- **Inclusive growth and issues arising from it:**
  - Political inclusion as a precondition for inclusive development.
- GS Paper 4 (Ethics)
- **Ethics in public administration:**
  - Impartiality, non-partisanship, empathy, and responsiveness of constitutional bodies.
- **Values in governance:**
  - Justice, fairness, transparency, trust.

- 
- Way forward
  - **Due-process centric SIR guidelines**
    - Codify clear, uniform rules: mandatory individual notice, explanation of grounds, reasonable response window, free local assistance, and opportunity for hearing before any deletion.
  - **Independent audits and social accountability**
    - Periodic independent technical and social audits of deletions by an expert committee (ex-ECs, judges, statisticians, civil society).
    - Publish anonymised statistics by category (age, gender, region) to detect discriminatory patterns.
  - **Algorithmic transparency**
    - Make “logical discrepancy” criteria public, subject them to academic scrutiny, and allow error-rate testing on sample data before deployment.
    - Introduce an appeals mechanism specifically for algorithmic decisions.
  - **Strengthen voter facilitation**
    - Mobile enrolment and grievance camps in vulnerable areas, helplines in local languages, proactive SMS/WhatsApp alerts about notice issuance and claim status.
  - **Judicial standard-setting rather than micro-management**
    - Supreme Court and High Courts should lay down clear minimum standards and timelines for electoral roll processes, then monitor compliance ex post through audits rather than trying to run the process in real time.
  - **Parliamentary oversight**
    - A standing parliamentary committee on electoral reforms could periodically review ECI’s methodologies, hear stakeholders, and recommend course corrections.
  - **Civic education**
    - Embed awareness on voter registration, checking names, and grievance mechanisms into school curricula, media campaigns and civil society work.

- UPSC CSE Mains – GS 2 / Essay
- Questions on:
  - Role, powers and independence of the Election Commission of India.
  - Free and fair elections as part of the basic structure of the Constitution.
  - Challenges to electoral reforms and need for cleansing electoral processes.
  - Use of technology in governance and its implications for inclusion and exclusion.
  - Decline of institutional credibility in democratic governance.
- UPSC CSE Prelims
- Repeated questions on:
  - Constitutional provisions relating to ECI (Article 324), right to vote (Article 326).
  - Provisions of the Representation of the People Acts.
  - Features of universal adult franchise and electoral rolls.



# The fallout of the crisis in West Asia on India's economy

**W**hile the Russia-Ukraine war shows no sign of abatement, another major crisis in West Asia has hit the global economy. This war has disrupted production, storage, and transport of various energy products including crude oil, natural gas and fertilizers, and has led to supply disruptions and increase in sectoral prices. There is a serious, although partial, blockade of the Strait of Hormuz thereby restricting the passage of crude oil, gas and other petroleum products as well as other goods. Even if matters get resolved in the near future, it may take considerable time for the normalisation of the supply chain. However, even the temporary ceasefire that has been agreed to has brought down the Brent crude oil price from \$109.3 per barrel as on April 7 and 8, to about \$95.

India has been diversifying its sources of imported crude oil, gas and fertilizers. At present, India is importing crude oil from 41 source countries. In fact, India's dependence on imported crude has been increasing in recent years and it is presently close to 90%.

The relevant crude price index for India is the Indian crude basket comprising Sweet grade (Brent) and Sour grade (Oman and Dubai average), which remains linked to the global crude oil price (average of Brent, WTI and Dubai). Considering the average of March 2026, the Indian crude basket was about 19% higher than the global crude price. The rise in the price of the Indian crude basket in March 2026 was over 64.5% that of February 2026 on average, even though the price increase for end-users were moderated.

With the temporary ceasefire, the Indian basket has come down to \$120.28 per barrel on April 9, 2026 from the peak of \$157 per barrel on March 23, 2026 – that is by a margin of \$37/bbl.

## Multiple stressors

The impact on the Indian economy will come through several channels. First is supply disruptions. Supply bottlenecks will affect production processes primarily in energy intensive sectors. However, any disruptions in these sectors would cascade into other sections of the economy, with the affected industries likely being textiles, paints, chemicals, fertilizers, cement and tyres among others. The non-availability of fertilizers and other chemicals particularly would affect the agricultural output in the Kharif season which will start from June.

Secondly, logistics. Storage and transport are



**C. Rangarajan**

Former Chairman, Prime Minister's Economic Advisory Council and Former Governor, Reserve Bank of India



**D. K. Srivastava**

Former Director, Madras School of Economics

The non-availability of fertilizers and other chemicals would affect the agricultural output in the Kharif season which will start from June

highly energy intensive. Increased logistics costs will lead to the increase in the prices of all final products through cascading.

Third, Indian exports will take a hit from both demand and supply sides. The demand side will be affected not only due to disruptions in West Asia but also due to a slowdown in other countries, including the U.S. and Europe. The share of India's merchandise exports to West Asian countries was 16.4% of total merchandise exports in 2024-25. The depreciation of the rupee, that is already underway, may partially help Indian exporters.

Fourth, exchange rate and remittances will be affected. The Indian rupee has been depreciating in recent months. The rate of depreciation has accelerated after the start of the West Asian crisis. As global crude prices, and the prices of fertilizers and other energy products also increase, there would be an additional demand for the dollar and other hard currencies, the exchange rate will be under pressure. Moreover, India receives a considerable number of remittances from Indians employed in the Gulf countries. These remittances are bound to go down, adding further pressure on the exchange rate. However, any improvement in the overall environment may lift the rupee.

In fact, the sharp decline in the value of the rupee has been caused mainly by the substantial capital outflows triggered by uncertainty and fear. When the war ends, the value of the rupee will also rise. The net Foreign Portfolio Investment (FPI) outflows in March 2026 amounted to \$3.6 billion, which is huge.

Fifth, is the current account deficit. The fall in the volume of Indian exports is expected to be accompanied by an increase in the value of Indian imports leading to an increase in the current account deficit, if the war continues. Sixth is rising inflation. Cost push inflation would affect relative prices in sectors that are directly affected such as petroleum products, fertilizers etc. However, if liquidity also increases, there would be pressure on overall inflation. The country needs to avoid any large liquidity increases.

And finally is the fiscal deficit problem. The Government of India may have to provide additional subsidies to Oil Marketing Companies (OMCs) as it insists on keeping retail prices at present levels. While to some extent, the reduction in excise duty on petrol and diesel would reduce losses for the OMCs, it would be a direct revenue loss to the Indian government. If

real GDP growth goes down and profit margins fall for major producers, there will be an adverse impact on the government's tax revenues. State finances will also be affected due to lower economic activity. Their share in tax devolution would be adversely affected if the Central government's tax revenues go down. States may also face pressure to reduce sales tax/VAT on petroleum products. In fact, the government must rethink the reduction in excise duty on petroleum products. The present move is due to the ongoing State elections. After that, the retail prices should go up, if the war resumes. In that situation, the higher price may constrain demand which is desirable.

## Myriad policy responses

As per information shared by the Central Board of Indirect Taxes and Customs (CBIC) chairman on March 27, the fortnightly loss on account of lower excise duties on petrol and diesel will be ₹7,000 crore whereas there would be a gain of ₹1,500 crore per fortnight on account of export tax on Aviation Turbine Fuel. This implies a net loss of ₹5,500 crore per fortnight, translating into an annual loss in tax revenue of about ₹1,32,000 crore for the government, should the crisis continue for the full year.

In all likelihood, food, fertilizers and petroleum subsidies would be higher than their budget estimates for 2026-27. As already mentioned, retail prices must be allowed to go up so long as crude prices remain high.

Although it is difficult to estimate the quantitative impact of the current crisis, some impacts were given by the RBI in its October 2025 Monetary Policy Report. In their estimates, for every 10% increase in the price of the Indian crude basket from a baseline of \$70 per barrel, that is an increase of \$7 per barrel, real GDP growth may fall by around 15 basis points. Further, assuming full pass-through to domestic product prices, inflation would be higher by 30 basis points.

As on April 9, 2026, the price of the Indian crude basket at \$120.28 per barrel has exceeded the baseline by about \$50 per barrel. If this margin of increase becomes applicable for the whole year, real GDP growth may fall from baseline estimates by 1 percentage point and inflation may increase by more than 2 percentage points. While these effects would be lower if the crisis gets resolved quickly, much depends upon when true peace will dawn.

Views expressed are personal.

- **Key terms and explanations**

- **West Asia crisis**

Refers to a major armed conflict in the Gulf region that has disrupted production, storage and transport of crude oil, natural gas and fertilizers, and partially blocked the Strait of Hormuz.

- **Russia–Ukraine war**

An ongoing conflict that had already tightened global energy markets and raised prices before the West Asia shock, thereby creating a “second-round” external shock for India.

- **Strait of Hormuz (SoH)**

A narrow chokepoint between the Persian Gulf and the Gulf of Oman through which roughly 20% of global oil and LNG trade passes in normal times; a blockade or even partial disruption here has outsized effects on world energy prices and shipping routes.

- **Brent crude, WTI, Dubai (benchmarks)**

International benchmark prices for crude oil. Brent (North Sea), WTI (US) and Dubai/Oman (Middle East sour crude) together form the reference “global crude price” against which many national baskets are priced.

- **Indian crude basket**

A weighted average of imported crude varieties (mainly Brent as “sweet” and Oman–Dubai as “sour”) that reflects the actual price India pays; often differs from the simple global average due to quality, freight and contract terms.

- **Crude oil import dependence (~90%)**

India meets close to 90% of its crude requirement through imports, as domestic production has stagnated or declined while demand has grown.

- **Energy-intensive sectors**

Sectors whose production processes require large amounts of energy: petroleum refining, fertilizers, chemicals, cement, steel, textiles, tyres, paints, etc. Cost shocks here percolate into the whole economy.

- **Supply bottlenecks / supply chain disruption**

Physical or logistical constraints (blocked sea lanes, damaged storage, higher freight costs) that prevent timely delivery of inputs and outputs, even when global production is not fully cut.



- **Main Arguments and Substantive Parts**

- The core thesis of the situation is that **geopolitical volatility in West Asia creates a multi-channel shock to the Indian economy**, ranging from production bottlenecks to fiscal instability.

- **A. The Supply and Price Shock**

- **Disruption of "The Artery"**: The partial blockade of the Strait of Hormuz has created a physical shortage of energy products.

- **Price Divergence**: The Indian crude basket has become significantly more expensive (19% higher) than the global average due to the specific grades of oil India consumes and the logistical premiums caused by the crisis.

- **B. Sectoral Cascading Effects**

- **Energy-Intensive Industries**: Sectors like cement, paints, chemicals, and textiles are facing immediate production hits due to high input costs.

- **Agricultural Risk**: The reliance on imported fertilizers means the upcoming Kharif season is at risk, potentially leading to lower crop yields and higher food prices.

- **C. The External Sector Pressure**

- **Remittance Dip**: With many Indians working in the Gulf, a regional war reduces their earnings or forces repatriation, hitting the \$100+ billion annual remittance flow that usually supports the Rupee.

- **Currency Depreciation**: A "double whammy" of FPI outflows and a higher dollar demand for oil imports is dragging the Rupee to record lows.

Phase	Key Milestones & Events	Impact on Indian Policy Thinking
<b>Pre-1973 (Nehruvian Era)</b>	<b>Focus:</b> Domestic exploration (ONGC formed). Dependence on imports was low but growing. <b>Refining:</b> Foreign oil companies (Shell, Caltex) controlled the market.	<b>Belief:</b> Energy security = State control over production. Imports were manageable.
<b>1973 &amp; 1979 Oil Shocks</b>	OPEC oil embargo. Crude prices quadrupled. India faced severe BoP crisis.	<b>Tipping Point:</b> This was the <b>wake-up call</b> . It led to <b>ONGC taking over refining and distribution</b> (Nationalization of Oil Sector) and <b>Gold Pledging (1991)</b> . It taught India the hard lesson of vulnerability.
<b>1991 Liberalization</b>	Gulf War caused another price spike. India's reserves were down to 3 weeks of imports. <b>Outcome:</b> Economic Reforms.	<b>Policy Shift:</b> From import substitution to <b>Import Diversification</b> . India actively started looking for oil beyond the Gulf (Russia, Africa, Latin America).
<b>2000-2014 (High Growth Era)</b>	Global oil prices skyrocketed to <b>\$140/bbl</b> . India's growth momentum absorbed the shock, but <b>Subsidies (Under-recoveries)</b> ballooned.	<b>Fiscal Distortion:</b> OMCs were forced to sell at loss. This created a massive hidden fiscal deficit and strained bank balance sheets.
<b>2014-2020 (Modi Era 1.0)</b>	<b>Crude Price Crash</b> (\$30/bbl).	<b>Bonanza:</b> Govt increased excise duty massively (from ~Rs. 10 to Rs. 32). <b>Relevance:</b> This created a buffer that is <b>now being eroded</b> by the current crisis cuts.
<b>2022-Present</b>	Russia-Ukraine War; West Asia Conflict. <b>Indian Strategic Petroleum Reserves (ISPR)</b> built at Vizag, Mangalore, Padur.	<b>Current Strategy:</b> " <b>Supplier of Last Resort</b> " approach—buying from anyone selling cheap (e.g., discounted Russian crude) to minimize the import bill.

### Historical Evolution of the Issue



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# UPSC STRATEGIC ANALYSIS: ASIA ENERGY CRISIS & INDIA'S ECONOMY

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## MULTIPLE IMPACT CHANNELS ON INDIA

**SUPPLY BOTTLENECKS & CASCADING PRICES**  
TEXTILES, CEMENTS, FERTILIZERS



INDIAN ECONOMY



**HIGHER LOGISTICS COSTS**  
TRANSPORT & STORAGE

**EXPORT HIT & DEPRECIATING RUPEE**  
16.4% EXPORTS TO WEST ASIA



**CURRENT ACCOUNT & FISCAL DEFICIT**  
REVENUE LOSS: ₹5,500 CRORE/fortnight NET

## CRISIS CAUSALITY CHAIN

WEST ASIA CONFLICT



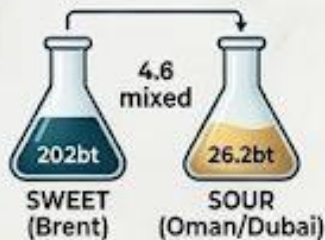
**PARTIAL BLOCKADE OF STRAIT OF HORMUZ**

**CRUDE & GAS SUPPLY DISRUPTION**

**PRICE SPIKE: INDIAN CRUDE BASKET \$157/bbl (Peak)**

## UPSC KEY TERM EXPLORER

INDIAN CRUDE BASKET



FPI OUTFLOWS



COST-PUSH INFLATION



## WAY FORWARD & POLICY RECOMMENDATIONS

- STRATEGIC OIL RESERVES
- GREEN ENERGY TRANSITION (Green Hydrogen)
- GST INTEGRATION OF PETROLEUM
- RETAIL PRICE PASS-THROUGH



- **Logical and Philosophical Base**

- The arguments in the article rest on a specific economic and ethical framework.

- **Logic of Interdependency:** The article operates on the premise of **Complex Interdependence** (Joseph Nye/Keohane). In a globalized world, military conflict in Region A equals inflation in Region B via **Supply Chain Contagion**. The logic is: *No economy is an island*.

- **Opportunity Cost Logic:** The argument against reducing excise duty is rooted in **Opportunity Cost**. Every ₹1 lost to fuel subsidy is ₹1 **not spent** on health, education, or capital infrastructure. The philosophical question is: *Is subsidizing private transport a more worthy goal than funding public goods?*

- **Keynesian vs. Monetarist Dilemma:**

- **Keynesian View:** Lower taxes (excise cut) = More disposable income = Boost demand.

- **Monetarist/Realist View (Article's leaning):** This is a **Supply Shock**. Boosting demand is useless if supply is physically blocked. It only creates **Stagflation** (High Inflation + Low Growth). The article warns *against* large liquidity increases, aligning with a monetarist caution.

- **The Ethics of Pass-Through:** The article suggests allowing retail prices to rise ("higher price may constrain demand which is desirable"). This is a **utilitarian argument** (greatest good for greatest number). The pain of higher petrol prices for the middle class is a **sacrifice** to protect the national exchequer, which funds welfare for the bottom of the pyramid.

-

- **Multidimensional Analysis**

- **Social:** Rising fuel prices act as a regressive tax, hurting the poor more through increased food and transport costs.

- **Political:** Fuel prices are a "litmus test" for government popularity, often leading to populist measures like excise duty cuts before elections.

- **Legal/Constitutional:** The friction between Center and States regarding VAT vs. Excise duty and the inclusion of petroleum under GST.

- **Ethical:** Balancing the immediate relief for citizens (subsidies) against the long-term debt burden placed on future generations.

- **International:** India's "Strategic Autonomy" is tested when it must choose sources of oil amidst global sanctions and regional blockades.

- **Economic:** The threat of "Stagflation"—a situation of slow growth and high inflation.

# Linkages with NCERTs

NCERT Book/Class	Chapter	Why It's Linked
Class 10 Economics	Globalisation and the Indian Economy	The concept of <b>Supply Chain Disruption</b> . How a war in one region impacts production in another.
Class 11/12 Indian Eco	Chapter 3 & 7 (Indian Economy 1950-1990 / Current Challenges)	<b>Balance of Payments Crisis, Import Substitution vs. Diversification, Inflation: Cost-Push vs. Demand-Pull.</b>
Class 12 Pol. Sci.	Contemporary South Asia / Security in Contemporary World	<b>Energy Security</b> as part of Non-Traditional Security Threats. <b>Strait of Hormuz</b> as a maritime choke point.
Class 9 History	Nazism and the Rise of Hitler	Parallel to the <b>Resource Scarcity and Economic Instability</b> that leads to geopolitical tensions.

## Linkages with UPSC CSE Syllabus

### GS Paper 2 (Governance & IR):

- **Bilateral Relations:** India and West Asia (Gulf), India-Russia (Oil ties).
- **Effect of Policies of Developed & Developing Countries:** US interest rate policy impact on FPI outflows.
- **Important International Institutions:** OPEC+ dynamics.

### GS Paper 3 (Economy & Security):

- **Indian Economy & Planning:** Inflation, CAD, Fiscal Deficit Management.
- **Infrastructure:** Energy, Ports (Strategic importance of Vizag/Mangalore for SPR).
- **Security Challenges:** Role of Non-State Actors in disrupting SLOCs (Sea Lines of Communication).
- **Environmental Conservation:** Shift to Renewables as a National Security imperative.

### GS Paper 4 (Ethics):

- **Ethics in Public Administration:** Subsidies vs. Welfare; **Resource Allocation Dilemma.**
- **Corporate Governance:** Role of OMCs and "Under-recoveries."

### Essay Paper:

- *Topic Idea:* "In an interconnected world, geography is not destiny, but geology (oil) still is."

- **Way Forward**

- **Strategic Petroleum Reserves (Phase II):** Accelerate construction of **Chandikhol (Odisha)** and **Padur (Karnataka) Phase II**. Aim for **90-day strategic cover** (currently ~66 days commercial + 9.5 days strategic).

- **Hedging Mechanism:** Government should use financial instruments (Oil Futures, Options) to **lock in prices** when they dip. Instead of just buying physical oil, buy "insurance" in the financial markets.

- **Green Transition as Security Policy:** The **National Green Hydrogen Mission** must be treated with the same urgency as the nuclear program in the 1990s. The less oil India burns, the less vulnerable it is to the Strait of Hormuz.

- **Institutionalize Pass-Through:** Instead of ad-hoc excise cuts during every election, create a **Price Stabilization Fund** with clear trigger points. When crude crosses \$100, the fund kicks in automatically (partially from OMCs, partially from Govt), depoliticizing fuel pricing.

- **Naval Diplomacy:** Strengthen **Operation Sankalp** (Indian Navy's presence in the Gulf) to ensure the safety of Indian-flagged vessels and boost confidence for insurance premiums.

- **UPSC Mains (GS Paper 3 - Economy / Security)**

- **2024:** How does the volatility in global crude oil prices impact India's current account deficit and fiscal deficit? Examine. (15 Marks)
- **2023:** "Energy security is a critical component of India's overall security matrix." Discuss the challenges and strategic responses. (10 Marks)
- **2022:** Explain the mechanism of 'pass-through' and its implications for inflation management in India. (10 Marks)
- **2021:** What are the main bottlenecks in the upstream and downstream oil sector in India? (10 Marks)
- **2020:** Discuss the rationale behind the creation of Strategic Petroleum Reserves in India. (10 Marks)
- **2018:** "The recent rise in global oil prices has exposed the structural vulnerability of the Indian economy." Comment. (15 Marks)
- **2017:** Explain the concept of 'Indian Crude Basket' and its significance for India's import bill. (10 Marks)

- **UPSC Prelims**

- **2023:** Which of the following is the primary constituent of the Indian Crude Basket? (a) Brent (b) WTI (c) Dubai & Oman (d) Bonny Light (Ans: Mix of all, primarily Oman/Dubai + Brent).
- **2020:** The term 'West Texas Intermediate', sometimes found in news, refers to a grade of... (Crude Oil).
- **2018:** Consider the following: 1. Strait of Hormuz 2. Bab-el-Mandeb... Which of the above is/are oil chokepoints? (Both).



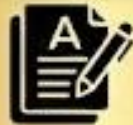
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