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EDITORIAL ANALYSIS



APRIL 26



CONSISTENT
COMPREHENSIVE AND
CREDIBLE



UNIQUE AND BEST IN
QUALITY

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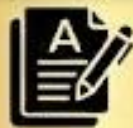
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How institutions build credibility and sustain it

Institutions endure, but their character is shaped by those who lead them, and those leaders are shaped by the circumstances of their appointment

In the iconic BBC TV series, *Yes, Prime Minister*, Sir Humphrey Appleby once remarked, "We mustn't let daylight in upon magic (episode: 'The Smoke Screen')." It was not only a defence of discretion, the abiding trait on which he thrived, but also a justification of something deeper and close to his heart. Institutions work best when their inner workings are not examined too closely.

Without credible institutions, rules lose force and contracts lose meaning. If one looks around in India and globally today, there is a growing sense that what we once accepted about institutions — their credibility and public legitimacy — has been eroding and not without reason. The shift has not come as a shock. It has been gradual, almost undramatic. It has accumulated over time — one compromised appointment at a time, one overlooked violation, until it was there for all to see. The question is whether the damage is reversible and, if so, how?

But first, has the disregard for institutions always been so? Or was there, at some earlier point, a greater degree of adherence, even if only to the appearance of rules? One is tempted to think that even when rules were bent, there was some reluctance to be seen as abandoning them altogether.

There was, in that sense, a veneer of com-

pliance. People may not have followed the spirit of the law, but they cared about how it looked. There was a sense that ignoring rules openly could carry a cost, if not always in punishment, then at least in reputation.

What seems to have changed is the willingness to maintain even that veneer. The embarrassment that once accompanied overt disregard for rules appears to have faded in large part. And with it, comes a new equilibrium — where might becomes the new right.

Regulatory institutions prosper on a combination of performance and perception, and both depend critically on the quality of appointments. Take the Election Commission of India (ECI). The manner in which commissioners, including the chair, are selected has long been a point of quiet unease. When the executive plays a decisive role in choosing those who exercise oversight, the arrangement depends as much on restraint as on design. Economists formalise this as the "principal-agent problem", a situation in which the incentives of the principal (the one who delegates authority) and the agent (the one who exercises it) do not naturally align. In a corporate setting, shareholders, as principals, attempt to get managers to maximise firm value, while managers may pursue objectives of their own. The two need not coincide. Principals can, in theory, replace underperforming managers, but the transaction costs of doing so — in terms of information, time, and money — are often prohibitive.

In India, most appointments to regulatory institutions are, in large part, post-retirement. This is true of the ECI, the Telecom Regulatory Authority of India (TRAI),

the Securities and Exchange Board of India, and the Reserve Bank of India. The embedded incentive is well understood: The chair is unlikely to bite the hand that feeds. Attempts to broaden the selection mechanism have been partial and, in some respects, reversible. The first chairperson of TRAI, retired high court judge SS Sodhi, was removed after two years in office, and the tenure of the chair was subsequently reduced from five years to three. The signal to anyone considering independence in the exercise of their functions is not difficult to read. Institutions endure, but their character is shaped by those who lead them, and those leaders are shaped by the circumstances of their appointment.

Characterised in this form, the question of appointments acquires particular significance. It is useful, by way of contrast, to consider domains in which performance is immediately and publicly observable. In sport, the margin between competence and excellence is visible in real time. Nepotism may create opportunity, but it is unlikely to sustain it. A top cricketer's child

may become a professional cricketer and play league but will have to prove himself/herself to receive a Test cap. This is not a comment on their ability; they may just be skilled and showcase it some day. It is an illustration of a domain in which outcomes are visible and where the scoreboard is indifferent to lineage. There are, of course, spaces where this will not hold as resolutely. Just imagine the above lineage setting, but in Bollywood instead of cricket — the pathway for the child would almost certainly have looked different. In regulatory appointments there is no scoreboard and thus other



Rajat Kathuria



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considerations tend to fill the space. In other words, the space for discretion is larger.

If this were a domestic narrative, it might be easier to contain. At the global level, the World Trade Organisation (WTO) offers a parallel illustration. WTO was never a perfect system, but it functioned because major participants broadly operated within its rules — if not always in spirit, then at least in form. That balance is strained, if not broken. When large economies can disable dispute settlement mechanisms, selectively invoke tariff measures, and walk away from negotiations without consequence, the consequences are predictable. Other participants adjust their behaviour accordingly and the incentive to comply diminishes. Over time, the system becomes less binding and more contingent on power. What we observe domestically in the form of institutional drift, is mirrored internationally in the weakening of the rules-based order. The Fourteenth Ministerial Conference of WTO

in Yaoundé that concluded on March 30 without a declaration because the US arrived to dictate terms is a stark reminder that when you are large enough, there is no cost to be paid for non-compliance. While rules constrain, those with the power to ignore them eventually do.

This brings us back to the earlier question. How does one move towards credible rules and credible leadership? The answer is not entirely elusive. Transparent appointment processes, fixed and non-renewable tenures, greater separation between those who appoint and those who are appointed, and clearer lines of accountability are all part of the solution. None of this is conceptually difficult. What is difficult is the willingness to adopt these measures when they constrain those currently in power. Institutions cannot design themselves and rules do not get enforced automatically. The quality of both depends on whether those who operate within them are willing to accept constraint

as a principle, not merely as a convenience.

Sir Humphrey launched a defence of the idea that institutions work best when their inner workings are not examined too closely. The instinct to preserve the appearance of order dominated the discipline to uphold substance. Today, my guess is that we would settle for appearance alone; in other words, for form without the substance. That we cannot reliably secure even that is perhaps the most candid measure of where we stand. Long ago, Mirza Ghalib wrote, "Hum ko maloom hai jannat ki haqiqat lekin, Dil ke khush rakhne ko Ghalib yeh khayal achha hai." (We know well enough the truth of paradise. But the thought, Ghalib concedes, is a pleasant way to keep the heart content.)

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- **Key Terms and Explanations**

- **Institutional Credibility:** The trust and legitimacy an organization commands from the public based on its perceived fairness, autonomy, and effectiveness.

- *Example:* If people believe the ECI is neutral, they accept election results even if their preferred party loses.

- **Principal-Agent Problem:** A conflict in priorities between a person or entity (Principal) and the person/entity authorized to act on their behalf (Agent).

- *Example:* The Government (Principal) wants a regulator (Agent) to maintain order, but the regulator may prioritize staying in the government's "good books" to secure post-retirement benefits.

- **Veneer of Compliance:** Maintaining the outward appearance of following rules while ignoring their true intent or spirit.

- **Regulatory Capture:** A failure in government where a regulatory agency, created to act in the public interest, instead advances the commercial or political concerns of special interest groups.

- **Discretionary Space:** The range of power an official has to make decisions where the rules are not strictly defined. Unlike sports, where a "scoreboard" limits discretion, administrative roles often have high "invisible" discretion.

- **Rules-Based International Order:** A system where international relations are governed by established laws and treaties (like WTO rules) rather than raw military or economic power.

- **Main Arguments and Substantive Parts**

- **The Shift from Form to Might**

- The core thesis suggests that we have moved from a period where institutions at least pretended to follow rules to an era where the "vener" has been dropped. When might becomes right, the public loses faith in the "magic" of institutions.

- **The Appointment Trap**

- The article argues that the character of an institution is a reflection of its leadership, which in turn is a reflection of the appointment process.

- **Post-Retirement Incentives:** Many regulatory heads (SEBI, RBI, TRAI) are appointed post-retirement. This creates a "chilling effect" where officials may avoid controversial decisions during their active service to ensure a smooth transition into these roles.

- **The TRAI Precedent:** The removal of SS Sodhi and the subsequent reduction of the chairperson's tenure served as a "signal" that independence has a cost.

- **Performance Visibility (Sports vs. Administration)**

- A unique argument is made regarding "observable performance." In cricket, nepotism is eventually checked by the scoreboard. In regulatory bodies, there is no public scoreboard, allowing political considerations to fill the void.

- **Global Institutional Drift**

- The crisis is not just Indian; it is global. The WTO's recent failures (e.g., the US dictating terms at the 14th Ministerial Conference) show that when large players ignore rules without cost, the entire system of international cooperation collapses.



Historical Evolution of the Issue

Phase I: Post-Independence (The Nehruvian Era): Strong emphasis on building institutions (IITs, ECI, Planning Commission). There was a high degree of "institutional deference" where the executive largely respected the boundaries of these bodies.

Phase II: The "Committed Bureaucracy" (1970s): Under Indira Gandhi, the concept of a "committed judiciary" and "committed bureaucracy" emerged, marking the first significant crack in the veneration of institutional independence.

Phase III: The Era of Specialization (1990s): With economic liberalization, new regulatory bodies like SEBI (1992), TRAI (1997), and IRDAI were created to manage complex markets. This shifted power from ministries to specialized regulators.

Phase IV: The Present (Erosion of Autonomy): A gradual accumulation of "compromised appointments" and "overlooked violations" has led to a situation where the executive exerts significant control over the "referees" of democracy.



ANALYSIS: THE SYSTEMIC EROSION OF INSTITUTIONAL INTEGRITY

PILLAR 1: PRINCIPAL-AGENT CRISIS & APPOINTMENTS



- The Chilling Effect: Post-retirement roles as control mechanism (e.g., ECI, TRAI)



PILLAR 2: SHIFT IN CONFORMITY: FORM vs. SUBSTANCE



- Cared for appearance, even when bending rules
- Embarrassment is faded; might becomes right

PILLAR 3: PERFORMANCE VISIBILITY & GLOBAL DRIFT

DOMESTIC (Invisible):
"No Scoreboard" in Administration
• Discretion fills the void

GLOBAL (Visible):
WTO Breakdown & Dictated Terms
• Large economies walk away without consequence



THE WAY FORWARD: CREDIBLE RULES & LEADERSHIP

1. TRANSPARENT APPOINTMENT PROCESSES



2. FIXED, NON-RENEWABLE TENURES



3. CLEARER LINES OF ACCOUNTABILITY



4. MANDATORY COOLING-OFF PERIODS



- **Logical and Philosophical Base**

- The arguments rest on a few foundational ideas:

- **Social Contract and Institutional Trust:** Institutions derive legitimacy from an implied social contract: citizens accept constraints on their freedom in return for predictable, fair enforcement of rules. When institutions fail to uphold their side, the contract weakens. The “veneer of compliance” was a recognition that even the appearance of keeping that contract had social value – it maintained a semblance of order and deterrence.

- **Public Choice Theory and the Principal-Agent Problem:** This economic theory, pioneered by James Buchanan and Gordon Tullock, holds that politicians and bureaucrats are not selfless maximizers of public good but are driven by rational self-interest, just like market actors. It formalizes the misalignment between the principal’s (citizens’/Parliament’s) intent and the agent’s (regulator’s) incentive. The article squarely applies this lens to post-retirement appointments.

- **Philosophy of Appearance vs. Reality:** The Sir Humphrey remark—“We mustn’t let daylight in upon magic”—is a shrewd, if cynical, defence of governing by mystique. It aligns with Machiavelli’s advice in *The Prince* that a ruler must appear virtuous, even if not always acting so, because the masses judge by appearance. The erosion today is that even this Machiavellian “appearance maintenance” is being discarded. There is a philosophical tension between transparency (daylight as disinfectant) and the functional need for some discretion (magic). The article argues that the situation is so bad that we would settle for mere appearance, but even that is not reliably available.

- **Epistemology of Institutional Performance:** The article contrasts domains with a visible “scoreboard” (sports) and those without (regulatory oversight). This is an epistemological point about how knowledge of performance is generated. In the absence of clear, real-time, public measures of an institution’s quality, the space for biased reasoning, favouritism, and informational asymmetry expands. This links to the idea that the “public sphere” requires observable common knowledge to function as a check on power.

- **Rule of Law vs. Rule by Power:** The core philosophical battle is between a system where rules constrain the powerful irrespective of their strength, and one where rules are instruments to be used when convenient. The WTO example shows that international law, lacking a centralized enforcement mechanism, eventually reflects power hierarchies. Domestically, when the executive can shape the body that oversees it, the distinction between rule of law and rule by men blurs.

- **Multidimensional analysis**

- **8.1 Social dimension**

- Erosion of institutional credibility reduces citizen trust and political efficacy; people may feel “votes don’t matter”, leading to apathy or radicalisation.
 - Marginalised groups depend more on impartial institutions (ECI, NHRC, commissions); institutional drift disproportionately hurts them.

- **8.2 Political dimension**

- Strong, independent regulators support level playing field, fair elections, and competitive politics.
 - Weak institutions allow incumbents to entrench themselves, tilt elections, and target opponents.
 - Intra-party centralisation further reduces internal checks.

- **8.3 Legal dimension**

- Rule of law requires stable, predictable interpretations and enforcement by credible bodies (ECI, RBI, tribunals, WTO panels).
 - When appointments are politicised, legal decisions may be perceived as partisan, eroding compliance and increasing litigation.

- **8.4 Ethical dimension**

- Institutional integrity is an element of public ethics; independence and objectivity are core civil service values.
 - Post-retirement “rewards” raise conflict-of-interest issues and compromise impartiality.
 - The fading of embarrassment over wrongdoing points to a deeper ethical corrosion.

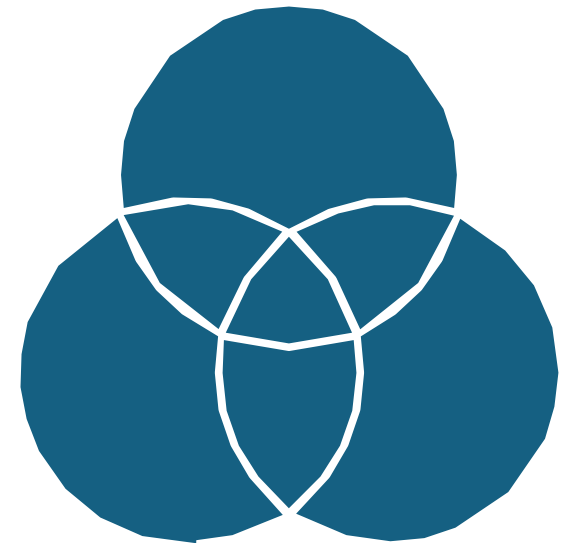
- **8.5 International dimension**

- Domestic institutional quality shapes a country’s soft power and credibility in multilateral negotiations.
 - Weakening of WTO-like institutions signals a shift towards transactional, power-centric diplomacy, affecting developing countries’ bargaining space.

- **8.6 Economic dimension**

- Predictable regulation lowers risk, encourages investment, and protects consumers.
 - Regulatory capture or uncertainty can lead to cronyism, misallocation of resources, and financial instability.
 - The cost of institutional erosion is often visible in higher risk premiums, capital flight, or reluctance to invest long-term.

- Linkages with NCERTs
- **Class 9, Democratic Politics I**
 - Chapters: “What is Democracy? Why Democracy?”, “Electoral Politics”.
 - Links: Need for impartial Election Commission, conditions of free and fair elections, importance of rules and institutions.
- **Class 10, Democratic Politics II**
 - Chapters: “Working of Institutions”, “Democracy and Diversity”, “Challenges to Democracy”.
 - Links: Role of Parliament, executive, judiciary; institutional checks; threats to democracy when institutions are weakened.
- **Class 11, Indian Constitution at Work**
 - Chapters: “Election and Representation”, “Executive”, “Judiciary”, “Local Governments”.
 - Links: Constitutional design of independent institutions; debates about reforms in ECI and others.
- **Class 12, Politics in India since Independence**
 - Chapters on Emergency, democratic upsurge, coalition era.
 - Links: Historical examples of institutional stress, centralisation, and later corrective measures.
- **Class 12, Contemporary World Politics**
 - Chapters on international organisations and globalisation.
 - Links: Role of WTO, multilateralism, and how great-power politics affects global rules-based order.



- **Linkages with UPSC CSE syllabus**

- **GS Paper 2**

- **Polity and Governance**

- Structure, organisation, and functioning of constitutional and statutory bodies (ECI, TRAI, SEBI, RBI, CAG, etc.).
- Separation of powers, checks and balances, issues in the functioning of the legislature, executive, judiciary.
- Appointment to various constitutional posts and associated issues.

- **International Relations**

- Important international institutions, agencies, and fora – their structure, mandate, and functioning (WTO, UN).
- Effect of policies and politics of developed and developing countries on India's interests.

- GS Paper 3

- **Economy**

- Infrastructure and investment models; role of regulators; inclusive growth and issues stemming from regulatory design.

- **Internal security and governance**

- Role of non-state actors, challenges to internal security from institutional weakness and legitimacy deficit.

- GS Paper 4 (Ethics)

- Ethics in public administration: integrity, impartiality, non-partisanship.
- Ethical issues in international relations, laws, and collective decision-making.
- Probity in governance, information sharing and transparency, codes of conduct, and institutional integrity.

- GS Paper 1

- Post-independence consolidation and reorganisation: Emergency, institutional consolidation, etc.
- Salient features of Indian society: trust in public institutions, legitimacy, and social capital.

Way forward

Appointment reforms

- Multi-member, broad-based selection committees with representation of executive, judiciary, opposition, and domain experts for key regulators and commissions.
- Publicly notified criteria (expertise, integrity, non-partisanship), and reasoned selection to the extent feasible.

Tenure and post-retirement safeguards

- Fixed, non-renewable tenures for heads of key institutions.
- Cooling-off periods before appointment to private sector or political offices.
- Restricting post-retirement posts for judges/bureaucrats to genuinely independent bodies and under transparent procedures.

Strengthening accountability and performance “scoreboards”

- Mandatory, periodic performance reports of regulators to Parliament, laid in public domain.
- Independent evaluation units (e.g., within CAG or specialised parliamentary committees) to assess regulator effectiveness.
- Use of measurable indicators where possible (timeliness of decisions, transparency of processes, stakeholder consultations).

Legal and constitutional clarifications

- Where necessary, codify appointment and removal processes via statutes or constitutional amendments, reducing discretionary spaces.
- Harmonise tribunal laws and regulatory frameworks to avoid ad-hocism and frequent restructuring.

Ethical and cultural transformation

- Stronger codes of conduct for public officials, including explicit rules on conflict of interest and post-retirement positions.
- Incorporate ethics and institutional values in civil service training and political party internal rules.
- Encourage internal party democracy and campaign finance reform to reduce pressures that drive institutional misuse.

Citizen and civil society engagement

- Facilitate RTI-friendly functioning, open data, and transparency portals for regulatory decisions.
- Encourage think-tanks, academia, and media to act as watchdogs, evaluating institutions in a rigorous, non-partisan manner.

International level

- Support revival of multilateral dispute settlement (e.g., WTO), work with like-minded countries to build interim appellate mechanisms.
- Align domestic regulatory standards with global best practices to increase credibility and bargaining capacity.

- UPSC CSE Mains – GS
- **GS2, 2015:** “The role of the Election Commission of India in the light of the recent controversy regarding the model code of conduct.”
- **GS2, 2017:** Questions on functioning of statutory bodies and regulators.
- **GS2, 2018:** “In the light of recent controversy regarding the use of EVMs, what are the challenges before the Election Commission of India to ensure the trustworthiness of elections in India?”
- **GS2, 2020:** “Examine the role and functioning of the Election Commission of India and the Comptroller and Auditor General in the last two decades.”
- **GS2, various years:** Questions on CBI autonomy, judicial independence, tribunals, appointment to constitutional posts.
- UPSC CSE Mains – GS4 (Ethics)
- Questions on “probity in governance”, “institutional integrity vs individual integrity”, “ethical issues in post-retirement appointments”, “conflict of interest in public life”.
- UPSC CSE Essay
- Essays on “Has the dream of a rule-based international order faded?”, “Is Indian democracy becoming more majoritarian?”, “Need for independent institutions in a democracy”.

Marx to market, Bengal voters are no longer buying inequality narrative

SWAMINOMICS

SWAMINATHAN S ANKLESARIA AIYAR



During election campaigns, it becomes clear which issues matter most to voters and which do not. Marxist intellectuals writing in learned journals have long railed against entrenched inequality in India. CPM veterans like Biman Bose say that Mamata Banerjee in Kolkata and Narendra Modi in New Delhi throw a few crumbs to the masses through freebies at election time, but have no interest in fundamental change in inequality. This narrative of capitalist exploitation finds few takers in the current election campaign in West Bengal.

The recent Wealth Tracker India 2026 report claimed that the richest 1% of Indians control over 40% of national wealth. The richest 10% get nearly 60% of the national income, while the

bottom half survives on a 15% share. The report says that the number of dollar billionaires in India rose from one in 1991 to 358 by 2025. Today, 1,688 individuals in India are worth over Rs 1,000 crore each, and their cumulative wealth totals almost 50% of India's GDP.

You might think that such news will horrify voters who, for 30 years, voted for Communist rule. The very opposite is the case. The narrative of exploitative inequality is stale. Youngsters in Presidency College may still post graffiti or red revolution, but nobody need take that seriously. Students there smile when told of Bernard Shaw's famous adage: "If you are not a Communist at the age of 20, you have no heart. If you are still a Communist at the age of 30, you have no head."

A separate paper of the World Inequality Lab shows India to be virtually the most unequal country in the world, more unequal than even during the British Raj. However, this has been contested in a new paper by Vidhu Shekhar and

Surabhi Mukhopadhyay of the SP Jain Institute of Management and Research. Instead of looking just at pre-tax income, these two economists have looked not just at earned incomes but at the monetised value of welfare transfers to different categories of voters, which are very substantial in India. They find that inequality as measured by the Gini coefficient falls sharply to around 0.27, making India among the more egalitarian countries of the world.

A similar narrative comes from the World Bank, which in 2025 produced a report showing India to be the fourth most egalitarian country in the world with a Gini coefficient of 0.25. Left intellectuals will contest the statistical basis of these calculations, and it seems the debate will go on forever.

Voters care not a fig for statistical debates. What they do know is that soaring stock markets have made the wealthy wealthier. However, they are not unhappy that Mukesh Ambani has become

richer, nor are they happy that Anil Ambani has gone bust. They don't care either way because, unlike Left ideologues, they do not think that they are poor because the rich are getting richer.

Far from resenting the billions of billionaires, the middle class wants a slice of the soaring stock market. Every month, the rising millions in the Indian middle class invest thousands of crores in the stock market, mostly through Systematic Investment Plans (SIPs).

Indians seek opportunity rather than equality. They travel to distant corners of India (and of the world) in search of economic opportunity. The bigger the inequality between Kolkata and Mumbai, the greater the opportunity provided by migration, temporary or permanent. Hence, the riches of Mumbai evoke excitement in Bengal, not jealousy. Bengalis, like other Indians, seek employment in companies run by the richest — these provide the most opportunity.

BJP seeks to make illegal migration the big-

gest election issue. But Bangladeshi Muslims would be silly to migrate to economically stagnant Muslim-majority areas of West Bengal like Murshidabad or Malda. Those who brave the privations of illegal migration will go where the most opportunity lies, in cities like Mumbai, Delhi, or Bengaluru.

Voters love freebies, especially cash benefits paid directly into their bank accounts, and paid before the elections rather than left as promises to be implemented at some later date. Mamata Banerjee is implementing freebies galore, following in the footsteps of the chief ministers of Bihar and Maharashtra who were re-elected with handsome margins on the back of freebies. Chief Economic Advisor V Anantha Nageswaran worries that the rising tide of freebies will create a shortage of funds for social sectors and infrastructure. But till now, India's rapid economic growth has provided enough money for both freebies and public investment. ■



- **Key Terms and Explanations**

- **Inequality:** The uneven distribution of economic resources, opportunities, and privileges among individuals or groups. It can be measured in terms of income (flow) or wealth (stock). For example, if the top 10% of a population owns 60% of the national wealth, the society is highly unequal.

- **Gini Coefficient:** A statistical measure of inequality ranging from 0 (perfect equality, everyone has the same income/wealth) to 1 (perfect inequality, one person owns everything). A Gini of 0.25–0.30 is considered relatively egalitarian; above 0.40 signals high inequality. Two different calculations in the debate illustrate how methodology can swing India's Gini from above 0.50 to around 0.27.

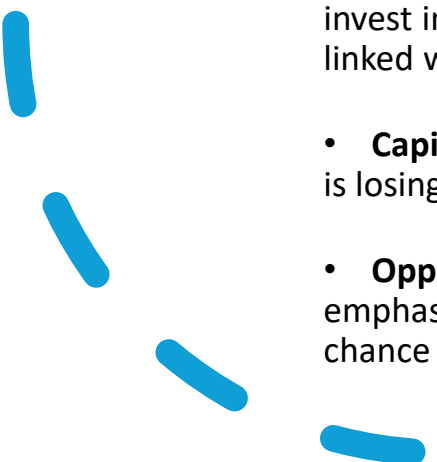
- **Freebies:** Goods or services distributed free of charge by governments, often ahead of elections. Examples include free electricity, water, bus travel for women, cash transfers to bank accounts. They are distinct from genuine welfare measures like public health and education, though the line is often blurred.

- **Welfare Transfers:** Direct or indirect benefits provided by the state to improve living standards. These can be in cash (DBT) or kind (subsidised food, LPG cylinders). The new method of measuring inequality incorporates the monetised value of such transfers, which significantly reduces measured inequality.

- **Systematic Investment Plans (SIPs):** A method of investing fixed sums regularly in mutual funds. Millions of middle-class Indians now invest in stock markets through SIPs, democratising capital market participation and reflecting a shift from traditional savings to equity-linked wealth creation.

- **Capitalist Exploitation:** A Marxist concept arguing that capitalists extract surplus value from labour. The article notes that this narrative is losing political traction in India, where voters seek opportunity within the capitalist system rather than its overthrow.

- **Opportunity vs. Equality:** A philosophical and economic tension. Equality focuses on a fair distribution of outcomes; opportunity emphasises removing barriers so everyone can compete on a level playing field. The central thesis is that Indian voters now prioritise the chance to rise over resentment of those already at the top.



- **Main Arguments and Substantive Parts**

- **Core Thesis:**

The electoral narrative of exploitative inequality and the need for fundamental systemic change has lost resonance in India. Voters care less about abstract inequality statistics and more about tangible benefits (freebies) and access to economic opportunity, even if that opportunity coexists with widening wealth gaps.

- **Key Points and Supporting Evidence:**

- **Decline of the Marxist Narrative:** Despite decades of Communist rule in states like West Bengal, voters are not swayed by rhetoric about capitalist exploitation. The argument that the rich get richer at the expense of the poor is seen as stale. Political success now depends on delivering direct gains, not ideological transformation.

- **Inequality Data is Contested:** The Wealth Tracker India 2026 report paints a picture of extreme concentration (top 1% control 40% of wealth, 358 billionaires). Yet a paper by Shekhar and Mukhopadhyay, and a World Bank 2025 report, argue that when the monetised value of welfare transfers is included, India's Gini drops to 0.25–0.27, making it one of the more egalitarian countries. This statistical dispute indicates that public perception may not align with any single data point.

- **Voters Care About Tangible Gains:** Freebies, especially cash delivered via Direct Benefit Transfer (DBT) ahead of elections, are immensely popular. Chief Ministers in states like Bihar, Maharashtra, and West Bengal have secured re-election on the back of such schemes. The immediate gratification of bank credits outweighs long-term promises of structural reform.

- **Aspiration Over Resentment:** The middle class does not resent billionaire wealth; it actively seeks a share through stock market participation. Monthly SIP inflows worth thousands of crores show that ordinary Indians are embracing capital markets. The focus is on climbing the ladder, not pulling it down.

- **Migration as an Opportunity Strategy:** High levels of inequality between regions (e.g., Kolkata vs. Mumbai) create incentives for migration. People move where companies run by the richest offer jobs. This turns economic disparity into a perceived ladder rather than a cage. Even illegal migrants gravitate toward high-opportunity cities rather than economically stagnant areas.

- **Political Consequences:** The BJP's focus on illegal migration may miss the mark because the economic pull of prosperous urban centres overrides all other considerations. Parties that deliver freebies and portray themselves as enablers of opportunity gain electoral advantage; those stuck in ideological critiques lose ground.

- **Historical evolution of the issue**

- **3.1. Colonial and early post-independence period**

- Under British rule, economic exploitation took the form of land revenue systems (Permanent Settlement, Ryotwari, Mahalwari), unequal trade, deindustrialisation, and famines.
- Wealth and land were concentrated among zamindars and colonial collaborators; the peasantry and artisans bore the brunt.
- Post-independence, the Indian state adopted a socialist-inspired, planned economy with emphasis on public sector, import substitution, and progressive taxation to reduce colonial-era inequalities.

- **3.2. Nehruvian era to 1980s**

- Major land reforms, abolition of zamindari, nationalisation of banks, and expansion of the public sector were justified as tools of social justice and equity.
- The rhetoric was strongly egalitarian; however, implementation gaps meant that informal sector workers and small farmers remained vulnerable.
- Left parties, especially in states like West Bengal, combined agrarian reforms with labour mobilization and a discourse of class struggle.

- **3.3. 1991 reforms and rise of billionaires**

- Economic liberalisation, deregulation, and integration with global markets from 1991 led to higher growth but also faster accumulation of wealth by top entrepreneurs.
- The number of dollar billionaires in India grew from almost none in early 1990s to several hundred by mid-2020s.
- This period saw a broad middle-class expansion, IT and services boom, and deeper financialisation (mutual funds, stock market participation).

- **3.4. Post-2000s: welfare expansion and targeted transfers**

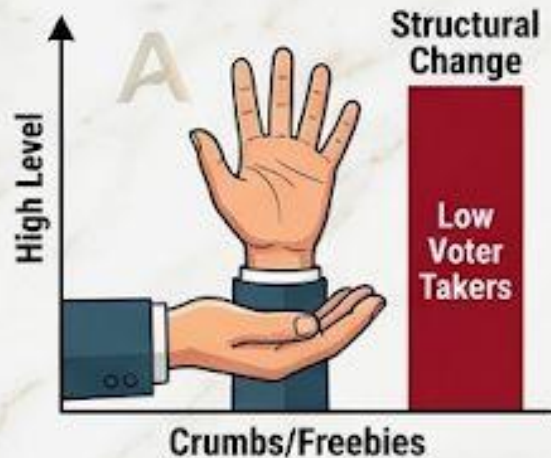
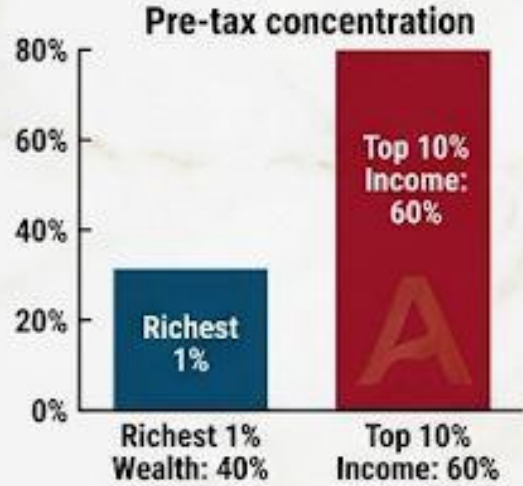
- Governments across parties expanded welfare: MGNREGA, RTE, NFSA, farm loan waivers, scholarships, health insurance, and later DBT-based schemes (Jan Dhan, Aadhaar, mobile).
- This gave rise to a dual trend: one, growing headline inequality at the top; two, significant cushioning at the bottom via subsidies and transfers.
- Politics shifted from ideological class discourse to competitive populism and targeted welfarism.

- **3.5. 2010s-2020s: inequality research and political narratives**

- Global and Indian research (World Inequality Reports) started quantifying extreme top-end inequality, popularising phrases like “Billionaire Raj”.
- Simultaneously, institutions like the World Bank produced estimates showing relatively low consumption-based Gini, leading to conflicting narratives.
- Electoral politics increasingly revolved around welfare schemes, identity issues, nationalism, and growth narratives, with classical Marxist discourse losing mass resonance in many regions.

Rethinking Inequality and Welfare in India: The Aspirational Context

The Classical Critique: Global Inequality Metrics (e.g., Oxfam)

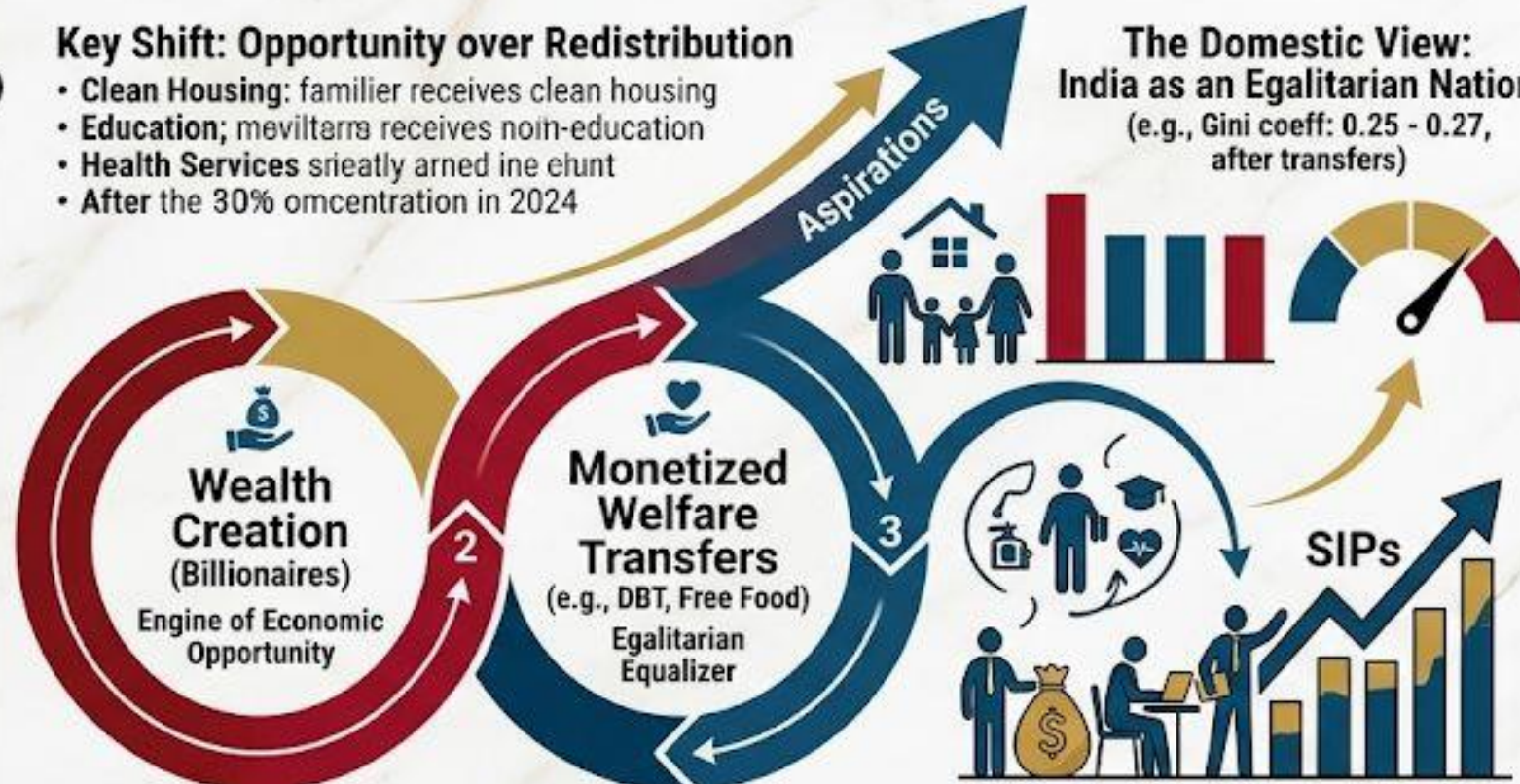


Key Shift: Opportunity over Redistribution

- **Clean Housing:** familer receives clean housing
- **Education;** meviltarra receives noih-education
- **Health Services** sriately arned ine ehunt
- **After the 30% omcentration in 2024**

The Domestic View: India as an Egalitarian Nation

(e.g., Gini coeff: 0.25 - 0.27, after transfers)



"If you are not a Communist at 20, no heart; If you are at 30, no head"
- B. Shaw

The Rise of "Lived Income"

- Voter Aspiration vs. Leftist Ideology
- Economic resirate with 10 opportunins in anroament
- Voter Voter chambss by 20%

Migration as Opportunity Search

- Near concentavatove class income in 2.207
- Migration as Opportunity Search as 80%

Middle Class Financialization (SIPs)

- Middle Class financialization with after transfers (SIP)
- Investing via hard to acomrate investing with intenty of SIPs)



- **Logical and philosophical base**

- **4.1. Competing conceptions of justice**

- **Egalitarian view (Left/Marxist and some social democrats):**

Justice demands narrowing the gap between rich and poor and challenging structures that create extreme wealth concentration.

- **Opportunity-centric / liberal view:**

Justice lies in providing **fair** starting conditions (education, health, non-discrimination) while allowing merit-based differences in outcomes.

- The Indian debate reflects tension between these two traditions.

- **4.2. Assumptions about voter rationality**

- The argument assumes that voters care more about immediate material benefits, opportunity, and stability than about abstract structural inequality.

- It also assumes bounded rationality: voters may not engage with complex statistical debates (Gini, top 1% share) but respond to perceived mobility chances and concrete schemes.

- **4.3. Philosophical view of envy and aspiration**

- Underlying logic: as long as people feel they have *some* path upward (jobs, migration, entrepreneurship, SIPs), they may *admire* rather than resent the rich.

- This aligns with aspiration-based theories of politics: expectations about future mobility shape political choices more than current deprivation alone.

- **4.4. Role of the state**

- Two rival logics:

- State as redistributor: heavily tax the rich, expand universal welfare, curb capital concentration.

- State as facilitator: maintain macro-stability, build infrastructure, give targeted support, but let markets generate growth and wealth.

- The current Indian trajectory sits somewhere between these, but the political narrative often emphasises facilitation plus targeted welfare rather than structural redistribution.



Multidimensional analysis

8.1. Social dimension

- Rising inequality can exacerbate social stratification along class, caste, gender, and region.
- Welfare schemes partially cushion the poor but may not address deeper determinants: quality education, social capital, discrimination.
- Aspirational narratives can be socially unifying if mobility is real, but divisive if mobility is blocked.

8.2. Political dimension

- Competitive populism and welfare politics shape electoral strategies; parties outbid each other with freebies.
- Structural reforms and ideological debates on capitalism vs socialism have less visible mass traction compared to direct transfers and identity issues.
- Inequality narratives can be mobilised selectively—for instance, against “crony capitalists” or “corrupt elites”.

8.3. Legal dimension

- Constitutional mandates (Part IV) urge the state to minimise inequalities and prevent concentration of wealth.
- Fiscal responsibility laws and ECI guidelines constrain overt misuse of public funds near elections, but enforcement is uneven.
- Litigation can arise over classification of “freebies” vs “welfare” and over state borrowing for populist schemes.

8.4. Ethical dimension

- Ethical questions: Is it justifiable for a democracy to tolerate extreme billionaire wealth while millions lack basic dignity?
 - Conversely, is it ethical to stifle wealth creation that can fund jobs and innovation?
- The ethics of freebies centres on paternalism vs empowerment: are they enabling capabilities or fostering dependency?

8.5. International dimension

- Globally, debates on wealth taxes, universal basic income, and social democracy resonate with India’s inequality discussion.
- India’s inequality profile affects its soft power and negotiating position in multilateral forums on SDGs and climate justice.
 - Comparisons with other emerging economies (China, Brazil, South Africa) inform domestic policy choices.

8.6. Economic dimension

- High inequality can dampen aggregate demand and limit the domestic market size for mass-produced goods.
- However, some economists argue that inequality can spur investment and innovation in early growth phases.
 - The key challenge is balancing high growth, macro-stability, and inclusive distribution.

- **Linkages with NCERTs**

- **Economics, Class 10 – “Development”; “Sectors of the Indian Economy”**

- Concepts of income, indicators of development, inequality, and role of government interventions.

- **Economics, Class 11 – “Indian Economy 1950–1990”; “Economic Reforms since 1991”**

- Planning vs market, liberalisation, privatisation, and their impact on inequality and growth.

- **Economics, Class 12 – “Poverty”; “Government Budget and the Economy”**

- Poverty measurement, fiscal policy, subsidies, and redistribution.

- **Political Science, Class 11 – “Political Theory: Equality”; “Social Justice”**

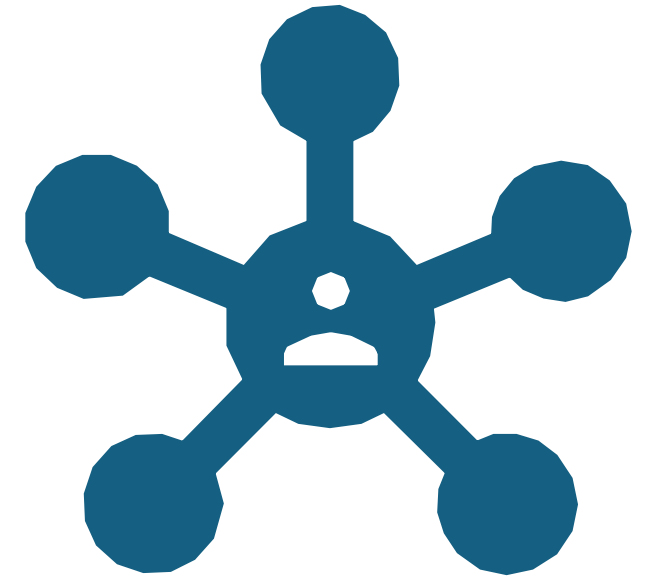
- Philosophical underpinnings of equality of outcome vs equality of opportunity, role of the state.

- **Political Science, Class 12 – “Politics in India since Independence”**

- Rise and decline of Left parties, populist politics, welfare schemes.

- **Sociology, Class 12 – “Social Change and Development in India”**

- Industrialisation, class structure, informal sector, migration, regional disparities.



- **Linkages with UPSC CSE syllabus**

- **GS Paper 1**

- Indian Society: poverty and developmental issues, regionalism, social empowerment.
 - Modern Indian History: colonial economy, land systems, and their legacy in current inequality.

- **GS Paper 2**

- Governance, welfare schemes for vulnerable sections, issues in their design and implementation.
 - Role of NGOs, SHGs, and pressure groups in raising inequality issues.
 - Functions of the Election Commission in regulating freebies and electoral promises.

- **GS Paper 3**

- Inclusive growth and issues arising from it.
 - Government budgeting, subsidies, fiscal responsibility, and macro-economic stability.
 - Infrastructure and investment vs consumption-oriented expenditure.
 - Indian Economy since liberalisation, growth vs equity debate.

- **GS Paper 4 (Ethics)**

- Ethical concerns in public resource allocation, populism vs long-term welfare.
 - Utilitarianism (maximising aggregate welfare) vs deontological duties towards the poorest.
 - Conflict of interest between political expediency and ethical governance.

Way forward: balanced policy suggestions

Improve measurement and transparency

- Integrate tax data, financial market data, and household surveys for a sharper picture of top-end inequality.
- Make methodology transparent to avoid politicisation of inequality statistics.

Shift from ad-hoc freebies to rule-based social protection

- Consolidate schemes into a coherent social protection framework with clear eligibility and sunset clauses.
- Prioritise merit-good spending: health, education, nutrition, and skill development.

Strengthen equality of opportunity

- Improve quality of public schooling, expand higher education seats, and ensure genuine affirmative action where needed.
- Focus on urban planning, affordable housing, and public transport to support migration and mobility.

Calibrate taxation without stifling enterprise

- Explore modest, well-designed wealth or inheritance taxes on ultra-rich, avoiding punitive rates that drive capital flight.
- Close loopholes, strengthen tax administration, and ensure fairness in enforcement.

Anchor fiscal responsibility

- Enforce realistic Fiscal Responsibility and Budget Management (FRBM) targets with flexibility for downturns.
- Subject state-level freebies to independent fiscal risk assessments and legislative scrutiny.

Democratising capital

- Encourage wider financial inclusion, small savings, and safe participation in equity markets with robust investor protection.
- Support MSMEs, startups, and cooperatives to broaden ownership of productive assets.

Institutional checks on populism

- Strengthen independent institutions (Finance Commissions, CAG, ECI) to evaluate and publicly flag fiscally irresponsible promises.
- Promote informed public debate on opportunity vs equality, not just on emotive slogans.

- UPSC CSE – Mains
- **GS-1**
- 2020: “Has the rapid economic growth in India led to regional imbalances and inequality? Discuss.”
- 2019: “Do you agree with the view that the policy of liberalisation, privatisation and globalisation has made the rich richer and the poor poorer? Justify.”
- 2017: “Examine the causes and consequences of regional disparities in India.”
- **GS-2**
- 2021: “Critically examine the role of targeted public distribution system in ensuring food security and reducing inequality.”
- 2019: “Welfare schemes for vulnerable sections have been an important component of India’s development strategy. How far have they reduced inequality?”
- **GS-3**
- 2023: “Inclusive growth in India: Issues and challenges.”
- 2020: “How can the government balance the objectives of growth and equity in budgeting?”
- 2016: “Explain the meaning of inclusive growth and discuss its importance.”
- **GS-4**
- 2019: Case studies involving allocation of scarce public resources and populist pressures.
- 2017: “What do you understand by social justice? How is it reflected in public policy?”



Sindoor marked big shift, but US ties cast shadow

BY INVITATION

HARSH V PANT



A year after Operation Sindoor, the contours of India's response in May 2015 appear less as a moment of rupture and more as a confident consolidation of an evolving strategic outlook. Triggered by the Pahalgarh terror attack that killed 26 civilians, New Delhi's actions were not simply reactive; they were measured, deliberate, and designed to signal that India now possesses both the capability and the political will to defend its interests. In retrospect, Sindoor stands out as a moment where intent and capacity aligned with unusual clarity.

At the operational level, the most striking feature was the maturity of India's military coordination. For a system often criticised for inter-service silos, the seamless integration of the army, navy, and air force under the Chief of Defence Staff suggested that India is capable of orchestrating complex, multi-domain operations under pressure. This was complemented by the effective use of indigenous systems, indicating that the push for self-reliance in defence is beginning to translate into tangible battlefield advantages. This has strengthened confidence in India's capacity to sustain such capabilities over time.

Equally significant was the expansion of battlespace. By striking beyond the Line of Control into Pakistan's strategic depth, India demonstrated that the constraints imposed by nuclear deterrence are not as rigid as once assumed. Rather than being paralysed by escalation risks, New Delhi showed that carefully calibrated conventional operations can impose costs while maintaining control. The maritime dimension reinforced this shift, with naval deployments extending the operational canvas.

The diplomatic aftermath of Sindoor has further underlined this growing confidence. India's approach toward Pakistan has become more coherent, moving toward a framework where engagement is clearly conditioned by behaviour. By linking previously isolated domains, such as water and connectivity to the broader security context, New Delhi has signalled that the costs of supporting proxy violence will be multidimensional and not merely punitive.

The international response to Sindoor continues to offer important clues about India's external environment. The US, in particular, appeared to accept India's framing of the operation as counter-terrorism rather than interstate escalation. But a year on, it is clear that this 'acceptance' was conditional rather than transformative. Indeed, the episode has exposed the persistent transactionalism in India-US ties. For Washington, India is an important strategic partner



NEW PLAYBOOK: The battle is over but the battle of narratives has been almost as significant

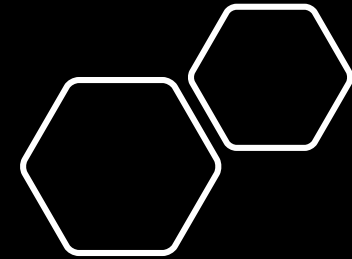
in the Indo-Pacific, but that partnership has limits when it comes to crises involving Pakistan. This became evident in the controversy surrounding Donald Trump's claims that he had facilitated the ceasefire. Whether accurate or not, such assertions complicate India's carefully crafted narrative of strategic autonomy. New Delhi has long resisted any suggestion of third-party mediation, particularly on issues linked to Kashmir. Even the perception of external involvement risks diluting the message Sindoor was meant to send. Since then, this claim has cast a lingering shadow, with India-US ties continuing to be shaped, however subtly, by the overhang of that episode.

For Pakistan, these claims provided a degree of diplomatic relief. The suggestion of US involvement, however tenuous, reinforces its long-standing effort to internationalise disputes with India. In that sense, the battle over narratives has proven almost as consequential as the operation itself. Sindoor was designed to establish a new logic of deterrence, but its interpretation remains contested. Did India succeed in imposing costs unilaterally, or was de-escalation ultimately brokered under external pressure? The ambiguity serves Pakistan's interests and complicates India's attempt to redefine the terms of engagement. Yet, while Rawalpindi has sought to leverage international narratives, the operational outcomes of Sindoor have reinforced the costs of its long-standing reliance on proxy actors. The shift toward a more hardened bilateral equation reflects not just India's resolve, but also a recalibration of expectations in Islamabad about the space for desirable aggression.

China's reading of Sindoor further highlights India's growing strategic confidence. The performance of Chinese-origin systems in Pakistan's inventory has inevitably drawn attention, but more importantly India's willingness to act across domains signals a readiness to operate under complex conditions. For Beijing, this adds a new dimension to its assessment of India, not merely as a continental challenge, but as a more versatile and capable strategic actor.

A year on, what emerges is not a rigid doctrine but a clearer pattern of behaviour. India has demonstrated a willingness to employ force in a calibrated and purposeful manner, enhancing deterrence while preserving flexibility. Operation Sindoor, therefore, stands as a marker of India's strategic coming of age. The challenge ahead will be to sustain this balance, ensuring that assertiveness is guided by prudence. ■

Pant is vice-president for Studies and Foreign Policy, Observer Research Foundation



- **Key Terms and Explanations**

- **Multi-Domain Operations**

Simultaneous military action across land, air, sea, cyberspace, and information domains. Example: ground forces striking across the Line of Control while the Navy blockades enemy ports and cyber units disrupt command-and-control networks.

- **Line of Control (LoC) and Strategic Depth**

The LoC is the de facto border dividing Jammu and Kashmir between India and Pakistan. 'Strategic depth' is Pakistan's military doctrine of using Afghan territory or its own geographic expanse to absorb an Indian assault. Striking beyond the LoC into this depth challenges Pakistan's assumption of secure rear areas.

- **Nuclear Deterrence and the Stability-Instability Paradox**

Nuclear deterrence is the prevention of full-scale war through the threat of unacceptable retaliation. The stability-instability paradox argues that while nuclear weapons deter all-out war, they can encourage lower-level provocations—like proxy attacks—because the adversary assumes the other side will be too scared to respond forcefully. The scenario claims India shattered this assumption through calibrated, conventional punishment.

- **Calibrated Conventional Operations**

The use of limited, precise force to inflict pain without triggering a nuclear escalation. It demands accurate intelligence, political control over targets, and a well-signalled minimal objective—essentially telling the opponent, "We are not aiming for your survival, but we will hurt you until you stop."

- **Transactionalism in Foreign Policy**

A relationship driven by immediate, tangible quid-pro-quo rather than shared values or long-term alliance. The scenario suggests US support for India's counter-terrorism action was conditional, not a blank cheque—exposing the limits of the strategic partnership when a crisis involves Pakistan.

- **Narrative Warfare**

The battle to shape the global interpretation of events. Pakistan's effort to present the crisis as one requiring external mediation is a classic example of narrative warfare, aimed at diluting India's projection of unilateral resolve.

- **Deniable Aggression**

The use of non-state actors—terrorist groups—to inflict harm while allowing the state sponsor to deny responsibility. This is the cornerstone of Pakistan's proxy-war policy, the costs of which the hypothetical operation sought to increase.

- **Main Arguments and Substantive Parts**

- **Core Thesis**

India's response to a grave provocation was not a sudden break from its past but a confident consolidation of an evolving strategic doctrine. It represented a moment where political will and military capability fused to signal that India can and will defend its interests with force, if necessary.

- **Key Assertion 1: Military Maturity**

The seamless integration of all three services under the CDS, coupled with the effective use of indigenous weapons systems, indicates that structural defence reforms are finally delivering battlefield results. This moves the narrative from "India talks about jointness" to "India does jointness."

- **Key Assertion 2: Breaking the Nuclear Paralysis**

By striking deep into enemy territory with conventional forces and expanding the battlespace to the maritime domain, India demonstrated that the nuclear shadow does not entirely block conventional punitive action. This challenges the long-held belief that full-scale war and limited war are a binary choice under a nuclear overhang.

- **Key Assertion 3: Coercive Diplomacy Beyond Security**

New Delhi linked previously insulated bilateral domains—water sharing (Indus Waters Treaty) and connectivity (trade, transit routes)—to Pakistan's behaviour on terror. This expands the cost-imposition toolkit beyond just military strikes, making the price of proxy war multi-dimensional.

- **Key Assertion 4: Conditional International Support**

The US and broader world accepted India's framing of the operation as counter-terrorism. However, this acceptance was neither automatic nor transformative. The relationship remains transactional, and any hint of third-party mediation, even if factually thin, erodes India's carefully guarded narrative of strategic independence.

- **Counterarguments and Tensions Implicit in the Scenario**

- *Ambiguity of Outcome:* Did India's own military compulsion force de-escalation, or was a ceasefire brokered under external pressure? This ambiguity undercuts the image of pure strategic autonomy and serves Pakistan's interests.
- *Sustainability of Escalation Control:* The scenario does not guarantee that such calibrated operations can always be kept from spiralling. The assumption of a manageable Pakistani restraint is a high-risk wager.
- *Narrative Defeat from Trumpian Claims:* Even a casual remark by a US leader about "facilitating" a ceasefire injects doubt into India's doctrinal message. Perception becomes as damaging as reality, potentially diluting the deterrent effect.



- **Historical Evolution of the Issue**

- **Pre-Independence & Partition (till 1947):** The colonial 'Great Game' frontier policy and the Radcliffe Line's hasty drawing planted the seeds of the Kashmir dispute and Pakistan's use of irregular warfare (tribal invasion of 1947).

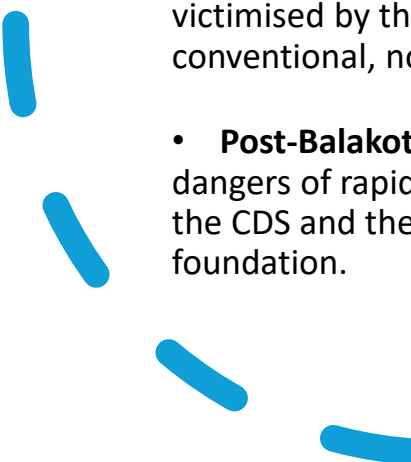
- **Foundational Era (1947–1971):** Three conventional wars. India's response to provocation was traditionally full-scale war. The 1971 war's decisive victory established India's pre-eminence but did not end Pakistan's quest for strategic parity through asymmetric means.

- **Nuclearisation and Proxy War (1980s–1990s):** The Soviet-Afghan war incubated the modern jihadi proxy. Pakistan's covert nuclear programme and the 1998 reciprocal tests introduced the nuclear shadow. The Kargil War (1999) became the first armed conflict between two nuclear-armed states, setting the precedent that a limited war is possible but highly dangerous.

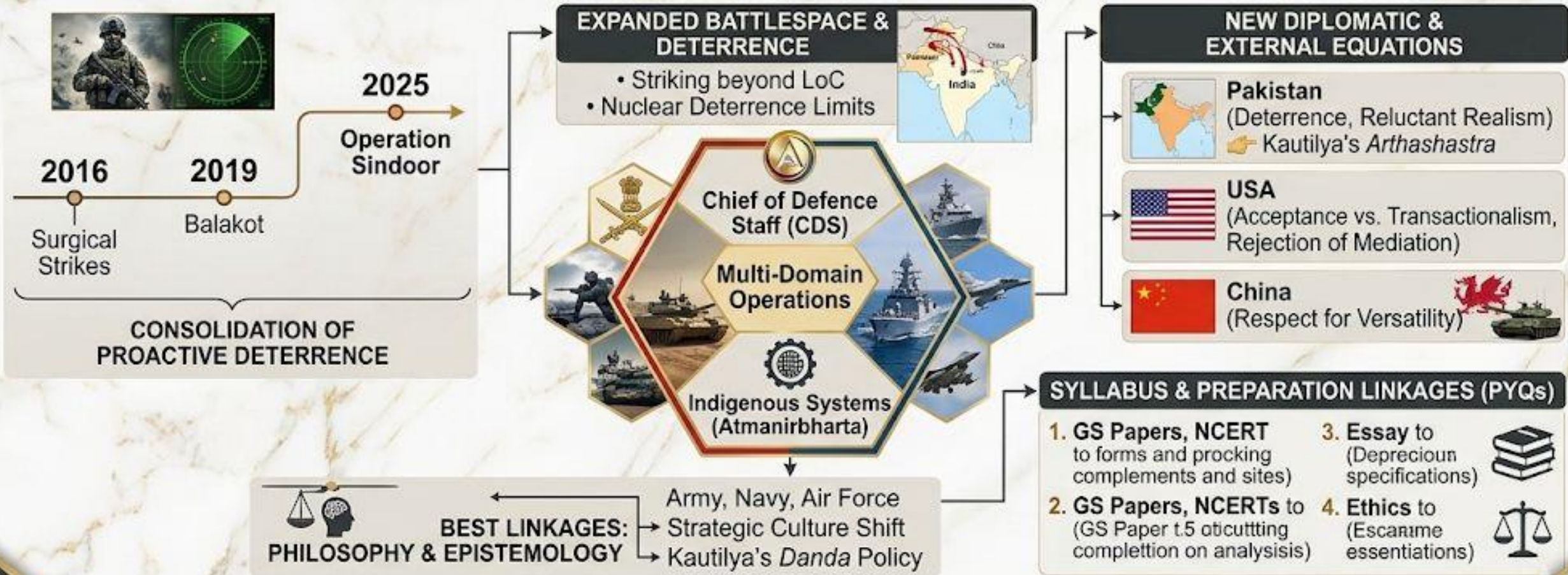
- **Era of Strategic Restraint and Coercive Diplomacy (2001–2013):** After the 2001 Parliament attack, India mobilised under Operation Parakram but ultimately did not strike, revealing the gap between military capability and political will. The 2008 Mumbai attacks deepened public anger but the response was primarily diplomatic, codifying a doctrine of "strategic restraint" that was increasingly seen domestically as a sign of weakness.

- **Shift to Proactive Offence (2014–2019):** A discernible doctrinal shift. The 2016 surgical strikes across the LoC and the 2019 Balakot airstrikes inside undisputed Pakistani territory shattered the earlier self-imposed constraint. India signalled that it would no longer be victimised by the stability-instability paradox. The Balakot strike, in particular, established that a massive terrorist attack would invite a conventional, non-covert force-based punishment.

- **Post-Balakot Discourse and Structural Reforms (2019–2023):** Pakistan's retaliatory response on February 27, 2019, exposed the dangers of rapid escalation. This likely reinforced the need for tighter civil-military control over targeting and messaging. The creation of the CDS and the push for theatre commands are direct institutional outcomes of lessons learned. The scenario builds directly on this foundation.



INDIA'S 2025 STRATEGIC MATURITY: OPERATION SINDOOR & BEYOND – A SYLLABUS-RELEVANT ANALYSIS



- **Logical and Philosophical Base**

- **Realist Logic of Cost Imposition**

The entire architecture rests on the realist assumption that states are rational, utility-maximising actors. Pakistan's use of proxies is a cost-effective tool. India's response aims to alter the cost-benefit calculus, making deniable terror no longer cheap or safe. The logic is pure deterrence-through-punishment.

- **Challenging the Stability-Instability Paradox**

The doctrine of the Kargil generation argued that nuclear weapons "freeze" the status quo at the level of full-blown war but create space for sub-conventional violence. The Sindoor concept argues that conventional punishment can be designed to be so precise and limited that the nuclear threshold is never approached, effectively deadening the paradox.

- **Signalling and Credibility**

The operation is a massive act of political communication. It signals two things to Pakistan: capability (we can hit accurately and deep) and resolve (we are governed by leaders willing to absorb counter-escalation risk). In deterrence theory, both must be credible, otherwise bluff is called, and violence erupts anyway.

- **Philosophical Underpinnings: Just War and Rajdharma**

The response is philosophically rooted in the principle of just war. The terror attack represents a grave injury (*jus ad bellum*—just cause). The measured, counter-force nature of the response aims at discrimination and proportionality (*jus in bello*—just conduct). In the Indian tradition, it echoes the concept of *Rajdharma*—the sovereign's duty to protect his people and punish the wicked, a just act of proportionate retribution.

- **Strategic Autonomy as a Meta-Principle**

The intense discomfort with any perceived US mediation draws from the foundational philosophy of non-alignment and strategic autonomy, which holds that India's power and prestige are diminished if third parties are seen to "manage" its conflicts. The narrative battle is thus not just about communication but about preserving the very ontology of India's sovereign self.

- **Multidimensional analysis**

- **Social**

- Impact on social cohesion:
 - Can strengthen national unity, but may also fuel polarisation and suspicion towards specific communities if narratives are mishandled.
- Effect on border communities:
 - Recurrent shelling and heightened tensions disrupt livelihoods, education and mental health of residents along LoC and IB.

- **Political**

- Executive supremacy in security decisions:
 - Strengthens central government's role, sometimes overshadowing parliamentary debate and scrutiny.
- Federal implications:
 - Border states (J&K, Punjab, Gujarat, Rajasthan) bear immediate consequences; coordination with state governments is vital.

- **Legal**

- Interface with international law:
 - Raises questions about anticipatory self-defence, state responsibility for non-state actors, and custom formation around counter-terror strikes.
- Domestic legal framework:
 - AFSPA, UAPA, and other security laws interact with external operations to shape overall counter-terror architecture.

- **International**

- Great-power game:
 - US views India as Indo-Pacific partner but is cautious during India–Pakistan crises; China watches for opportunities and risks.
- Regional stability:
 - Other South Asian states are sensitive to escalations that can spill over economically or politically.

- **Economic**

- Defence burden:
 - High-tech missiles, drones and ISR systems are costly; sustained operations demand budgetary prioritisation.
- Investment climate:
 - Frequent crises depress investor confidence; conversely, credible security may improve it if escalation is controlled.

Linkages with NCERTs

Class 11 Political Science – “International Relations” and “Security in the Contemporary World”:

- Nuclear deterrence, terrorism, global security architecture, role of the UN and great powers.

Class 12 Political Science – “Contemporary World Politics” and “Politics in India since Independence”:

- India’s foreign policy, non-alignment, Indo-Pak wars, Kargil conflict, Kashmir issue, nuclear tests, strategic autonomy.

Class 10 – Democratic Politics II:

- Federalism, centre–state relations, functioning of executive and legislature in security decisions.

Class 9/10 – India and the Contemporary World (History):

- Partition, creation of Pakistan, early wars, shaping of borders and disputes.

Class 11 Economics – “Indian Economy” (old NCERTs especially):

- Defence expenditure, opportunity cost, development vs security trade-offs.

Linkages with UPSC CSE syllabus

GS Paper 2

India and its neighbourhood – relations:

- India–Pakistan relations, Kashmir, cross-border terrorism, water and connectivity issues.

Effect of policies and politics of developed and developing countries:

- US role, mediation claims, great-power diplomacy.

Important international institutions, agencies and fora:

- UN framework on terrorism, international law on use of force.

GS Paper 3

Security:

- Linkages between development and spread of extremism; role of external state and non-state actors; challenges to internal security from cross-border terrorism.

Defence technology:

- Indigenous defence production, drones, precision weapons; role of CDS and jointness.

Disaster management angle for border communities.

GS Paper 1

Post-independence consolidation:

- Wars, conflicts, integration of princely states, evolution of India–Pakistan rivalry.

Society:

- National integration, communal harmony, impact of conflict on social fabric.

GS Paper 4 (Ethics)

Ethical issues in international relations and funding of terrorism.

Patriotism, professional ethics in armed forces; duties of public officials in crisis situations.

Way forward

Codify and refine limited-war doctrine

- Make the deterrence-by-punishment posture clearer, with internal guidelines for thresholds, target selection and de-escalation pathways.
- Avoid rigid public “doctrinal” statements that reduce flexibility.

Deepen jointness and theatreisation

- Accelerate creation of integrated theatre commands while safeguarding service expertise; invest in joint planning, training and logistics.
- Strengthen CDS and DMA’s institutional capacities.

Strengthen indigenous capability and resilience

- Prioritise ISR, cyber, EW, precision weapons and AI-enabled decision-support systems.
- Build redundancy in critical infrastructure and communications to withstand crises.

Narrative and information strategy

- Develop a coherent communication strategy for domestic and international audiences, emphasising legality, proportionality and self-defence.
- Rapid rebuttal mechanisms for misleading mediation or ceasefire narratives.

Diplomatic hedging and engagement

- Maintain channels with Pakistan for crisis communication (DGMO talks, back-channels) even while being firm on terror.
- Engage major powers proactively to explain India’s posture and reduce space for misperception.

Ethical and legal safeguards

- Institutionalise legal review and ethical oversight of targeting decisions.
- Embed human rights and humanitarian considerations in operational planning.

Societal resilience and depoliticisation

- Promote informed public debate on security rather than partisan point-scoring; protect military institutions from excessive politicisation.
- Support border communities through infrastructure, relief and psychological support.

- UPSC CSE – GS Mains
- **GS-2**
- 2023:
 - “India’s relations with its neighbours have seen both cooperation and confrontation. Discuss in light of recent developments.”
- 2020:
 - “The long-standing border issue between India and Pakistan has hindered regional cooperation. Examine in the context of SAARC.”
- 2019:
 - “Critically analyse India’s policy of ‘strategic autonomy’ in the context of changing global order.”
- 2017:
 - “India’s policy of ‘non-alignment’ has undergone changes. Discuss with reference to India–US relations.”
- **GS-3**
- 2023:
 - “Discuss internal security challenges facing India due to cross-border terrorism. Suggest measures to tackle them.”
- 2020:
 - “What are the major challenges to internal security in India? How does cross-border terrorism aggravate these challenges?”
- 2018:
 - “How far are India’s internal security challenges linked with external state and non-state actors? Illustrate with examples.”
- 2016:
 - “The cross-border movement of insurgents and refugees is a major source of internal security problems in India. Discuss.”
- **GS-4 (Ethics)**
- 2016:
 - Case studies involving conflict between national security and human rights.

KOREA EARNS. INDIA PAYS. WHO DICTATES?



POWER & POLITICS

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IHERE is a particular kind of perfidy that arrives dressed as festivity. It arrives with ceremonial fanfare and departs with your wealth. India has been living this betrayal for 16 years. It is only now finding the vocabulary to name it.

Recently, a day before South Korean President Lee Jae Myung's aircraft touched down at Palam, the foreign ministry held its customary pre-visit briefing at South Block. While briefing the reporters, Secretary (East) P Kumaran made an unusual disclosure. "Bilateral trade is close to \$27 billion, but it is quite unbalanced. Our exports are in the range of about \$6.5 billion, while Korea's is about \$21.35 billion. So there is a need to rebalance the CEPA (Comprehensive Economic Partnership Agreement)".

The sentence was deliberate and it wasn't a diplomatic deviation. It was the government publicly naming an asymmetry that had gone diplomatically unspoken for 16 years. What followed—the handshakes, the fanfare, the 16 MoUs, the headline promise of doubling bilateral trade to \$54 billion by 2030—must be read against that uncomfortable reality.

India's exports to South Korea plummeted to \$5.82 billion in 2024-25, as against \$8 billion in 2021-22. Korean exports to India have surged to \$21.06 billion over the same time. The trade deficit, at \$15.2 billion in 2024-25, has roughly tripled since the 2010 CEPA came into force. Indian exports to Korea contracted at an 11 percent compound annual rate between 2021-22 and 2023-24,

while Korean imports grew 10 percent a year. Fifteen years of CEPA have tripled the gap that the 2010 trade target will now have to close.

The roughly \$50-billion bilateral target Modi and Lee announced is not new. Moon Jae-in and Modi set the same goal in 2010. What is new is Delhi's public acknowledgement that hitting that number without fixing the ratio would simply enlarge the chasm.

At the heart of the outrage stand the Korean blue-chip subsidiaries whose Indian operations now dwarf their parents in perceived value and cash-generation power. For example, LG Electronics India reported revenue of ₹24,366 crore and a net profit of ₹2,203 crore last year, up 96 percent year-on-year. Royalty payments to the South Korean parent reached ₹454.61 crore. But the real headline came with its October 2025 IPO: the Indian subsidiary's market capitalisation surged to approximately \$13 billion upon listing, eclipsing its South Korean parent's market cap of about \$9 billion at the time on the Seoul exchange. In one stroke, LG India's net worth in the eyes of global investors surpassed that of its Korean headquarters'. And it was purely due to generous policy environment.

Maruti Suzuki had earlier achieved the same inversion. India's largest carmaker has recently been worth approximately \$27 billion, more than double its Japanese parent Suzuki Motor Corp's market cap. The pattern is not coincidental. It is structural.

Hyundai Motor India and its sibling Kia tell a similar tale of extraction masked as investment. Last year, the company reported consolidated revenue of approximately \$69,330 crore and a profit after tax of ₹5,640 crore. Its IPO, India's largest, raised \$3.3 billion through an offer-for-sale mechanism, with the entire proceeds flowing to the

Korean parent rather than to the Indian subsidiary. Royalty payments stand at 3.5 percent of sales revenue, mysteriously raised from 2.5 percent in earlier years, translating into thousands of crores annually repatriated to Seoul. Together, these auto majors command nearly 20 percent of India's passenger vehicle market. Such an anomaly has left Tata Motors and Mahindra to fight an uphill battle against what many term subsidised Korean pricing power.

Samsung India completes the triumvirate of value extractors. Its revenue for the first time crossed ₹1.11 lakh crore during 2025, making it the only consumer-electronics firm in India to cross the \$1-billion-ruppee mark. During 2024, its net profit stood at ₹8,168 crore on revenue of ₹99,541 crore, while royalty remittances to the Korean parent hit ₹3,322 crore, roughly 40 percent of that year's net profit. Retained earnings have halved and been diverted to Vietnam.

Even Japanese major Suzuki, through its Maruti Suzuki India avatar, has come under parallel attack for similar preferential treatment. Long accused of

royalty structures that siphon significant portions of profit, the message from Indian auto captains is clear: when foreign giants, Korean or Japanese, enjoy duty arbitrage, technology-transfer loopholes and policy sweeteners, domestic firms bleed competitiveness. Indian policymakers, they allege, have been influenced into crafting an environment where FDI is feted while local investors shoulder the risk without equivalent reward.

The most galling dimension for many is the Vietnam paradox. Korea's cumulative FDI in India stood at about \$10 billion till 2024, despite India's economy being 10 times larger than Vietnam's. Profits earned from Indian consumers through high royalties, IPO cash-outs

and dividend flows are effectively subsidising Vietnamese factories that then export finished goods back into India. Why? Swadeshi leaders ask this in rising chorus: should Korean conglomerates plough cash extracted from India into manufacturing facilities in a smaller neighbour that then undercuts Indian industry? The optics is toxic: India as a lucrative cash cow, Vietnam as the preferred factory floor.

This is no abstract economic grievance. It strikes at the soul of India's self-reliance narrative. Decades of liberalisation were sold on the promise that FDI would catalyse domestic industry, transfer technology and create balanced growth. Instead, the policy has tilted towards foreign giants who repatriate profits, royalties, special dividends and IPO proceeds liberally.

On the other hand, Indian firms struggle with higher compliance costs, delayed approvals, and a royalty burden that starves local innovation. As CEPA upgrade talks accelerate post the Lee visit, the moment of reckoning has arrived. Yet the fundamental question lingers: will Delhi muster the courage to rewrite the rules, or will Korean or Japanese influence once again preserve status quo that extracts wealth while eroding India's industrial sovereignty?

The answer to that question will define not merely the future of India-Korea trade relations, but the credibility of every strategic partnership India signs from this point forward. CEPA should be rewritten not by negotiators who measure success in MoU counts, but by those who measure it in industrial jobs created and domestic enterprises strengthened.

India possesses the leverage it has never previously exercised. It's the world's largest consumer market and the world's fastest growing major economy. The future will reveal whether New Delhi's negotiators, seated across from their Korean counterparts, have the institutional will to block the outflow, or whether India, once again, signs the documents, hosts the dinner and watches the profits leave on the next flight to Seoul.



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- **Key Terms and Explanations**

- **Comprehensive Economic Partnership Agreement (CEPA):**

A free trade agreement that goes beyond tariff reduction to cover services, investment, intellectual property, and regulatory harmonisation. Unlike a traditional FTA, a CEPA aims for deeper economic integration.

Example: The India–South Korea CEPA, signed in 2009, eliminated or reduced tariffs on a wide range of goods, but it also locked in asymmetrical market access that has benefited Korean exports more than Indian ones.

- **Trade Deficit:**

The amount by which a country's imports exceed its exports in a given period. A persistent bilateral deficit with one partner can signal structural disadvantages.

Example: In 2024-25, India's exports to South Korea were around \$5.82 billion, while imports stood at \$21.06 billion, leaving a deficit of over \$15 billion.

- **Royalty Payments:**

Fees paid by a subsidiary to its parent company for the use of technology, brand name, or intellectual property. These are often calculated as a percentage of sales revenue, not profit.

Example: A Korean auto major in India pays 3.5% of its sales revenue as royalty to its Seoul-based parent. Even if the Indian unit's profits dip, the royalty outflow remains, effectively extracting value regardless of domestic performance.

- **Market Capitalisation Inversion:**

A situation where the Indian subsidiary of a foreign company becomes more valuable on the stock market than its parent company. This reveals that the Indian market is generating disproportionately high value, a significant part of which flows out.

Example: The Indian arm of a Korean consumer electronics giant attained a market cap of about \$13 billion after listing, surpassing its parent's \$9 billion, indicating that Indian operations were driving immense investor confidence—yet the financial gains largely accrued to the foreign parent.

- **Offer for Sale (OFS):**

A mechanism through which existing shareholders sell their shares to the public. In recent IPOs of foreign-owned Indian subsidiaries, the proceeds went entirely to the parent company, not to the Indian entity for expansion. This is a channel of capital extraction.

- **Vietnam Paradox:**

The phenomenon where a multinational company earns profits in India (a large market) and then invests those profits in manufacturing facilities in Vietnam (a smaller economy) to export goods back to India, taking advantage of lower costs or preferential trade terms. This effectively uses Indian consumer money to undercut Indian industry.

- **Main Arguments and Substantive Parts**

- The issue revolves around structurally asymmetric economic integration, where the benefits of liberalisation have been skewed.

- **Core Thesis:**

India's economic engagement with advanced manufacturing economies like South Korea, under the CEPA framework, has created a "one-way street" that allows foreign firms to extract value—through trade surpluses, royalties, and IPO gains—while failing to deliver proportional benefits in domestic capacity-building, technology transfer, or employment.

- **Key Points and Evidence:**

- **Lopsided Trade Figures:**

Since the CEPA came into force in 2010, India's trade deficit with South Korea has roughly tripled. While Korean exports to India grew at around 10% annually, Indian exports contracted at an 11% compound rate over certain periods. This is not a cyclical trend but a structural outcome of tariff asymmetries and non-tariff barriers.

- **Royalty Drain:**

Major Korean subsidiaries remit massive royalties—often around 3.5% of revenue—to their parents. In one year, a consumer electronics giant transferred over ₹3,300 crore, roughly 40% of its Indian net profit. These payments are frequently opaque, without a clear link to actual technology transfer, and tend to rise over time, eroding domestic profitability.

- **Value Extraction via Capital Markets:**

Foreign parents have used the Indian stock market to unlock value without reinvesting in India. Landmark IPOs of Indian units raised billions, but the proceeds, being offer-for-sale, went to the foreign parent. The Indian entity received no fresh capital, yet its valuation surged due to India's consumer base—a transfer of wealth from Indian savers to foreign shareholders.

- **Market Value Inversions:**

Several Indian subsidiaries of foreign firms have overtaken their parents in market capitalisation. This shows that the Indian policy environment, consumer market, and workforce are generating immense value that is not being retained proportionally in the domestic economy.

- **Undermining Domestic Competitiveness:**

Indian companies argue that foreign firms enjoy duty arbitrage, technology loopholes, and policy sweeteners, while domestic players face high compliance costs and royalty burdens. The result is a tilted playing field where local enterprises find it hard to invest in innovation and scale.

- **Historical Evolution of the Issue**

- The roots of this asymmetric equation lie in a long trajectory of trade and industrial policy.

- **Pre-1991 Era:**

India followed an import-substitution model with high tariffs, licensing, and restrictions on foreign equity. While this protected domestic industry, it also led to inefficiencies, low-quality production, and technology stagnation. Foreign collaborations were tightly controlled, and royalty payments were subject to strict ceilings.

- **Post-1991 Liberalisation:**

Economic reforms opened the door for foreign direct investment (FDI), relaxed royalty caps, and moved towards outward-oriented policies. The rationale was that FDI would bring capital, technology, and competition, eventually strengthening Indian industry. Initially, many safeguards—like dividend balancing, phased manufacturing programmes—were in place but were progressively dismantled.

- **Look East and Act East Policies:**

India's engagement with East Asian economies deepened from the 1990s, culminating in the CEPA with South Korea in 2009 (effective 2010). The agreement was hailed as a milestone, but critics note that Indian negotiators failed to secure adequate market access for Indian goods and services, even as Korea gained significant tariff concessions on automobiles, electronics, and other manufactured items.

- **Review and Stagnation:**

Periodic reviews of CEPA from 2015 onwards acknowledged the worsening trade imbalance. However, negotiations to revise the agreement moved slowly. By 2019, leaders set an ambitious target of \$50 billion bilateral trade, but without addressing the structural deficit. The recent public acknowledgement by the government of the need to “rebalance” signals a shift from diplomatic silence to official concern.

- **Contemporary Developments:**

The rise of Korean manufacturing giants in India has coincided with a growing realisation that FDI, in its current form, has not always led to deep technology transfer or increased domestic value addition. The “Make in India” and “Atmanirbhar Bharat” campaigns have added political weight to demands for fairer trade terms.

DECONSTRUCTING INDIA-KOREA TRADE ASYMMETRY: A UPSC PERSPECTIVE

Overview & Key Terms

-  **Royalty Remittances:** Smally & salt in salso arge.mntral goods
 -  **Trade Deficit:** Roniss including, competingr, domestic industry
 -  **The Vietnam Paradox:** Shift from technology transfer to wealth industry
-  A shift from technology transfer to **wealth extraction.**

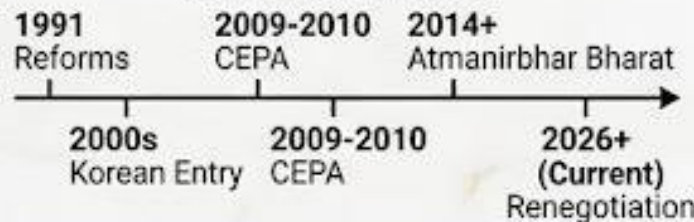
The Trade-Off: Capital Repatriation



The 'Vietnam Paradox' Visualized



Historical Timeline



Multidimensional Analysis

Social



Skills

Political



Sovereignty

Legal



BITs

Ethical



Fairness

International



Act East

Economic

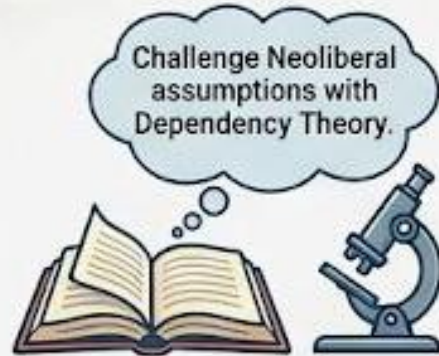


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UPSC Linkages

- NCERT Chapter**
Chapter 1: Uncontic & Technology
Chapter 2: Technology, Economy & Topics and Roalties
- GS2 Paper**
Chapter : Topics, GS2 cans GS3
Topics Economrand & Economics
- Essay**
GS Paper: Royalty, Mankatoes,
Mandity Chain, Envelpment

Best UPSC Linkage: Philosophy & Epistemology



Way Forward



- Royalty Caps, Mandatory R&D,
- Stricter Rules of Origin, and Domestic Supply Chain Support.

Logical and Philosophical Base

The issue touches upon deeper philosophical questions about economic sovereignty, justice, and the purpose of trade.

Utilitarian Logic vs. Distributive Justice:
Free trade is often justified on utilitarian grounds—maximising overall welfare through efficiency. But if the gains concentrate in foreign hands while broader society bears adjustment costs, the agreement fails the test of distributive justice. The article’s critique implicitly appeals to John Rawls’ difference principle: inequalities are acceptable only if they benefit the least advantaged.

Sovereignty and Self-Reliance:

There is an underlying Gandhian notion of *swadeshi*—economic self-reliance not as autarky, but as strategic autonomy. The argument that India is becoming a “cash cow” while Vietnam becomes the factory floor challenges the liberal idea that location of production does not matter as long as capital flows; it reaffirms that production location determines technological learning, employment, and long-term national capability.

Dependency Theory:

The pattern of raw market access in exchange for finished goods, combined with intellectual property rents, resembles core-periphery dynamics critiqued by dependency theorists. Even among emerging economies, unequal exchange can persist if rules are written by capital-exporting nations.

Pragmatic Nationalism:

The call to rewrite CEPA “not by negotiators who measure success in MoU counts, but by those who measure it in industrial jobs created” reflects a pragmatic nationalism. It does not reject globalisation but demands that its rules be negotiated from a position of strength, using India’s market leverage.

- **Multidimensional Analysis**

- **Political**

- **Federal Dynamics:** States compete to attract FDI, often offering land and tax incentives. A central push to limit royalty outflows may conflict with states' investment promotion efforts.

- **Diplomatic Relations:** India's strategic partnership with South Korea spans defence, space, and Indo-Pacific stability. Trade friction could spill over into other domains.

- **Nationalist Sentiment:** Atmanirbhar Bharat rhetoric finds resonance with the critique of CEPA. However, mishandling could lead to protectionist populism, harming long-term economic openness.

- **Legal**

- **Treaty Framework:** CEPA is a binding international treaty. Amendments need mutual consent. Unilateral restrictive measures could violate Most-Favoured-Nation (MFN) or National Treatment obligations.

- **Domestic Regulation:** Any new law on royalty caps must be carefully drafted to avoid being arbitrary under Article 14 and must align with the Competition Act to prevent abuse of dominance.

- **International**

- **WTO Compatibility:** Performance requirements like mandatory local R&D spending can be challenged as violating TRIMS. However, exemptions for developing countries or new plurilateral agreements could provide space.

- **Global Supply Chains:** Korea is a key node in electronics and auto supply chains. Disrupting these through abrupt policy shifts could affect India's own production lines that depend on Korean components. A collaborative review, possibly linked to the Indo-Pacific Economic Framework, might be more productive.

- **Economic**

- **Balance of Payments:** Reducing the trade deficit could ease pressure on the rupee and improve the current account.

- **Technology Ecosystem:** If royalty outflows are diverted into Indian R&D centres, innovations in EVs, semiconductors, and green tech could scale up, strengthening India's technological sovereignty.

- **Competition:** A level playing field would encourage domestic firms to invest in technology rather than seek protection, ultimately benefiting the economy.

Linkages with NCERTs

Class 10 Economics, 'Globalisation and the Indian Economy':

Discusses the impact of MNCs, trade liberalisation, and the debate on fair globalisation. The CEPA imbalance illustrates how globalisation can lead to unequal gains if rules are not carefully designed.

Class 11 Political Science, 'Nationalism' and 'Citizenship':

Explores ideas of self-determination and patriotic economic policy, linking to Atmanirbhar Bharat and swadeshi sentiments against value extraction.

Class 12 Macroeconomics, 'Balance of Payments':

The trade deficit with Korea directly relates to the current account, while royalty outflows feature in the invisible payments of the BoP.

Class 12 Political Science, 'Contemporary South Asia' and 'International Organisations':

Understanding trade agreements, WTO, and regional cooperation helps contextualise how bilateral treaties operate under multilateral rules.

Class 8 History, 'The Making of the National Movement: 1870s-1947':

The Swadeshi movement and the critique of drain of wealth provide a historical parallel to the modern concern over royalty and profit repatriation.

Linkages with UPSC CSE Syllabus

GS Paper 1:

- Effects of globalization on Indian society. The social impact of FDI-driven consumption culture vs. local industry erosion.

GS Paper 2:

- Bilateral, regional and global groupings and agreements involving India. CEPA with South Korea.
- Government policies and interventions for development in various sectors (industrial policy, 'Make in India').
- Effect of policies of developed and developing countries on India's interests. The structure of trade agreements dictated by advanced economies.

GS Paper 3:

- Indian Economy and issues relating to planning, mobilization of resources, growth, development.
- Effects of liberalization on the economy, changes in industrial policy and their effects.
- Foreign direct investment, trade deficits, balance of payments.
- Issues related to intellectual property rights (royalty payments).
- Technology missions; indigenisation of technology.

GS Paper 4 (Ethics):

- Ethical concerns in international relations and economic agreements. Fairness, transparency in royalty payments.
- Corporate governance and corporate social responsibility.
- Philosophical basis of swadeshi vs. globalisation.

- **Way Forward**

- **Institutional Strengthening:**

Build a dedicated, professional trade negotiation cadre with cross-sectoral expertise, drawing from industry, academia, and legal professions. Establish a permanent Trade Policy Review Commission under the Ministry of Commerce.

- **Redefine CEPA Upgrade Goals:**

The ongoing renegotiation should explicitly incorporate:

- **Tariff rebalancing:** Sectors where Indian exports face persistent non-tariff barriers should be linked to equivalent concessions.
- **Royalty transparency:** Mandate disclosure of royalty agreements beyond a threshold, and link allowable rates to actual R&D conducted in India.
- **Technology transfer commitments:** Not as forced transfer, but through joint ventures, innovation funds, and PhD programmes co-funded by foreign firms enjoying significant Indian revenues.

- **Domestic Competitiveness Package:**

Simultaneously strengthen Indian manufacturing through production-linked incentives (PLI) directed at R&D, quality standards, and affordable credit. This ensures that when trade rules are levelled, Indian firms can hold their ground.

- **Use Market Access as Leverage:**

In future, negotiation mandates should explicitly state that India will grant deeper tariff cuts only in sectors where the partner country demonstrates a commitment to balanced trade outcomes. This could be via sunset clauses that trigger a review if the trade deficit crosses a mutually agreed threshold.

- **Monitor and Publicly Report:**

An annual “Trade Agreement Impact Assessment” tabled in Parliament would inject transparency and democratic accountability. It would cover trade balance, royalty flows, employment generation, and technology transfer metrics.

- **Diplomatic Prudence:**

Negotiations must be conducted in a spirit of partnership, not confrontation. South Korea is a strategic friend, and the goal is a win-win rebalancing, not ruptured ties. Track-II dialogues and business summits can build mutual understanding.

- **Multilateral Fora:**

India should advocate for a review of WTO rules on investment measures and intellectual property to provide developing nations with greater policy space to regulate royalty and technology flows in the public interest.

- **UPSC CSE Mains – GS Paper 2**

- 2023: “Quadrilateral Security Dialogue (Quad) is transforming itself into a trade bloc in present times. Discuss.” (Indirectly, trade bloc dynamics and strategic partnerships)
- 2022: “India’s interests in its extended neighbourhood need to be protected by engaging with regional and sub-regional groupings.” (Could be linked to Act East and CEPA with Korea)
- 2020: “The long- pending reforms in the WTO need to be pursued with a sense of urgency.” (Trade asymmetry and rule-making)
- 2019: “What are the key areas of reform if the WTO has to survive in the present context of ‘Trade War’? Discuss.”
- 2018: “What are the main functions of the United Nations Economic and Social Council (ECOSOC)? Explain different functional commissions attached to it.” (Trade-related development issues)
- 2017: “The question of India’s Energy Security constitutes the most important part of India’s economic progress. Analyse it with special reference to the India–South Korea civil nuclear cooperation.” (Brings in the strategic dimension)

- **UPSC CSE Mains – GS Paper 3**

- 2023: “Faster economic growth requires increased share of the manufacturing sector in GDP, but the sector is yet to pick up in a big way. Examine the factors and suggest measures.”
- 2022: “Why is Public Private Partnership (PPP) required in infrastructural projects? Examine the role of PPP in the redevelopment of railway stations.” (Indirect: FDI and private investment)
- 2021: “How have the recommendations of the 14th Finance Commission enabled states to improve their fiscal position?” (Not directly, but resource mobilisation)
- 2020: “Explain intra-generational and inter-generational issues of equity in resource use.” (Equity in trade gains)
- 2019: “It is argued that the strategy for inclusive growth needs to be more effective. What are the challenges faced so far?”
- 2018: “How are principles followed by NITI Aayog different from those followed by the erstwhile Planning Commission?” (Policy approach, but not direct)



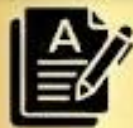
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