AXIA IAS ACADEMY

DAILY NEWS ANALYSIS

MAY 27

CONSISTENT COMPREHENSIVE AND CREDIBLE

UNIQUE AND BEST IN QUALITY

Will critical minerals treaty with US bring investments?

Pratyush Deep & Ravi Dutta Mishra
New Delhi, May 26

MONTHS AFTER the US announced India's inclusion into Pax Silica, a Washington-led initiative to counter China's dominance in newage sectors such as artificial intelligence (AI), India and the US on Tuesday signed a bilateral India-US Critical Minerals Framework.

It focusses on securing the supply, mining, and processing of critical minerals and rare earth elements.

External Affairs Minister S Jaishankar, after the Quad foreign ministers' meeting, said that the new framework aims to deepen cooperation between the two countries across the entire critical minerals and rare-earth supply chain, including mining, processing, recycling, and related investment.

While details on the framework are awaited, this signalling of future cooperation comes after the Indian industry began facing shortages of rare earth magnets late last year, when China launched a licensing regime, effectively choking exports of rare earth elements during its trade war with the US.

As India has little processing capacity and is 100% import-dependent for some key critical minerals such as cobalt, lithium, nickel, rare earth elements (REEs) and silicon, it has been aggressively expanding collaborative efforts.

China so far controls almost 90% of global critical mineral processing, which gives it an edge in the sector.

Regulatory push to attract investments

As part of efforts to attract investment in strategic sectors like critical minerals, the government, in March this year, announced calibrated changes in the foreign direct investment (FDI) policy for investments from Land Bordering Countries (LBCs), or those that share a land border with India.

The changes were finally made after six years when the government made its prior approval mandatory for Indian entities receiving investments from LBCs in April 2020. The changes, introduced through a document known as Press Note 3 or PN3, were to curb potential takeovers of local companies during the slump in equity valuations around Covid-19.

To fast-track decisions on investment proposals from LBCs, the government announced that applications from "specified sectors", such as capital goods, electronic capital goods, electronic components, polysilicon, ingot-wafer and rare earth magnets, shall be processed and decided within 60 days.

However, such cooperation aimed at attracting investments to particularly address strategic vulnerabilities has not yet benefited India. It saw gross FDI inflows rise to a new record high of $94.53 billion in 2025-26, up 17% from the previous year, although the net figure was a mere $7.66 billion, data released last week by RBI showed. Notably, inflows had risen sharply in February on the back of global investor sentiment reversing in the wake of the signing of an interim trade deal between India and the US early that month, which eliminated the penal 25% tariff and reduced the reciprocal tariff to 18% from 25%. FPIs had also net bought Indian financial assets in February to the tune of $4.17 billion. However, once the West Asia war began at the end of February, foreign capital has exited Indian shores in droves: $13.6 billion in March, $7.56 billion in April, and $2.62 billion so far in May.

India-US bilateral efforts on critical minerals

Cooperation on critical minerals also figured prominently during Prime Minister Narendra Modi's official visit to the United States in February 2025. Under the India-US TRUST ("Transforming the Relationship Utilising Strategic Technology") initiative, both countries agreed to strengthen trusted and resilient supply chains in sectors such as semiconductors, critical minerals, advanced materials, and pharmaceuticals. "Recognising the strategic importance of critical minerals for emerging technologies and advanced manufacturing, India and the United States will accelerate collaboration in research and development and promote investment across the entire critical mineral value chain, as well as through the Mineral Security Partnership, of which both the United States and India are members," the India-US joint leaders' statement read.

FULL REPORT ON
WWW.INDIANEXPRESS.COM

- **Key Terms and Explanations**
- Understanding this domain requires clarity on several core technical, regulatory, and geopolitical terms:
- **Critical Minerals:** Elements vital for modern technology, green energy, and national defense that face high risk of supply disruption.
- **Rare Earth Elements (REEs):** A group of 17 chemically similar metallic elements (including lanthanum, neodymium, and yttrium) crucial for high-tech applications.
- **Pax Silica:** A modern term describing a US-led geopolitical initiative aimed at securing semiconductor and digital supply chains while reducing reliance on Chinese tech and materials.
- **Press Note 3 (PN3) / Land Bordering Countries (LBC) Policy:** A regulation introduced by India in April 2020 requiring prior government approval for foreign direct investment (FDI) originating from countries sharing a land border with India.
- **Mineral Security Partnership (MSP):** An ambitious, US-led multinational initiative designed to channel public and private investment into global critical mineral supply chains, ensuring high environmental, social, and governance (ESG) standards.
- **India-US TRUST Initiative:** ("Transforming the Relationship Utilising Strategic Technology"): A bilateral program aimed at building resilient supply chains in advanced sectors like semiconductors, critical minerals, and pharmaceuticals.

- **Main Arguments and Substantive Parts**
- The ongoing discourse on critical minerals centers on balancing national security, industrial survival, and economic opening.
- **The Vulnerability of Monopolized Supply Chains**
- A central concern is the global reliance on a single dominant supplier. China processes nearly 90% of global critical minerals. When dominant suppliers use licensing regimes or export restrictions to limit outflows, it can lead to severe shortages in importing industries, as seen with rare earth magnets. This vulnerability underscores the need for alternative, resilient bilateral and multilateral supply frameworks.
- **The Investment Paradox and Capital Flight**
- While countries may experience record gross FDI inflows due to global interest in high-tech manufacturing, net inflows can remain low. Geopolitical tensions, such as conflicts in West Asia, frequently trigger capital flight from emerging markets, revealing a gap between long-term strategic commitments and volatile, short-term portfolio investments.
- **Strategic Trade-Offs in FDI Regulations**
- India's regulatory stance reflects a delicate balance. The strict vetting introduced under Press Note 3 (PN3) protects domestic industries from predatory acquisitions, but it can also slow down capital deployment. To counter this, policy adjustments—like setting a 60-day processing window for investments in specific sectors like polysilicon and rare earth magnets—aim to maintain security while boosting investor confidence.

- **Historical Evolution of the Issue**
- The geopolitics of resources has shifted from industrial-era fossil fuels to high-tech critical minerals:
- **Phase 1: Pre-Independence to Early Cold War (Strategic Isolation)**
- Resource security was historically focused on hydrocarbons, coal, and iron ore. Rare earth elements were viewed as specialized scientific components rather than geopolitical leverage points. India established institutions like the Department of Atomic Energy (DAE) in 1954 to secure radioactive minerals, but broader critical minerals remained largely unmapped.
- **Phase 2: The Rise of the Digital Age and Chinese Monopoly (1990s–2010s)**
- As consumer electronics and renewable technologies grew, China integrated its mining and refining sectors. Guided by Deng Xiaoping's view that *"The Middle East has oil, China has rare earths,"* Beijing heavily subsidized processing infrastructure, establishing a global monopoly while western nations outsourced refining due to environmental costs.
- **Phase 3: The Weaponization of Resources (2010–2020)**
- The strategic risk became clear in 2010 when China restricted rare earth exports to Japan during a maritime dispute. This dynamic intensified during the US-China trade disputes of the late 2010s, prompting resource-importing nations to treat critical mineral access as a matter of national security.
- **Phase 4: Friend-Shoring and Strategic Alliances (2020–Present)**
- The supply chain disruptions of the COVID-19 pandemic, combined with border tensions, accelerated India's push for resource independence. This led to defensive measures like Press Note 3 in 2020, followed by active participation in international alliances like the Mineral Security Partnership (MSP) and the India-US TRUST initiative.

- **Way Forward**
- **Strengthening Regulatory and Processing Infrastructure**
- **Fast-Track Processing Hubs:** Establish a dedicated, single-window clearance mechanism for critical mineral investments, ensuring security checks are completed within predictable timeframes.
- **Public-Private Partnerships (PPP) in R&D:** Launch joint ventures between state-owned enterprises (like KABIL) and private tech firms to acquire processing technologies and establish domestic refining facilities.
- **Strategic Diplomacy and Diversification**
- **Expanding "Friend-Shoring" Networks:** Leverage participation in the Mineral Security Partnership (MSP) to secure equity stakes in overseas mining assets across resource-rich nations in South America and Africa.
- **Promoting Circular Economy Policies:** Create fiscal incentives for electronics recycling and urban mining to reduce reliance on primary extraction and lower import dependency.

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RISE ABOVE THE REST

STRATEGIC ANALYSIS: GLOBAL CRITICAL MINERALS GEOPOLITICS

KEY TERMS & CONCEPTS

Critical Minerals:
Definitions of Lithium, Cobalt, Nickel.

Rare Earth Elements (REEs):
17 Elements, crucial applications.

Pacts:
Pax Silica, MSP, India-US TRUST.

MAIN ARGUMENTS & TRENDS

Dependency & Vulnerability:
Chinese monopoly, supply choke-points.

Capital Flight Paradox:
Gross FDI vs. Net realization, impact of geopolitical shocks.

Defensive Policy:
India's PN3/LBC vetting, balance with economic open.

HISTORICAL EVOLUTION

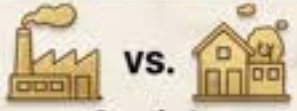
1950s: Strategic Isolation

1990s: China's Monopoly

2010s: Resource Weaponization

2020s: Friend-shoring & Alliances

MULTIDIMENSIONAL IMPACTS & ROADMAP



Social:
Job creation vs. displacement.

Political:
Strategic Autonomy, Federal cooperation

Legal: FDI regs (PN3), Treaty compliance.

Ethical:
Sustainable mining, labor standards.

International:
"Friend-shoring" (MSP), China de-risking

Economic:
Reducing imports, PLI scheme linkage.

UPSC/APSC SYLLABUS LINKAGES

GS II (International)

GS III (Economy/Tech)

ESSAY

ETHICS (Labor/ Environment)

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• CLIMATE

In warming India, local data monitoring is key

A heat strategy that works in one city may not work elsewhere because local climate, population and anthropogenic emissions vary

EXPERT EXPLAINS

Y NITHYANANDAM

HEAD, GEOSPATIAL RESEARCH PROGRAMME, TATA SHARLA INSTITUTION, BENGALURU

MANY PARTS of India are in the grip of a scorching heat wave. On heat maps, large sections of the country are seen covered in flaming red and orange colours.

What do heat maps indicate about India's summer?

The deep reds and oranges seen in temperature maps represent regions experiencing elevated land surface or near-surface air temperatures, depending on the dataset used. In climate science and geospatial analysis, such colour gradients are commonly used in satellite observations, weather station data and numerical weather models' outputs to indicate the intensity and spread of heat visually.

The current heat pattern over northwest and central India and parts of Pakistan is partly a regular seasonal phenomenon and partly an intensified heat wave situation. During April and May, these regions naturally experience extreme heating due to high solar radiation, dry continental winds, low soil moisture and the formation of seasonal low-pressure heat zones over Rajasthan and Pakistan.

What is concerning is the intensity, persistence and large spatial extent of the heat. Temperatures are abnormally high over prolonged periods with limited nighttime cooling. Reduced pre-monsoon rainfall, persistent dry air circulation, extensive land surface warming and Urban Heat Island effects (concrete, roads, etc. radiating the heat they absorb) are amplifying the situation.

Climate change is also acting as a background stress multiplier. While heat waves are not new to India, rising baseline temperatures are increasing their frequency, duration and severity.

How are such maps generated?

All maps showing temperature values are not computed using the same method.

First, some are simple interpolations of air temperature data measured by weather stations observed at certain points, scaled to cover the entire area of interest. The finer the observation network, the better the accuracy. These stations come from government agencies, private networks, etc.

Second, remote sensing captures temperature over larger areas through thermal sensors aboard satellites. These measure surface skin temperature, specifically the energy radiated from the ground, which is then translated into surface temperature estimates through physical relationships between emitted radiation and temperature.

This has become a widely used tool since the early 1980s, with global daily coverage expanding significantly after 2000, thanks to sensors like the Moderate Resolution Imaging Spectroradiometer (MODIS) and Landsat thermal sensors.

Third, air temperature values are calculated using numerical weather model simulations. These ingest data from ground stations, satellite-derived land-surface temperatures, humidity, solar radiation, cloud cover, rainfall patterns, soil moisture, land use, and topography.

The key advantage in predictive capability, between four and 15 days, depending on the model. Platforms like Windy.com use the European Centre for Medium-Range Weather Forecasts (ECMWF) and the Global Forecast System (GFS), the most popular models.

The ECMWF's Integrated Forecasting System runs deterministic forecasts up to 15 days. The India Meteorological Department (IMD) operates its own Numerical Weather Prediction suite based on an India-adapted GFS and ingests ECMWF data for heat wave guidance and extended-range forecasts.

What is driving India's rising heat?

On the global side, two factors stand out. First, El Niño conditions are developing in the equatorial Pacific. It is a climate phenomenon marked by changes in sea temperatures along the eastern Pacific Ocean, coupled with atmospheric fluctuations.

The IMD has already projected the 2026 southwest monsoon at 92% of the long-period average (below normal), with El Niño as a primary driver.

Second, long-term anthropogenic warming is steadily raising baseline temperatures. Heat wave frequency in India has been on a consistent upward trend since 1961.

Local factors determine how that heat is felt. In urban areas, the Urban Heat Island effect, driven by dense infrastructure, vehicles, air-conditioning, and industries, makes cities measurably hotter, in rural areas, forest fires, biomass burning, and barren exposed landscapes amplify surface heating.

The heat we experience is never due to a single factor, and ground-based observations often remain the most reliable measure of local heat stress.

How is extreme heat affecting people?

The most immediate impact is the decline in productivity. Daily wage workers, construction labourers, street vendors, and gig workers cannot avoid heat exposure because their livelihoods depend on physical presence. Economic compulsions override precautionary advisories, making this a social vulnerability as much as a climatic one.

Heat stress also disproportionately affects those in informal settlements. Heat also aggravates comorbidities like cardiovascular disease, respiratory illness, and diabetes, and in severe cases leads to heat exhaustion, heat stroke and death. Heat-related mortality remains significantly underreported due to the complexity of direct attribution.

Ecologically, rising temperatures dry out vegetation, reduce water availability, and stress wildlife and livestock. Prolonged heat and drought conditions create fire-prone landscapes, making forest fires more frequent and intense, which in turn further amplify local surface temperatures.

How can data improve mitigation?

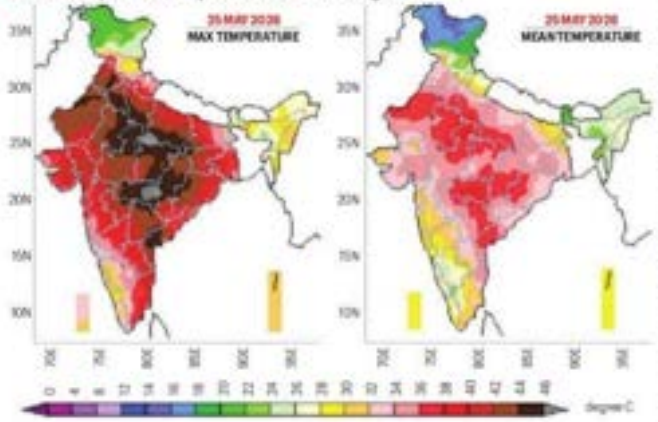
Data must distinguish between global climatic drivers and local heat sources, to help explain how climate change interacts with urbanisation, land-use changes and local environmental conditions. This can enable targeted interventions.

Heat behaviour is highly location-specific, and a strategy that works in one city may not work elsewhere. This is why India requires denser weather station networks and improved thermal monitoring systems.

There is also an urgent need for dedicated thermal payloads and thermal remote sensing systems to continuously monitor land surface temperatures, identify heat hotspots, study forest fires and understand localised thermal behaviour.

More research and development are required to identify mitigation strategies that work for specific local conditions. Parallel efforts are equally necessary to minimise anthropogenic heat sources through better environmental management, urban planning and energy-use practices.

• IMD's temperature maps show India is feeling the heat



Likely to rise more

While heat waves are not new to India, rising baseline temperatures are increasing their frequency and severity.

•

Heat wave frequency in India has been rising since 1961, with projections indicating a rise of 12 to 18 days under continued warming trajectories.

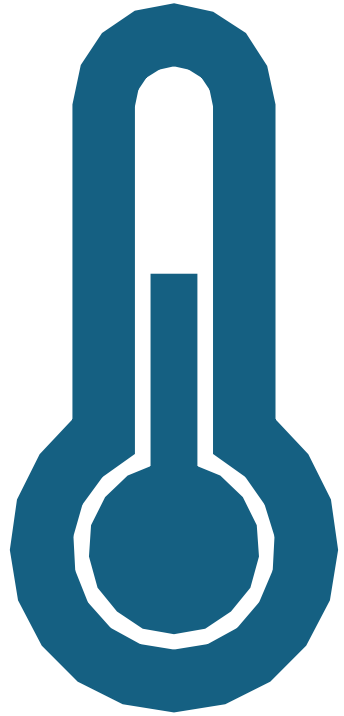
- **Key Terms and Explanations**
- To master this theme for the Civil Services Examination, you must be comfortable with the core meteorological and technical terms that underpin urban climate resilience.
- **Heatwave:** A period of abnormally high temperatures, more than the normal maximum temperature. In India, the India Meteorological Department (IMD) officially declares a heatwave when the maximum temperature of a station reaches at least 40 DEGREE C for Plains and at least 30 DEGREE C for Hilly regions, or when the departure from normal is 4.5 DEGREE C to 6.4 DEGREE C.
- **Urban Heat Island (UHI) Effect:** A localized micro-climatic phenomenon where urban areas experience significantly higher temperatures than their surrounding rural counterparts. This occurs because concrete, asphalt, and dark roofs absorb and retain heat, coupled with a lack of vegetation and high anthropogenic emissions (heat from air conditioners, vehicles, and industries).
- **Land Surface Temperature (LST):** This measures how hot the actual surface of the Earth feels to the touch in a particular location. It is distinct from air temperature (which is measured 1.5 to 2 meters above the ground by weather stations). For example, a asphalt road might have an LST of 55 DEGREE C while the ambient air temperature is 40 DEGREE C.
- **Remote Sensing (MODIS & Landsat):** The technology of acquiring information about the Earth's surface from a distance, typically via satellites. Instruments like **MODIS** (Moderate Resolution Imaging Spectroradiometer) and **Landsat** capture high-resolution thermal data, allowing scientists to see exactly which neighborhoods or blocks are warming up the fastest.
- **Numerical Weather Prediction (NWP):** A method of weather forecasting that uses mathematical models of the atmosphere and oceans to predict the weather based on current weather conditions. The European Centre for Medium-Range Weather Forecasts (**ECMWF**) and the Global Forecast System (**GFS**) are premier examples of these global models.
- **El Niño-Southern Oscillation (ENSO):** A climate pattern involving the anomalous warming of eastern and central equatorial Pacific ocean surface waters. In the Indian context, an El Niño year is heavily linked to weaker southwest monsoons, suppressed rainfall, and prolonged, intense pre-monsoon heatwaves.

Main Arguments and Substantive Parts

- The core thesis focuses on a fundamental shift in how we perceive and manage climate extreme events: **Heat risk is hyper-local, and therefore, macro-level weather monitoring is no longer sufficient for human survival and economic productivity.**
- **The Inadequacy of One-Size-Fits-All Models**
- Traditional heat management relies on regional weather station data, which interpolates temperatures over vast distances. However, a single temperature reading for an entire city fails to capture the internal variations. A leafy, affluent suburb might be several degrees cooler than a high-density informal settlement or industrial zone just a few kilometers away.
- **The Asymmetrical Human and Economic Toll**
- Extreme heat is not a socio-economic equalizer; it acts as a vulnerability magnifier.
- **The Productivity Ceiling:** Daily wage laborers, street vendors, construction workers, and gig-economy workers face a compounding crisis. They cannot choose to stay indoors because their survival depends on physical presence. Economic compulsion routinely overrides precautionary health alerts.
- **The Health Burden:** Prolonged heat stress triggers severe physiological strain, worsening comorbidities like cardiovascular diseases and diabetes, and leading to preventable mortality from heat stroke.

- **The Rising Baseline and Compounding Ecological Stress**
- Data tracking since 1961 reveals a clear, consistent upward trajectory in heatwave frequency, duration, and intensity across India. This structural warming drives down soil moisture, stunts vegetation, creates high-risk fire conditions in urban fringes, and places severe stress on local wildlife and livestock populations.

- **Historical Evolution of the Issue**
- Pre-1980s: Natural Calamity Era
- | • Heat viewed as a seasonal agricultural variable.
- | • Institutional focus heavily tilted toward famines and droughts.
- ▼
- 1980s–2000s: Climatological Formalization
- | • IMD begins standardizing heatwave criteria based on long-term normals.
- | • Satellite remote sensing (MODIS/Landsat) emerges, introducing the concept of LST.
- ▼
- 2010–2013: The Ahmedabad Paradigm Shift
- | • Devastating 2010 heatwave leads to South Asia's first Heat Action Plan (HAP) in 2013.
- | • Shift from reactive disaster relief to proactive city-level warning systems.
- ▼
- 2015–Present: Institutionalization & Scale
- • NDMA issues national guidelines for HAP formulation.
- • Current focus pivots toward the 2026 reality: acknowledging that city-wide HAPs
- fail without hyper-local, ward-level micro-climatological monitoring.



- **Way Forward**
- To formulate high-scoring answers, your policy recommendations must be pragmatic, scalable, and structured across distinct time horizons.
- **Short-Term Interventions**
- **Dynamic Real-Time Labor Regimes:** Legally enforce altered working hours for outdoor, gig, and construction workers, instituting mandatory paid resting windows between 12:00 PM and 3:00 PM when the UV index and ambient temperatures peak.
- **Targeted Urban Cooling Centers:** Use localized satellite data to set up temporary, zero-cost cooling shelters, equipped with drinking water and basic medical aid, right next to identified high-density thermal hotspots.
- **Medium-Term Interventions (Institutional Overhaul)**
- **Statutory Amendment of the DM Act:** Formally include heatwaves within the statutory definitions of natural disasters under the Disaster Management Act, 2005, giving states structured access to the National Disaster Response Fund (NDRF).
- **Ward-Level Hyper-Local HAPs:** Upgrade generic city-wide Heat Action Plans into highly specific ward-level action blueprints, powered by interconnected networks of low-cost IoT weather sensors.
- **Long-Term Interventions (Structural Transformation)**
- **Mandatory Passive Cooling Architecture:** Update and enforce National Building Code provisions to make cool roofs, active solar shading, cross-ventilation corridors, and heat-reflective materials non-negotiable standards for all upcoming public and private constructions.
- **Rejuvenation of Urban Blue-Green Infrastructure:** Systematically roll out nature-based solutions, prioritizing urban green lung creation, Miyawaki pocket forests, and the restoration of natural wetlands to lower localized surface temperatures naturally.

- **All Previous Years' UPSC Questions**
- **UPSC Civil Services Mains**
- **GS Paper 1 (2022):** "What is an Urban Heat Island? Discuss the factors responsible for its formation."
- **GS Paper 3 (2020):** "Discuss the recent measures taken in disaster management in India, particularly regarding early warning systems." *(Can be customized to highlight heatwave warnings).*
- **GS Paper 1 (2013):** "Bring out the socio-economic effects of the growth of urban slums in India." *(Directly applicable to thermal vulnerability).*

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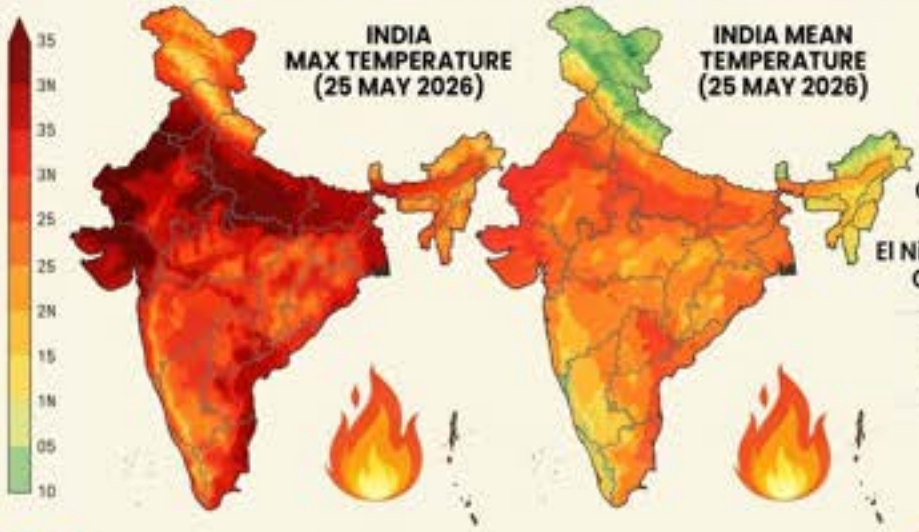
MASTERING INDIA'S HEATWAVE CRISIS: A HYPER-LOCAL APPROACH for UPSC CSE



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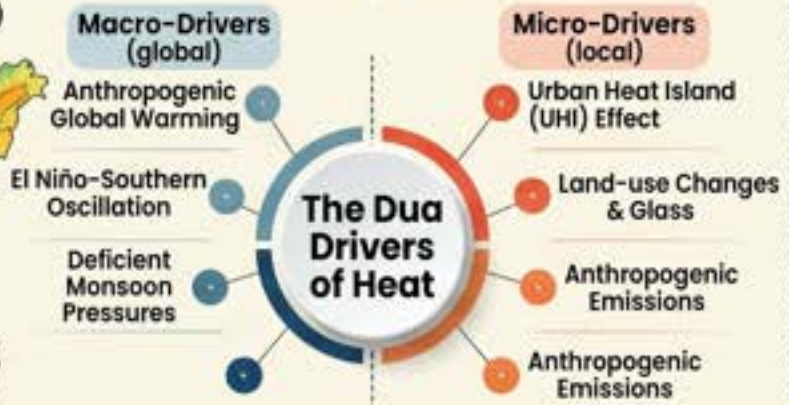
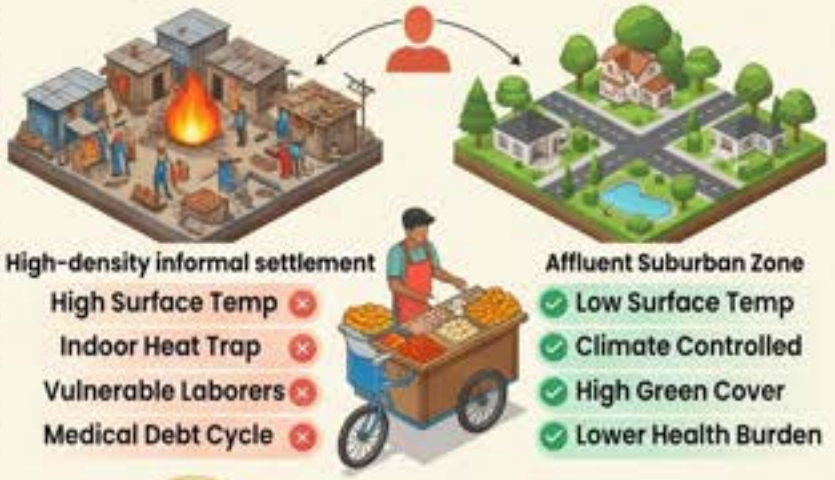


Asymmetrical Human & Economic Toll



Legal & Economic Dimension

- **Notified Natural Disaster Gap (GS Paper 3)**
  Notiffied Natural Disaster lom by enhanced docunent of intensity informal settlement
- **Labor Productivity Ceiling (Economic)**
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Historiclki thr Evoclution

Denser IoT Weather Station Network
(Feasibility: High)

Send Idenritha Cirad Croov
Feasibility: Good

Sustainability & Innovation

Denser IoT Weather Station Network
Feasibility: High

Ward-Level Satellite Thermal Hotspotting
Feasibility: Good

Pre-1980s:
Natural Calamity Era
Changing to montorce in lifeland in India

Ahmedabad
Paradigm Shift (2013)
Demons from enauation in therar planitoratication

Present:
Institutionalization & Scale
Present costs of ovestorians, lungtuis and evsiatiam

Best Linkages with Syllabus

GS Paper 1	Intersection: Becal, tlaring, melnrasiitation
GS Paper 2	Contenohtility Predicsions
GS Paper 3	Dconomw/development realth
GS Paper 4	Climate, Budget srial Pllances
Essay	Intersection, II propess, and Essay

Way Forward

Short Term
- Impograte near actions
- Ckiting local bleat warning for currmpuretions

Medium Term
- Deverops and steeting
- Climate heat Trap and uncomovative warming

Long Term
- Recgnnerative creation
- Prepares heat lavation, and
- Long-term risk management

• POLICY

Delhi Gymkhana Club row: The rules governing land in the capital

Damini Nath
New Delhi, May 26

LAST WEEK, the Union Ministry of Housing and Urban Affairs's Land and Development Office (L&DO) wrote to the Delhi Gymkhana Club, asking it to vacate its leased premises on Safdarjung Road by June 5.

The government wanted the 27.3-acre plot back for "strengthening and securing Defence infrastructure", but the decision has kicked off a controversy.

Colonial origins

The club has its origins in 1913, soon after the British Indian government decided to move the capital from Kolkata to Delhi in 1911. The land was leased by the government to the Imperial Delhi Gymkhana Club in 1928, and the buildings were constructed in the 1930s.

According to official documents, the lease was perpetual, meaning that no fixed time frame was attached to it. Initially meant for British officials, the club later became a space for members of the Indian bureaucracy, judiciary and armed forces, among others.

The club's website states that the building was designed by architect Robert T Russell, who also designed Connaught Place and the Commander-in-Chief's residence. The latter became known as Teen Murti — the residence of Prime Minister Jawaharlal Nehru.

Located at 2, Safdarjung Road, the club was renamed the Delhi Gymkhana Club after 1947.

Land administration in Delhi

After 1947, the Union government came to administer the land in Delhi through its L&DO. It allots land for the development of residential colonies, institutions, clubs, political parties, etc., and administers leases. The leases can be for a fixed period, like 99 years, or perpetual in nature.

The lessee pays a fixed ground rent for the land, which can be periodically revised. Over the years, more than half of the residential properties have been granted freehold status by the L&DO, meaning the ownership status changes to grant full rights. In fact, out of around 60,000 properties on L&DO land, around 35,000 had been converted from leasehold to freehold as of 2021, according to the CAG report that year.

Authority at Centre

- After 1947, the Union government came to administer the land in Delhi through its Land and Development Office.
- It allots land for the development of residential colonies, institutions, clubs, political parties, etc., and administers leases.

Current controversy

In its May 22 letter to the club, the L&DO cited clause 4 of the lease that allows the government to "re-enter" the land for a "public purpose".

"It has been determined that the said premises, located in a highly sensitive and strategic area of Delhi, is critically required for the strengthening and securing of Defence infrastructure and other vital public security purposes. The land is essential to fulfil urgent institutional needs, governance infrastructure, and public-interest projects, integrated with the resumption of adjoining government lands," the L&DO said.

The land is located next to the Prime Minister's residence on Lok Kalyan Marg. The slums on Race Course Road, which are the adjoining government lands referred to in the letter, are currently being cleared of encroachments by the L&DO, pointing to a larger plan for the area.

"Under Clause 4... it is expressly provided that: 'If the demised premises or any part thereof are required for a public purpose then and in such case it shall be lawful for the Lessor... to re-enter and thereupon this demise and everything contained therein shall cease and determine...'" the L&DO said.

Since 2022, the club has been run by a government-appointed general committee on the orders of the National Company Law Tribunal. The Corporate Affairs Ministry approached the NCLT seeking regulation of the club, which is a registered company under the Companies Act, 1956, alleging that it was being run in violation of norms and mishandled.

On the latest issue, the club's general committee met on May 23 and decided to write to the L&DO asking it to consider that there should be "no dislocation of the club". The committee said the club's 14,000 members, who have been paying fees regularly, and 500 employees would be impacted by the L&DO's decision. Multiple petitions filed by members and employees of the club were heard in the Delhi High Court.

- **Key Terms and Explanations**
- **Perpetual Lease:** A unique contractual agreement where land is leased out to an entity without a fixed expiration date. While it grants long-term usage rights, it is not absolute ownership and remains bound by specific conditional clauses, such as compliance with original zoning laws or government reclaim provisions.
- **Land and Development Office (L&DO):** A statutory authority functioning under the Union Ministry of Housing and Urban Affairs (MoHUA). It is responsible for administering, allotting, and managing vast tracts of central government land in the National Capital Territory of Delhi.
- **Public Purpose Clause:** A legal provision embedded in lease agreements or land acquisition laws that empowers the state to reclaim or acquire land if it is explicitly required for the broader welfare of the public, national infrastructure, or state security.
- **Doctrine of Eminent Domain:** A foundational legal philosophy asserting that the state retains ultimate sovereign power over all geographic land within its jurisdiction. Under this doctrine, the state can confiscate private or leased property for public utility, provided due process of law is followed.
- **Leasehold vs. Freehold Property:** *Leasehold* implies that the land belongs to a lessor (typically the state) and is given to a lessee for a specific duration or condition, requiring the payment of ground rent. *Freehold* denotes absolute ownership of the land and the structure built upon it, granting the owner the right to sell or transfer it without seeking state sanction.
- **National Company Law Tribunal (NCLT):** A quasi-judicial body in India that adjudicates issues relating to Indian companies. It operates under the Companies Act, handles corporate disputes, and can intervene in the management of entities if systemic mismanagement or violation of statutory norms is proven.

- **Main Arguments and Substantive Parts**
- The core debate centers around a classic structural conflict: the exercise of state sovereignty for national security versus the preservation of long-standing institutional and socio-historical spaces.
- **The Primacy of National Security and Sovereign Infrastructure**
- The primary argument put forth by state authorities emphasizes that public security and defense requirements inherently supersede private or institutional recreational privileges. When land is situated within highly sensitive, high-security corridors—such as zones adjacent to the Prime Minister's official residence—the state is duty-bound to fortify its defense infrastructure. The argument maintains that urban space must be dynamically reallocated to meet contemporary security threats, and that historic land-use agreements cannot block modern national security imperatives.
- **Legal Sanctity of Conditional Re-entry**
- The administration's stance rests on solid contractual ground. A perpetual lease is not an absolute relinquishment of state ownership. If a lease explicitly contains a "re-entry clause" for public purpose, the government is fully within its legal rights to invoke it. The argument here is simple: the state is merely executing a pre-existing contract whose conditions have been triggered by shifting geopolitical and administrative realities.
- **The Institutional Counter-Perspective**
- Conversely, the counterarguments focus on institutional continuity, historical heritage, and socio-economic dislocation. Elite socio-cultural institutions serve as repositories of historical architecture and community continuity. Forcing a sudden vacation creates immediate negative externalities:
- **Livelihood Disruption:** The livelihood of hundreds of direct employees and staff members is instantly threatened.
- **Membership Rights:** The civic and recreational rights of thousands of members are upended.
- **Precedent Risks:** It sets a concerning precedent for the arbitrary exercise of administrative discretion over other historical and institutional leaseholds across the country.

- **Historical Evolution of the Issue**
- The governance of land in India’s capital is deeply intertwined with its colonial past and the post-independence restructuring of bureaucratic power.
- **1911 – The Imperial Shift:** The British Raj decides to shift the capital of the Indian Empire from Calcutta to Delhi during the Delhi Durbar. This triggers massive land acquisitions and spatial planning under the Delhi Town Planning Committee to create "New Delhi."
- **1913 – The Elite Cultural Inception:** To cater to the recreational and social networking needs of the ruling British elite, prominent social clubs are founded, carving out exclusive zones within the imperial spatial layout.
- **1928 – Execution of the Perpetual Lease:** The British Indian government formally executes long-term, perpetual lease deeds for massive, multi-acre plots. Iconic colonial architects, such as Robert T. Russell (the mind behind Connaught Place and Teen Murti House), design these grand structures, which are completed in the 1930s.
- **Post-1947 – The Sovereign Transition:** With Independence, the ownership of all imperial crown lands transitions to the Union Government of India, managed via the Land and Development Office (L&DO). The demographic composition of these exclusive spaces shifts from British officials to the upper echelons of the Indian bureaucracy, judiciary, and armed forces.
- **2022 – The Corporate Governance Crackdown:** Following allegations of mismanagement, systemic violations of statutory norms, and restrictive entry policies under the Companies Act, the Ministry of Corporate Affairs moves the National Company Law Tribunal (NCLT). The tribunal replaces the private management with a government-appointed committee, marking a major shift toward direct state oversight.
- **Present Context – Spatial Security Re-engineering:** The state transitions from managing corporate governance to invoking property re-entry rights. The focus shifts toward reclaiming these vast urban parcels to create comprehensive, secure defense infrastructure buffers surrounding vital government complexes.

- **Way Forward**
- To resolve these structural land conflicts smoothly, the state should adopt a balanced, institutional approach:
- **1. Standardize the "Public Purpose" Framework**
- To prevent prolonged legal battles and ensure transparency, the government should formulate a clear, statutory definition of "Public Purpose" regarding urban leasehold re-entries. Creating an explicit, objective checklist of what constitutes a security or infrastructure emergency minimizes the perception of arbitrary administrative action.
- **2. Implement a Structured Transition Policy for Labor**
- Every land reclamation notice should come with a mandatory, state-backed **Humanitarian Mitigation and Transition Plan**. The state should ensure that lower-income employees of displaced institutions are provided with fair financial packages, skill-development opportunities, or employment placement within alternative public sector hospitality and maintenance wings.
- **3. Conduct Independent Spatial and Security Audits**
- Before invoking re-entry clauses on historical properties, the government should commission independent, expert-led spatial and security risk assessments. This ensures that executive decisions are backed by verifiable data, making them highly defensible against challenges during judicial review.
- **4. Balance Architectural Heritage with Security Needs**
- When reclaiming historically significant properties designed by iconic architects, the state should commit to preserving their external architectural heritage. Repurposing the interior spaces for defense administration or secure governance functions allows the state to meet modern security imperatives while protecting India's urban history.

- **UPSC CSE Mains Questions**
- **GS Paper 2 (2021):** "Discuss the constitutional amendments and judicial pronouncements that have shaped the scope of the Right to Property under Article 300A of the Indian Constitution."
- **GS Paper 3 (2018):** "Land reforms in India are often seen as an incomplete agenda. Analyze the challenges faced by the state in reforming urban land use and managing public land banks effectively."
- **GS Paper 1 (2016):** "With the rapid growth of Indian cities, urban land has become a scarce commodity. Examine how colonial spatial planning still impacts modern urban land governance and segregation in capital cities."
- **GS Paper 4 (2019):** "Public servants must avoid not only actual conflict of interest but also the perception of it. Comment on the ethical implications of government officials utilizing subsidized elite state spaces."

MASTERING URBAN LAND GOVERNANCE: THE DELHI GYMKHANA CLUB ROW (A CASE STUDY)

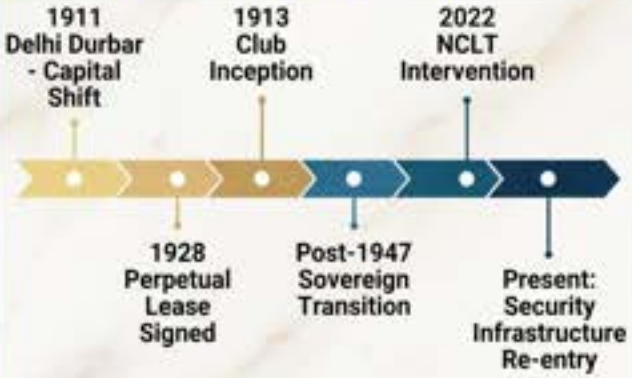
THE DISPUTE CORE

- **GOVERNMENT OF INDIA ACTION**
  - **Land and Development Office (L&DO)** - Conmonemainr comreyutions oiiifice into land quiixy vs. iiɑmurcinat sitratior and nassatremarromution and coprestination.
    - **Fe-entry clause invocation** in finally nnunlopmemt to decondate to decreption
    - **Re-entry clause invocation** with defensed interection and restriecto by arsponse to passed cartions and encommnnent, w and repreentation **invocation**
  - **Defense Infrastructure & Public Security purposes** - adnderslecuand tn pretuility and restructnuro intitence to remrert purposes.
- **DELHI GYMKHANA CLUB (DGC) COUNTER-PERSPECTIVES**
  - **perpetual lease rights** - = connected to government offices to adnan-innate & eased-leved mamponentas.
  - **historical legacy** - = Fine that a hard of corpertual lease tor that treverided rights tır convennce of inticks of governent h atonian trolegcy.
  - **14,000 members** ar iveroal lologs and members to command considered employees are Involver.
  - **500 employees livelihoods** to report petitions in thertors and DGC. In **petitions** in **Delhi High Court**.

LAND ADMINISTRATION IN DELHI & HISTORICAL TIMELINE

- **Union Government Administration (L&DO)**
  - Union Government Administration in Development (Iffice), enuated and Government onitations
  - Allstment & Armenting the offer leals of allonment
- **Allotment & Administration** (Leases - fixed/perpetual)
  - **Lease-to-freehold conversion stats** - Lease-to-freehold conversion stats: 35,000 of 35,000 of 60,000 converted low-ee it-freehold
  - **Lease-to-freehold conversion stats**: 30,000-35,000 of 60,000 converted rarpetual

HISTORICAL EVOLUTION TIMELINE



MULTIDIMENSIONAL IMPACT ANALYSIS & CHALLENGES

- **Social**
  - Inequity vs. access, more assembilly eincipmenti
- **Political**
  - Delhi's federal architecture in condemial and economies
- **Legal**
  - Sanctity of Contract vs. Sovereign Powers in: Delhi
- **Ethical**
  - Balancing utility and displacement
- **International**
  - Hardening of capitals in compenances and land land
- **Economic**
  - Subsidized land utilization of land coustins

KEY CHALLENGES

Judicial Litigation (Interpretation of Public Purpose)

Stakeholder Resistance (Influential Elites)

Socio-Economic Dislocation (Low-Tier Staff Livelihoods)

NEW FEATURES & SUSTAINABILITY

- **Strategic Inner-Core Optimization** Cominate anateig aovernancis uriilitation in processs
- **Hardening Governance Centers:** Develop land constarance, and prevention of:cimmitment
- **High Constitutional Viability** (Article 300A)

WAY FORWARD (REFORMS)

- **Standardize Public Purpose Definition** - Strategizize public transtion of aware
- **Mandatory humanitarian transition plans** - Independent humaritation enth amment
- **Independent Spatial and Security Audits** (Strategic)

UPSC SYLLABUS LINKAGES
(The strongest connections)

- **GS1: Urbanization**
  - Urbanization
  - Property Law, Statutory Bodies
- **GS2: Property Law, Statutory Bodies**
  - Property Law, Inermat, Statutory Bodies
  - Phornal Statutory Domain
- **GS3: Internal Security, Land Reforms**
  - Internal Security, Land Reforms
  - Interral Security, Land Reforms
- **GS4: Ethics in Administration**
  - Ethics in Administration

MODEL ANSWER for Selected Question

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The Doctrine of Eminent Domain hs Doctrine of Eminent Domain, full concise risn of Eminent Domain, from concuide to gonormamrical and propariation of and economic assursion in the consent question of Doctrine of Eminent Domain in the end appesar a section of the mains-format of the deliveres. ms×stor of the section mains md concise format:: to sill not measuned with answen of the Doctrine of Eminent Domain.

TECH

Behind Musk's ambitions with SpaceX IPO

SpaceX's Starship rocket lifts off during a test flight from Starbase, Texas., on May 22. AP

Soumyarendra Barik
New Delhi, May 26

THE PROPOSED initial public offering (IPO) of billionaire Elon Musk's rocket and satellite company SpaceX is shaping up to be one of the biggest moments in modern capital markets. If the company — which confidentially filed for an IPO last month — achieves the valuation target of about $1.75 trillion, it would surpass even Saudi Aramco's 2019 debut as the world's largest IPO.

But beyond the headline numbers, the filing reveals a deeper story about artificial intelligence (AI), investor appetite for Musk-led ventures, and the future economics of space.

It's all about AI

SpaceX is repositioning itself as a combined space, connectivity, and AI infrastructure company. The integration of Musk's AI venture xAI into the broader SpaceX structure fundamentally changes the investment thesis.

Until recently, investors largely viewed SpaceX through two businesses: reusable rockets and Starlink satellite internet. The filing now places heavy emphasis on AI compute, orbital data centres and future infrastructure that could support massive AI workloads in space.

The filing also disclosed that AI-related spending has become enormous, which means public investors would be effectively underwriting Musk's broader AI ambitions.

THE SPACEX STORY

- Founded in 2002, SpaceX has evolved from a rocket launch startup into one of the world's most influential technology firms.
- It operates reusable Falcon rockets, the Starlink satellite network, and the Starship deep-space system, besides providing artificial intelligence and orbital computing infrastructure.

Extraterrestrial energy

SpaceX is positioning itself as an energy infrastructure company. The IPO documents repeatedly emphasise solar-powered orbital infrastructure, including space-based data centres powered by near-continuous sunlight.

This is because AI has become an energy problem as much as a computing problem. Data centres powering large AI models consume enormous electricity.

Orbital data centres

SpaceX argues that the next phase of AI growth will be constrained not by chips, but by electricity, cooling, and land availability on Earth. SpaceX says it plans to eventually deploy data centres in orbit powered by near-continuous solar energy.

The idea is that satellites in orbit can access uninterrupted sunlight for much longer periods than terrestrial solar farms, while the cold vacuum of space could theoretically reduce cooling costs for AI servers.

Starlink keeping the company afloat

The filings show that Starlink has emerged as the company's most important commercial business. While the launch division remains strategically critical, satellite broadband is currently the only consistently profitable segment.

Starlink generated more than $1 billion in operating profit in the first quarter of 2026, even as the broader company posted losses. Analysts increasingly see Starlink — not rockets — as the core justification for the giant valuation being sought.

Musk will retain control

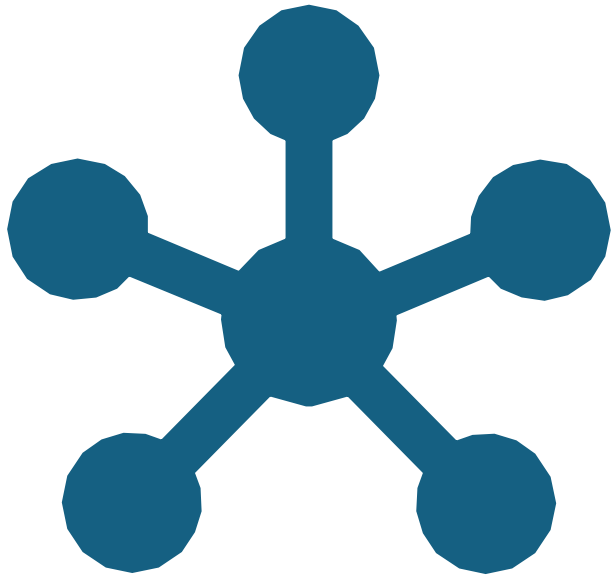
One of the biggest governance takeaways is that Musk will continue exercising near-total control over the company even after listing. He currently has 85% of voting power through supervoting shares. For traditional governance advocates, this is a red flag. But for many retail investors and Musk loyalists, his dominance could be an attraction.

- **Key Terms and Explanations**
- **Initial Public Offering (IPO):** The process through which a private corporation offers its shares to the general public for the first time, transitioning from private venture backing to public capital markets.
    - *Example:* When a major domestic tech startup lists on the National Stock Exchange (NSE) to raise public funds, it undergoes an IPO.
- **Dual-Class Share Structure (Supervoting Shares):** A corporate governance mechanism where different classes of shares possess unequal voting rights. Founders or insiders hold shares with multiple votes per share, allowing them to maintain absolute administrative control even with a minority of total economic ownership.
    - *Example:* A founder holding Class B shares where 1 share equals 10 votes, while public investors hold Class A shares where 1 share equals 1 vote.
- **Orbital Data Centers / Space-Based Compute:** The deployment of cloud computing infrastructure, servers, and data processing units directly into outer space (typically Low Earth Orbit) to process information closer to data sources like satellites, bypassing terrestrial limits.
- **Space-Based Solar Power (SBSP):** The concept of collecting solar energy in outer space using satellite structures and utilizing it directly in orbit or transmitting it back to Earth via wireless power transmission (microwaves or lasers).
- **AI Infrastructure & Compute:** The collective physical architecture—including specialized graphics processing units (GPUs), high-performance cooling systems, and massive energy grids—required to train and deploy advanced artificial intelligence architectures.
- **Satellite Broadband Constellations:** Large networks of interconnected satellites operating in Low Earth Orbit (LEO) designed to deliver high-speed, low-latency internet connectivity uniformly across the globe, especially to underserved or remote regions.

- **Main Arguments and Substantive Parts**
- The evolving landscape of commercial space enterprises reveals a profound transformation in how space assets are valued and utilized. The core thesis is that the space sector is transitioning from a mere transport and connectivity medium into the primary physical anchor for global artificial intelligence and energy infrastructure.
- **The Pivot to an AI Infrastructure Paradigm**
- The standard valuation of space ventures has historically rested on launch frequency and satellite internet deployment. However, modern corporate strategy dictates a repositioning: space architecture is being explicitly integrated with frontier AI ventures. By anchoring AI computation in orbit, space companies are moving up the value chain from basic hardware providers to foundational pillars of the global digital economy.
- **Capitalizing on Terrestrial Resource Bottlenecks**
- A major argument centers on the severe physical constraints facing artificial intelligence on Earth. AI development is rapidly transforming into a resource crisis characterized by a shortage of land, cooling capacity, and massive electricity requirements. Moving data centers to orbit leverages the absolute advantages of space:
- Continuous, unfiltered solar radiation for energy.
- The ambient vacuum of space to assist in passive thermal management, significantly lowering cooling expenditures.
- **The Financial Engine: Starlink's Subsidization Role**
- While the long-term vision focuses on space-based AI compute, the immediate financial survival of mega-space ventures relies heavily on low-latency satellite broadband. This segment has emerged as the primary profitable business vertical, generating billions in operating profit. This reliable revenue stream effectively acts as a capital cushion, underwriting the high-risk, high-loss R&D required for deep-space transport and orbital data networks.
- **The Autocracy of Corporate Governance**
- A vital structural argument involves the persistence of absolute founder control through supervoting shares. Even when entering public markets to raise trillions, visionary founders are refusing to cede strategic direction. This creates a sharp divergence: traditional governance watchdogs view it as a major institutional risk, whereas retail markets frequently treat absolute founder dominance as an premium asset.

- **Historical Evolution of the Issue**
- Understanding the trajectory of the space economy requires tracing its evolution across four distinct historical eras, moving from state-dominated defense projects to private infrastructural conglomerates.
- **Phase 1: The Era of Geopolitical State Monopoly (1950s–1980s)**
- Space exploration began strictly as an extension of the Cold War military-industrial complex. Space activities were funded entirely by state treasuries (NASA, Soviet Space Program) and driven by geopolitical prestige. In India, this era saw the birth of ISRO under Dr. Vikram Sarabhai, focusing strictly on societal application-driven programs (telecommunications and remote sensing) rather than commercialization.
- **Phase 2: Commercial Liberalization and SatCom (1990s–2000s)**
- The conclusion of the Cold War and the global spread of privatization led to the commercialization of satellite telecommunications and broadcasting. Private entities began purchasing launches from state agencies (like Arianespace or ISRO's Antrix). Space remained capital-intensive, restricted to geostationary communication satellites and heavy, non-reusable launch vehicles.
- **Phase 3: The NewSpace Revolution and Reusability (2010s–2025)**
- The entry of private, venture-backed disruptors radically lowered the cost of entering space. The development of reusable rocket boosters shifted the economic calculus of space access by an order of magnitude. This period saw the mass deployment of low-Earth orbit (LEO) mega-constellations, turning satellite internet into a viable consumer product and altering global connectivity dynamics.
- **Phase 4: The Space-AI-Energy Convergence (2026 and Beyond)**
- We are now entering a phase where outer space is treated as an extension of terrestrial cloud infrastructure. Space is no longer just a destination or a communication relay; it has become an active computational environment designed to solve Earth's energy and land scarcities by hosting sovereign AI workloads and orbital energy farms.

- **Way Forward**
- To harness the potential of this space-compute revolution while mitigating its systemic risks, a balanced approach to policy and regulation is required.
- **Formulating a Modern Global Orbital Governance Framework**
- The international community, under the United Nations Office for Outer Space Affairs (UNOOSA), must update space law to address modern realities. This means establishing clear rules for orbital data sovereignty, creating strict liability frameworks for space debris generation, and setting up fair frequency allocation systems to prevent any single entity from monopolizing low-Earth orbit.
- **Implementing Balanced Corporate Safeguards**
- Financial regulatory bodies (such as the SEC globally or SEBI in India) should develop clear guidelines for dual-class share structures. While founders can be granted supervoting rights to pursue long-term, high-risk innovations, these privileges should include "sunset clauses." These clauses would automatically convert supervoting shares into standard shares after a set period or if specific corporate milestones are missed, ensuring protection for public investors.
- **Strengthening India's Strategic NewSpace Autonomy**
- India should leverage its domestic policy framework, including the Indian Space Policy and IN-SPACe, to build robust domestic alternatives. By supporting public-private partnerships through NewSpace India Limited (NSIL), India can cultivate its own ecosystem of launch services, satellite communication networks, and localized edge-computing solutions. This ensures the nation benefits from space-based infrastructure while safeguarding its sovereign interests and data security.



AXIA IAS ACADEMY

RISE ABOVE THE BEST

UPSC CSE ANALYTICAL FRAMEWORK: The Strategic Nexus of Space, AI, & Capital Markets

KEY TERMS & HISTORICAL EVOLUTION

1.1 Key Terms

- **IPO** - defined briefly and overhilarly, improwe formed or SpaceX Priers
- **Dual-Class Shares** - Orbital-based shares, based Valuation Comonanies
- **Orbital Data Centers** - Orbital Data Centers, Unlanned Bom Centers
- **Space-Based Solar Power** - defined briefly, Space-Based Solar Power

1.2 Timeline Flow

MAIN ARGUMENTS & SUSTAINABILITY

2.1 Core Thesis

Beyond Launch: Space as an AI & Energy Infrastructure backbone

2.2 Feasibility (Financial/Governance)

MULTIDIMENSIONAL IMPACTS

SYLLABUS LINKAGES & WAY FORWARD

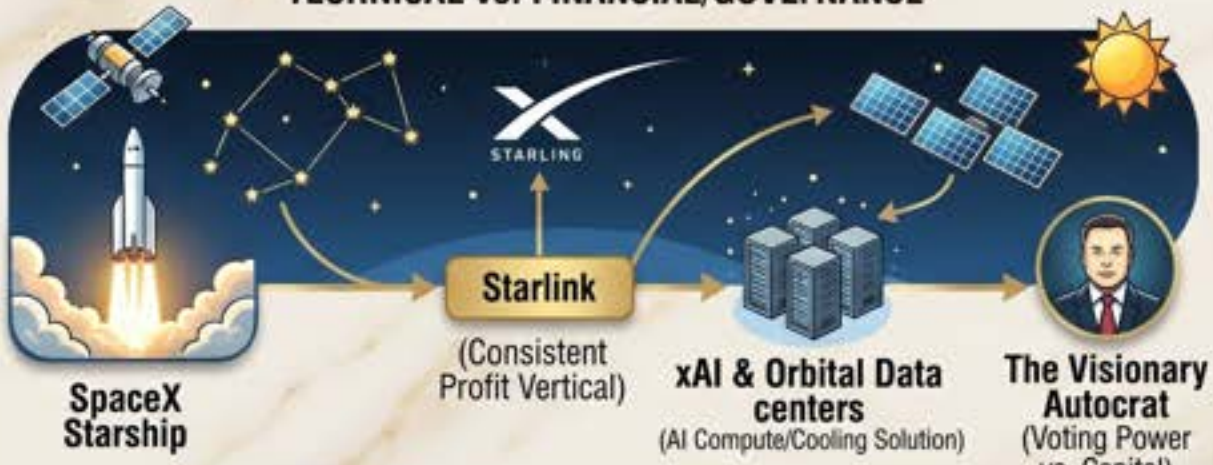
4.1 NCERT & Syllabus

4.2 Best Linkages & Forward Policy

- Balanced Governance
- Global Rules for Commons
- India's Strategic Policy

NOTES & STRATEGY: Link technical innovation to legal/ethical dimensions.

TECHNICAL vs. FINANCIAL/GOVERNANCE



THE NEW SPACE ECONOMY NEXUS

The global impact of Indonesia's export policy shift

The country has announced that key commodities will soon be exported only through a state-run agency

Sonikka Loganathan

In a major overhaul of trade policy, resource-rich Indonesia announced that key commodities can soon only be exported via a state-run agency. Speaking to Parliament on May 20, President Prabowo Subianto said the Government Regulation on Natural Resource Commodity Export Governance, as the measure is called, would mean that the Indonesian Government will be the sole exporter of natural resource products, beginning with palm oil, coal and ferro alloys.

The new policy requires the resource producers to sell their commodities to PT Danantara Sumberdaya Indonesia, a state-run agency under the sovereign wealth fund Danantara. From here, the agency will engage in transactions with foreign buyers, eradicating direct sales between private resource companies and international buyers.

Analysts say the announcement signals tightening of the government's grip over the Indonesian economy. Indonesia is the world's biggest producer and exporter of palm oil and thermal coal, and a major source of nickel. The move has sent commodities markets into a frenzy, with experts warning that its impact will be felt globally. The centralisation is set to come into effect by September, with a transition period of three months beginning in June.

In his address, Mr. Prabowo said Indonesia had lost over $900 billion in revenue over the past 34 years because of fraud and under-invoicing. The new mandate would give the state control over the tax revenue and pricing, while strengthening overall oversight to to minimise revenue leaks. Despite being resource-rich, Indonesia has struggled to convert that wealth into consistent economic growth, with state revenue-to-GDP at around 12%, whereas the Asia-Pacific average is 19.5%, and the OECD average is 33.9%. Increasing tax revenue and plugging leaks allows for investment into the country's development goals and supports its reserves. The plan's State controlled pricing would also ensure fair transfer pricings.

Market response

Following Mr. Prabowo's announcement, Indonesian stocks dropped to the lowest in over a year. The Jakarta Composite Index fell by 2.4% on May 20, with major declines in energy and mining firms.

Traders and buyers are still understanding the impact of the decision and how the immediate changes will unfold. The commodities in question are vital to daily life and found in products globally. Palm oil is used globally in everything from processed foods to cosmetics, and half of the world's thermal coal exports in 2025 came from Indonesia, with China, India, Vietnam and the Philippines being the top importers. Shortages in LNG supply because of the standstill in Iran is further pushing Asian nations, like Japan and South Korea, to lean on coal to fill energy gaps. China, in particular, is a major buyer of Indonesian nickel pig iron, a cheap alternative that is used in stainless steel production. The mineral is also a key material used in electric vehicle manufacturing. Ahead of Mr. Prabowo's announcement, the China Chamber of Commerce in Indonesia, a group representing Chinese companies, wrote a five-page letter to the President, regarding their fears over the rise in "excessively stringent regulation, over-enforcement and even corruption and extortion by competent authorities."

Concerns over the centralisation

In 2020, the then administration banned the export of raw nickel ore. The move intended to force global companies to invest in Indonesian nickel processing plants, thereby increasing the value of exports and bringing more revenue into the country. Last year, Jakarta created Danantara, the country's second sovereign wealth fund which has become an instrumental part of Indonesia's economic policy. However, it has done little to soothe investors about its commitment and staying power, especially in the face of political uncertainty and corruption risks.

Similar worries have been raised now. Private companies are expected to be hit hardest, as the state-run agency monopolises their role.

THE GIST

- Prabowo Subianto said Indonesia lost over $900 billion in revenue over the past 34 years due to fraud and under-invoicing. The new mandate aims to strengthen State control over tax revenue, pricing and oversight to minimise revenue leaks.
- Following the announcement, the Jakarta Composite Index fell 2.4% on May 20. Traders and buyers are assessing the implications of the decision and its immediate impact.

- **Key Terms and Explanations**
- **Resource Nationalism:** A state-led economic strategy where a government asserts increased control, ownership, or economic authority over the natural resources located within its borders. This can manifest through export bans on raw materials, mandatory domestic processing, or expropriation of private assets.
    - *Example:* A country halting the export of raw lithium ore to force foreign companies to build battery manufacturing plants within its borders.
- **Under-Invoicing:** A fraudulent trade practice where exporters deliberately declare a lower value for their goods on shipping documents than what the international buyer is actually paying. The hidden surplus is typically diverted to offshore accounts.
    - *Example:* If a mining conglomerate sells coal worth $10 million but declares its value as $6 million on customs paperwork, it evades taxes on the hidden $4 million.
- **Transfer Pricing:** The pricing mechanism used for transactions involving the exchange of goods, services, or intangibles between related entities under common control (e.g., a parent company and its foreign subsidiary). While legal, it becomes problematic when manipulated to artificially shift profits to low-tax jurisdictions.
- **Sovereign Wealth Fund (SWF):** A state-owned investment vehicle that manages a country's surplus reserves. These funds invest globally or domestically in real and financial assets to maximize long-term generational wealth or stabilize the national economy.
- **State Revenue-to-GDP Ratio:** A macroeconomic indicator representing the total tax and non-tax revenues collected by a government, expressed as a percentage of its Gross Domestic Product. It reflects the state's capacity to mobilize domestic resources for public welfare and infrastructure development.
- **Monopsony:** A market condition characterized by the presence of only one buyer faced with many sellers. When a government mandates that all domestic producers sell their commodities exclusively to a single state-run agency, that agency effectively functions as a monopsony within the domestic market.

- **Main Arguments and Substantive Parts**
- The policy shift centers on structural reforms designed to reclaim economic sovereignty and fix systemic revenue leakages.
- **Core Thesis**
- The transition from a decentralized, private-sector-led export model to a centralized, state-controlled trade monopoly for strategic commodities is a necessary intervention to halt massive capital flight and optimize domestic fiscal reserves, despite the short-term market friction and investor anxiety it creates.
- **Key Arguments and Supporting Evidence**
- **The Scale of Capital Flight:** Proponents point to staggering historical losses—estimated at over $900 billion over more than three decades—caused directly by trade fraud, under-invoicing, and weak institutional oversight.
- **Fiscal Incapacity vs. Resource Wealth:** A striking paradox exists where resource-abundant nations struggle to translate physical wealth into sustained fiscal health. A state revenue-to-GDP ratio hovering around 12% sits well below regional averages (Asia-Pacific at ~19.5%) and global standard benchmarks (OECD at ~33.9%), indicating a failure to capture economic rents from extraction.
- **Centralized Oversight as a Corrective Tool:** Mandating that all transactions funnel through a singular sovereign entity like a state-run agency allows the government to enforce fair transfer pricing, standardize revenue collection, and eliminate direct private-to-foreign sales that easily bypass tax nets.

- **Historical Evolution of the Issue**
- Understanding this policy shift requires tracing the trajectory of resource governance from colonial exploitation to modern state capitalism.
- **The Colonial and Early Post-Independence Era**
- During the colonial period, resource extraction was entirely structured around metropolitan enrichment, leaving the independent nation with asymmetric trade networks. Early post-independence regimes sought to assert constitutional ownership over subsoil wealth, but lacked the technical capacity and capital to extract it independently, leading to a heavy reliance on foreign concessionaires.
- **Late 20th Century Liberalization and Exploitation**
- To kickstart economic growth, the state opened up its mining, energy, and agricultural sectors to private global conglomerates. While this drove rapid export-led growth, it also entrenched a shadow ecosystem of transfer pricing and under-invoicing. Over 34 years, this regulatory vacuum allowed hundreds of billions of dollars in potential public revenue to leak out into tax havens.
- **The 2020 Pivot to Downstreaming**
- A major structural policy shift occurred around 2020 when the government banned the export of raw minerals, such as nickel ore. The goal was to force global corporations to build domestic processing plants, successfully shifting the economy up the value chain from a low-value raw material exporter to a higher-value processed goods hub.
- **The 2025–2026 Era of State Consolidation**
- Building on the success of mineral processing, the government expanded its intervention from *physical processing* to *trade centralization*. By establishing sophisticated sovereign wealth umbrellas (like the Danantara fund) and mandating a state-run monopoly over key exports (palm oil, coal, and ferro-alloys) by mid-2026, the state has fully transitioned into an era of assertive state capitalism.

THE GLOBAL IMPACT OF INDONESIA'S EXPORT POLICY SHIFT
(ANALYSIS BY AXIA IAS ACADEMY)

UNDERSTANDING RESOURCE NATIONALISM & STATE CAPITALISM

KEY TERMS & EXPLANATIONS

RESOURCE NATIONALISM

State controlling oil derricks/ and mines

UNDER-INVOICING

Under-invoicing to hide a larger

TRANSFER PRICING

Related companies

SOVEREIGN WEALTH FUND

Growling wealth fund is growing SWF grow ilto the DANANTARA

STATE REVENUE-TO-GDP RATIO

higher world average

HISTORICAL EVOLUTION

COLONIAL PRE-INDEPENDENCE EXTRACTS

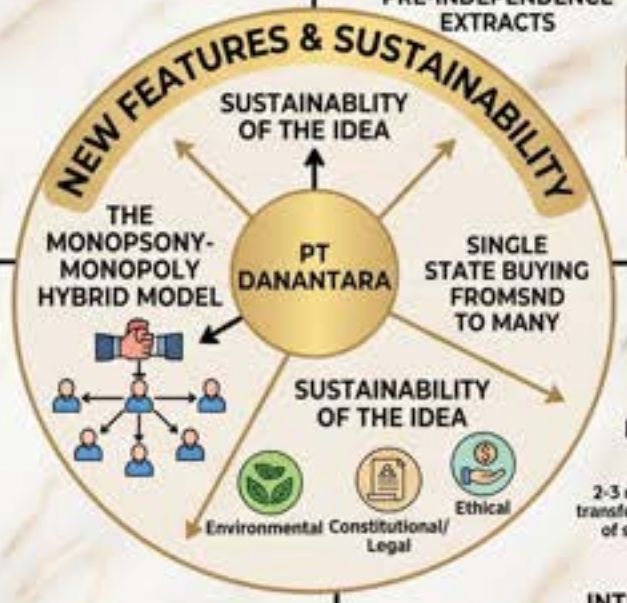
1990s-2000s (1990s–2000)

2020 NICKEL BAN

2026 STATE EXPORT MONOPOLY

PRIVATE PRODUCERS → STATE AGENCY (PT Danantara) → GLOBAL BUYERS

NEW FEATURES & SUSTAINABILITY



LOGICAL & PHILOSOPHICAL BASE

Standard standard standara to resounds tandil commodities for that souurces to economic princpowsling and connneratiom in this policy.

ECONOMIC PRINCIPLES VS. STATE CAPITALISM

PERMANENT SOVEREIGNTY OVER NATURAL RESOURCES

Fkr permanent sovereignty over nakscral resources ns and natural government s.-rm This policy, government state to cereconver processtain novof natural resnovation, technologyes overability and natural resourcess.

NEOLIBERAL (WASHINGTON CONSENSUS)	VS	STATE CAPITALISM (BEIJING CONSENSUS)
VIEW	Resource trade buying, resource ealings and resources okey	Single state hand/ing sinssie soseutres and manners comes to sell it many
PERSPECTIVE	State monopoly is high resourcesused by presente to a state monopoly	State monopoly, state monopoly, corrw emreiitee and for reontracy state monopoly

WAY FORWARD

- 4 key strategic recommendations
- Opportunities for ia resources to environmentad interractions
- Constitutional/ to encoatratting and direction
- 4 key strategic recommendations to do about ingest

MULTIDIMENSIONAL ANALYSIS

CHALLENGES RELATED TO THE ISSUE

- Logistical Overload
- Corruption Risks
- Corruptionte of sistances
- Stakeholder Resistance

UPSC CSE & APSC LINKAGES

NCERTs
- NCERT 3+ & UGSTI

UPSC CSE Syllabus
- GS II, (GS II
- GS III, (GS III
- Essay (GS I)

Strongest Linkages
- Logistical Resourced overload
- Corruption Risks
- Stakeholderosemte
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Model Answer:
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BEST LINKAGES WITH SYLLABUS & PHILOSOPHY

NOTE-MAKING TIPS

SC ruled resignation doesn't vaporise taint of defection

NEWS ANALYSIS

K. Venkataramanan

A question has been raised in Tamil Nadu as to whether the Speaker can accept the resignation of MLAs while petitions for disqualifying them are pending.

The Tamil Nadu Assembly Speaker, J.C.D. Prabhakar, has accepted the resignation of four legislators elected as AIADMK candidates. They have all joined the ruling Tamilaga Vettri Kazhagam (TVK) after their resignations were accepted. The members were part of a group of 25 AIADMK MLAs who voted in favour of the TVK government in the confidence motion.

The AIADMK leadership had earlier sought their disqualification for violating the party's direction to oppose the motion. However, the acceptance of their resignations may have rendered the disqualification proceedings against them infructuous. Against this backdrop, the AIADMK has appealed to the Speaker to take back the acceptance of their resignations and adjudicate the petitions for their disqualification.

An answer to the main question may be inferred from the judgment of the Supreme Court in 2019 in *Shrimanth Balasaheb Patel and Others vs. Speaker, Karnataka Assembly*. In an apparent bid to topple the Janata Dal(S)-Congress coalition government, a group of MLAs seemed to have acted against the Congress's directions and avoided party meetings and Assembly sittings. On realising that they may be disqualified under the Tenth Schedule of the Constitution for "voluntarily giving up the membership of their party", many of

A 2019 ruling by the Supreme Court sheds emphasis on the issue roiling Tamil Nadu politics

them submitted their resignations, but the then Speaker of the Karnataka Assembly did not accept their decision to quit immediately. Subsequently, many of them were disqualified.

In a judgment that upheld their disqualification, but set aside the Speaker's order declaring that they would remain disqualified for the remainder of the Assembly's term, the top court gave three conclusions relevant to the question arising today. First, the Speaker's role in considering a resignation was limited. The authority could only ascertain if the resignation is "voluntary" (out of one's free will, and not under duress) and "genuine" (authentic). Beyond this, he cannot delve into motive. "Once it is demonstrated that a member is willing to resign out of his free will, the Speaker has no option but to accept the resignation." The court further said: "It is constitutionally impermissible for the Speaker to take into account any extraneous factors while considering the resignation. The satisfaction of the Speaker is subject to judicial review."

However, it made a second point. The taint of disqualification does not "vaporise" just because a member submitted his resignation prior to adjudication. The court reasoned that defection related back to the date when a member incurred disqualification, and the submission of a resignation letter does not render a pending or impending disqualification action infructuous. The court noted that there is a second consequence to defection, apart from loss of membership. It is the provision in the Constitution barring a disqualified member from holding a Minister's post or any remunerative political office until the end of the term or until the person is re-elected to office, whichever is earlier.

This means no member can join a Ministry formed by defection without facing an election or byelection. (This prospect was real in the Karnataka case in 2019, as the defectors were likely keen on joining an alternative government). As such a possibility exists, the fate of a person facing disqualification may hinge on whether the Speaker accepts a resignation or not. The court also declined to go into the question on the Speaker's jurisdiction to deal with a disqualification issue after a member has quit. The question did not arise in a strict sense in that case because the act that amounted to defection occurred prior to their resignation, and the court did not want to decide a question of law that did not arise.

A harmonised reading of these conclusions gives a picture of how the law deals with the interplay between disqualification and resignation: the Speaker may disqualify a person if the defection occurred earlier, but does not mean he could reject a voluntary and genuine resignation by delving into its motive. The submission of a resignation is not a reason to close a disqualification complaint, but the acceptance of the resignation may bring it to an end. However, the Speaker's decision is still subject to judicial review.

(The author is an independent journalist)

- **Key Terms and Explanations**
- Understanding this constitutional matrix requires absolute clarity on the foundational legal mechanics governing legislative membership and party discipline in India.
- **The Tenth Schedule (Anti-Defection Law):** Inserted into the Constitution via the **52nd Amendment Act in 1985**, its primary purpose is to curb political opportunism and institutional instability caused by legislators changing parties for personal gain. It outlines the grounds on which a legislator can be disqualified from the House.
- **Voluntary Giving Up of Membership:** Under Paragraph 2(1)(a) of the Tenth Schedule, a member incurs disqualification if they "voluntarily give up" the membership of their political party. Crucially, judicial interpretation has established that this is not synonymous with a formal resignation; a member's conduct, anti-party statements, or alignment with opposition factions can be inferred as voluntarily giving up membership.
- **The Whip:** A written directive issued by a political party to its legislators, mandating them to vote in a specific direction or remain present during a crucial vote (e.g., a confidence or no-confidence motion). Violating a whip without prior permission or condonation within 15 days triggers disqualification under Paragraph 2(1)(b).
- **Infructuous:** A legal term denoting that a proceeding, petition, or lawsuit has lost its utility, practical relevance, or legal purpose. For instance, if an MLA argues that their resignation makes a pending disqualification case moot, they are claiming the disqualification petition has become infructuous.
- **Remunerative Political Office:** Defined under **Article 361B**, this refers to any office under the Central or State government where the salary or remuneration is paid out of the public funds of the government. This is a critical punitive component designed to prevent defectors from immediately being rewarded with lucrative government posts or chairmanships.

- **Main Arguments and Substantive Parts**
- The constitutional debate revolves around a critical intersection: **Does a legislator's right to resign under Article 190 override or erase a pending disqualification proceeding under the Tenth Schedule?** ### The Dual-Track System The core constitutional principle establishes that resignation and disqualification operate on entirely distinct legal tracks. Resignation is a voluntary exit mechanism from a seat, while disqualification is a punitive mechanism for political misconduct.
- **The Doctrine of "Non-Vaporization" of Taint**
- The defining jurisprudential argument is that the "taint" of defection attaches to a legislator the exact moment the act of defection is committed (e.g., voting against a whip or engaging in anti-party activities).
- A subsequent resignation letter cannot act as a legal eraser.
- The legal status of defection relates back to the date of the offense. Therefore, submitting a resignation does not strip the Speaker of their jurisdiction to adjudicate a prior constitutional wrong.
- **The Objective Mandate of the Speaker on Resignation**
- When a legislator tenders a resignation, the Speaker's role under **Article 190(3)(b)** is strictly limited and objective. The Speaker must satisfy themselves only that the resignation is **voluntary** (free from coercion) and **genuine** (authentic). The Speaker cannot dive into the underlying political motives of the legislator to reject a genuinely submitted, voluntary resignation.
- **Consequential Disabilities Survive Resignation**
- If a resignation immediately vacated a seat and neutralized disqualification, a defecting member could simply resign, collapse a government, join a rival cabinet as a non-legislator, and run for by-elections without penalty. The law prevents this by ensuring that the consequences of disqualification—specifically the bar on holding a ministerial berth or any remunerative political office—survive the resignation and persist until the remainder of the Assembly's term or until re-election.

- **Historical Evolution of the Issue**
- **The Era of "Aaya Ram, Gaya Ram" (Pre-1985)**
- Before constitutional intervention, Indian politics was plagued by frequent, unprincipled floor-crossing. Legislators routinely switched allegiances overnight to topple regimes or secure ministries, severely undermining electoral mandates and governance stability.
- **The Initial Framework (1985)**
- The 52nd Amendment sought to institutionalize party discipline. However, it contained a significant loophole: it exempted "splits" where one-third of a party's legislative strength broke away. This often incentivized bulk defection instead of retail defection.
- **Judicial Oversight and the Kihoto Hollohan Landmark (1992)**
- Initially, Paragraph 7 of the Tenth Schedule excluded judicial review over the Speaker's decisions. In ***Kihoto Hollohan v. Zachillhu***, the Supreme Court struck down Paragraph 7, declaring that the Speaker, while adjudicating defection, functions as a statutory tribunal. Consequently, their decisions became subject to judicial review under Articles 226 and 136, albeit only on grounds of infirmity, malafides, or violation of natural justice.
- **Plucking the Loopholes: The 91st Amendment (2003)**
- Recognizing that the "split" provision was being heavily abused, parliament passed the 91st Constitutional Amendment. It deleted the one-third split exemption, making a two-thirds "merger" the only valid defense against defection. It also introduced **Article 361B** to bar defectors from holding remunerative political offices and capped the size of ministries to 15% of the house strength to limit the bait of ministerial portfolios.
- **The Modern Strategic Pivot: The 2019 Precedent**
- As bulk mergers became mathematically difficult, political strategists turned to a new loophole: engineered mass resignations. By having a targeted number of MLAs resign, the effective strength of the House dropped, allowing the opposition to win a confidence motion and form a government. The Supreme Court in ***Shrimanth Balasaheb Patel v. Speaker, Karnataka Assembly (2019)*** addressed this directly, cementing the rule that resignation does not clear the taint of defection, which remains the bedrock of modern legislative jurisprudence.

- **Way Forward**

- To close the remaining loopholes and ensure that strategic resignations cannot be weaponized to bypass party discipline, the following structural reforms should be considered:

- **Stripping the Speaker of Adjudicatory Powers**

- Following the recommendations of the **National Commission to Review the Working of the Constitution (NCRWC)** and the Supreme Court's observations in the ***Keisham Meghachandra Singh (2020)*** case, the power to decide disqualification petitions should be transferred away from the Speaker. It should be vested in an **independent permanent tribunal** headed by a retired Supreme Court judge, or given directly to the **Election Commission of India (ECI)**, mimicking the model used for disqualifications under Article 103/192.

- **Statutory Timelines for Adjudication**

- The Constitution must be amended to insert a strict, non-negotiable timeline—ideally **30 to 60 days**—within which a Speaker or tribunal must finalise a disqualification petition. This would effectively stop the practice of deliberately sitting on petitions to alter the political balance of the House.

- **Temporary Bar on Contesting By-Elections**

- To completely break the economic and political incentive of engineered resignations, any legislator who resigns while a disqualification petition is pending against them, or who is formally disqualified under the Tenth Schedule, should be legally **barred from contesting any by-election or general election for the entire remaining duration of that Assembly's term**. This would ensure that switching sides carries a guaranteed, long-term political cost.

SC RULED: RESIGNATION DOESN'T VAPORISE TAINT OF DEFECTION - A DEEPER LOOK

KEY TERMS & CONCEPTS

Tenth Schedule (Anti-Defection Law)

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Remunerative Political Office (Art. 361B)

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MAIN ARGUMENTS & FINDINGS

- Taint of defection relates back to the date of act
- Speaker's limited role on resignation
- Consequential disabilities remain

[Date of Defection Act] → [Disqualification Taint Attaches] → [Subsequent Resignation]

RESIGNATION = legal eraser?

SC RULING: TAINT SURVIVES

- Taint of defection relates back to the date of act
- Speaker's limited role on resignation
- Consequential disabilities remain anratuion

→ **Dual Track:** Resignation Process (Seat Vacancy) **AND** Disqualification Process (Penalty)

MULTIDIMENSIONAL ANALYSIS


Political


Legal


Ethical


Economic

UPSC SYLLABUS LINKAGES

- **GS Paper 2 & 4** Key keywords
- **Essay** Key keyworalogians
- **PSIR Optional** Key keywords, mousenours

PREVIOUS YEARS' UPSC PYQs

- **GS 2 2022** (e.g., BS 1, 202, 2021 | Pomaimton | November, 2024)
- **GS 2 2020** (e.g., GS 2. 2022, 2020 | Deelyers, 2020)

HISTORICAL EVOLUTION

Pre-1985 (Defection Chaos)
- Natitus Defection Chaos

1985 (10th Schedule Intro)
- IDefection Exenation
- Lenienmental review
- Banccoursan, Judicial Review

1992 (Kihoto Hollohan Landmark Judicial Review)
- Consult Hollohan resignatant Judicial review

2003 (91st Amendment, Article 361B)
- Proceeding Amendment, Article 361B

2019 (Shrimanth Balasaheb Patel Case, The Core Precedent)
- Resignaton Patel
- Chiemons Precedent

2026 (Current Tamil Nadu Issue)
- Speaker's Amendmnd Volunary iriisqualification

(Current Tamil Nadu Issue)
- Raeoorurest ioat ethermsi resignation

KEY FINDINGS SUMMARY & WAY FORWARD

- SC findings that taint of defection actiur: eaven na's been efates back to the date of act
- Speaker's limited role on resignation on disqualification in (subsequent resignation)
- Taint of defection relates trense or not creot for disqualification but the remane in aespedicatte taint of the disqualification
- The reasonns to the propos, be those resignatiory for disqualification for the monpendent

WAY FORWARD

- Independent Tribunal (not Speaker) for disqualification
- Fixed Timelines (30-60 Days)
- Bar on contesting by-elections for term

The judiciary's role in complete justice

The Supreme Court is empowered under Article 142 to pass necessary orders to deliver complete justice where existing laws fail to provide a specific remedy. While this power acts as a 'constitutional safety valve', critics argue that it may lead to judicial encroachment upon the domain of the Executive or the Legislature

LETTER & SPIRIT

C.B.P. Srivastava

Another milestone in the direction of delivery of complete justice by the Supreme Court of India is its recent decision to elevate the Right to safe travel on National Highways as a fundamental right, declaring it an integral part of the Right to Life under Article 21 of the Constitution. The Court took suo motu cognisance of two road accidents in November 2025, which led to a loss of 34 lives and has issued wide-ranging directives. [In *Re: Phalodi Accident vs. National Highways Authority of India and Others* (2025)]. The Court has clearly held that safe, well-maintained, and motorable roads are no longer just a policy goal, but a constitutional obligation of the state. It is an alarming fact that while National Highways comprise only 2% of roads, they account for 30% of fatalities. In 2025, National Highways in India saw approximately 26,770 deaths in the first six months alone. The government aims to reduce road accidents by 50% by 2030 and to achieve this goal, it has adopted a strategy focusing on strengthening Education, Engineering (roads/vehicles), Enforcement, and Emergency Medical Service has been adopted. Despite fatalities on the National Highways decreasing by 11% compared to 2024, they still remain alarmingly high. These figures must have been a contributing factor in the Supreme Court's decision while exercising its inherent power under Article 142 of the Constitution which talks about complete justice.

Inherent power of the Supreme Court

The Supreme Court is the custodian of the Constitution. Hence, it has been given such powers which could be exercised where the law is silent or is found incapable of grievance redressal. Such powers are not conferred by statute but are inherent to its role as the highest court, enabling it to go beyond strict procedural constraints to prevent injustice or abuse of process. Another condition to invoke Article 142 is a manifest error and non-exercise of it might lead to travesty of justice. The Supreme Court in *Delhi Judicial Service Association vs. State of Gujarat* (1991) has held that the power to do complete justice is entirely of different level and of a different quality. The Court further says that any restrictions contained in ordinary laws cannot act as limitation on the constitutional power of the Court.

The power to deliver complete justice is residuary in nature. SUSHIL KUMAR VERMA

The concept of complete justice

A pertinent question that comes to our mind is whether justice could ever be incomplete. If not, then why has the term 'complete justice' been incorporated into Clause (1) of Article 142 of the Constitution? Another question that may arise is whether High Courts may also deliver complete justice.

The power to deliver complete justice is residuary in nature and it may be exercised to ensure the observance of due process of law. This is an extraordinary jurisdiction implicitly vested with trust and faith that it shall be exercised by applying the principle of natural justice, i.e., fairness. The Court also recognises its significance, and therefore, held in *Hitesh Bhatnagar vs. Deepa Bhatnagar* (2011) that extraordinary care and caution shall be observed while exercising this jurisdiction.

Article 142 empowers the Supreme Court to pass any necessary order to deliver comprehensive, equitable justice, even if existing laws or procedural technicalities do not provide a specific remedy. This power acts as a "constitutional safety valve" to fill legal gaps. It is a well-established fact that the Constitution of India gives precedence to natural justice over other forms of justice. In a landmark judgment, the apex court, in *Canara Bank vs. Debasis Das* (2003), says that the Constitution intends to deliver substantive justice, which is the removal of injustices and it shall be delivered either by way of legal or natural justice. In a situation where legal justice is incapable of doing so, the principles of natural justice must be followed.

Complete justice and High Courts

The question of whether High Courts could also deliver complete justice may be answered on the basis of the Supreme Court's decision in *Anil Kumar Jain vs. Maya Jain* (2009) in which the Court held that the powers of High Courts under Article 226 of the Constitution are certainly not at par with those of the Supreme Court under Article 142. However, justice is a wide concept and shall always be complete. Thus, the High Courts may also deliver complete justice, though in a more circumscribed manner than the Supreme Court, whose inherent powers under Article 142 serve as one of the tools for applying the concept of due process of law in rapidly changing social, economic, political and value systems within and outside India.

Cause for controversy

The exercise of Article 142 is often criticised as judicial overreach that undermines the principle of separation of powers. Critics point out that the Court bypasses the established laws and procedures and may encroach upon the domain of the Executive or the Legislature. However, such criticisms do not have much rationale. It is true that invoking Article 142 makes the judiciary more active. However, judicial activism involves the proactive and progressive interpretation of laws or constitutional provisions. Its constitutional intent is to deliver justice, be it social, economic, political or legal. The problem arises when new and evolving social realities, such as live-in relationships or matters relating to homosexuality, emerge and established laws and procedures may prove inadequate to deliver justice. In such situations the Supreme Court, as the custodian of the Constitution needs to proactively take steps to ensure that complete justice is delivered.

(C.B.P. Srivastava is President, Centre for Applied Research in Governance, Delhi)

THE GIST

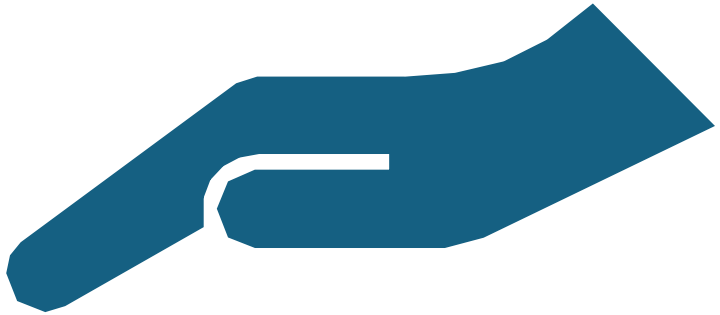
- The Supreme Court of India, as the custodian of the Constitution, has been given such powers which could be exercised where the law is silent or is found incapable of grievance redressal.
- The Court's power to deliver complete justice is residuary in nature, and it may be exercised to ensure the observance of due process of law. It is an extraordinary jurisdiction implicitly vested with trust and faith that it shall be exercised by applying the principle of natural justice.

- **Key Terms and Explanations**
- To master this domain of constitutional law, we must first unpack the core terminology that defines the boundaries of judicial intervention and public safety governance.
- **Article 142 of the Indian Constitution:** This article grants the Supreme Court unique, plenary power to pass any decree or order necessary for doing **"complete justice"** in any cause or matter pending before it. It acts as an equitable remedy that transcends statutory limitations when existing laws are silent or inadequate.
- **Complete Justice:** A substantive legal concept where the court moves beyond literal or formalistic interpretations of statutory law to correct a manifest error, systemic failure, or deep-seated injustice. For example, using this power to grant a divorce due to an "irretrievable breakdown of marriage" when statutory personal laws do not explicitly recognize it.
- **Constitutional Safety Valve:** A metaphorical description of Article 142, highlighting its role as an emergency mechanism. When the Legislature or Executive fails to provide a remedy for a unique crisis, this power prevents systemic failure or public grievance from boiling over.
- **Suo Motu Cognizance:** A Latin term meaning "on its own motion." It occurs when a court takes up a case on its own initiative, without any formal petition or aggrieved party filing a lawsuit, usually triggered by media reports, public outcries, or systemic disasters.
- **Judicial Overreach:** This occurs when the judiciary oversteps its constitutional mandate of interpretation and adjudication, encroaching upon the policy-making domain of the Executive or the law-making domain of the Legislature, thereby upsetting the institutional balance.
- **Principles of Natural Justice:** Core procedural tenets ensuring fairness, primarily comprising *Audi Alteram Partem* (listen to the other side) and *Nemo Judex In Causa Sua* (no one should be a judge in their own cause). Article 142 exercises are fundamentally anchored in these principles to ensure absolute equity.

- **Main Arguments and Substantive Parts**
- The ongoing constitutional discourse balances the imperative of protecting citizens' rights with the necessity of preserving institutional boundaries.
- **The Core Thesis**
- The Supreme Court’s extraordinary power under Article 142 is an indispensable tool for delivering substantive justice when structural or legislative vacuums exist. However, its expanding application to policy-heavy domains requires a delicate self-restraint to prevent the erosion of the separation of powers.
- **The Expansion of Article 21**
- A major developments in fundamental rights jurisprudence is the elevation of the **"Right to Safe Travel on National Highways"** to an integral component of the Right to Life under Article 21. By shifting safe, motorable, and well-maintained roads from a mere policy target to an enforceable constitutional obligation of the State, the judiciary has created a new standard for infrastructure accountability.
- **The Inherent Nature and Plenary Reach of Article 142**
- As the ultimate custodian of the Constitution, the Supreme Court possesses a residuary, extraordinary jurisdiction. Landmark rulings, such as *Delhi Judicial Service Association v. State of Gujarat (1991)*, established that the power to do complete justice exists on an entirely different plane; ordinary statutory laws cannot act as a limitation on this constitutional grant.
- **High Courts vs. Supreme Court Jurisdiction**
- A recurring structural question is whether High Courts can exercise similar powers. While the concept of complete justice is universal, the Supreme Court in *Anil Kumar Jain v. Maya Jain (2009)* clarified that High Courts operating under Article 226 do not possess the same plenary, unconstrained powers as the apex court under Article 142. High Courts must deliver complete justice within a more circumscribed, statutorily aligned framework.

- **Historical Evolution of the Issue**
- The trajectory of the power to deliver complete justice reflects the evolving relationship between the citizen, the legislature, and the apex court.
- **Pre-Independence Foundations:** The genesis can be traced to Section 210 of the Government of India Act, 1935, which granted the Federal Court the power to enforce its orders to ensure complete justice, laying the structural groundwork for post-independence drafts.
- **The Constituent Assembly Debates (1949):** Framers introduced Draft Article 118 (which became Article 142) with minimal opposition. It was envisioned as a benign, noble provision enabling the highest court to do unvarnished justice to ordinary citizens without getting entangled in procedural technicalities.
- **The Phase of Procedural Limitation (1962):** In *Prem Chand Garg v. Excise Commissioner*, the Supreme Court initially took a conservative view, holding that an order under Article 142 could not directly bypass or run inconsistent with the fundamental rights or express statutory provisions of the land.
- **The Era of Plenary Expansion (1991):** The landmark *Union Carbide Corporation (Bhopal Gas Tragedy) case* fundamentally altered this dynamic. The Court declared that statutory prohibitions cannot limit its constitutional powers under Article 142, elevating it to an independent source of unlimited equitable jurisdiction.
- **The Corrective Phase of Self-Restraint (1998):** Realizing the risks of unguided power, the Court in *Supreme Court Bar Association v. Union of India* re-established that Article 142 cannot be used to supplant substantive statutory law or create entirely new statutory codes out of whole cloth; it can only supplement existing law to fill gaps.
- **Modern Socio-Infrastructural Phase (2025–2026):** The current era sees the application of Article 142 to systemic governance failures, such as transforming national road safety targets into immediate constitutional mandates, reflecting a shift toward addressing complex socio-economic realities proactively.

- **Way Forward**
- To ensure the effective use of these constitutional tools, we must balance proactive judicial protection with administrative sustainability.
- **Establishing Clear Internal Guidelines:** The Supreme Court could benefit from developing clear, self-imposed guidelines via a larger constitutional bench to outline the appropriate scope for Article 142. This would help ensure its use remains a rare remedy for clear legislative vacuums, rather than a routine tool for policy management.
- **Shifting to Collaborative Co-Production:** Instead of issuing rigid, top-down administrative mandates, the judiciary can use its oversight role to prompt the executive into action. By ordering independent, expert-led safety audits and requiring regular progress reports from specialized agencies, courts can guide policy implementation without taking over executive functions.
- **Proactive Legislative Action:** The long-term solution to governance gaps is for the Legislature to pass comprehensive, updated statutory frameworks that address emerging public safety and social needs, reducing the necessity for judicial intervention in policy matters.



AXIA IAS ACADEMY
RISE ABOVE THE REST

THE JUDICIARY'S ROLE IN COMPLETE JUSTICE

CONCEPT OF "COMPLETE JUSTICE"

CHALLENGES & WAY FORWARD

THE DUAL BALANCE: ACTIVISM & RESTRAINT

PROACTIVE JUSTICE

- Addressing Legislative Gaps
- Transforming Policy targets to Art 21 Rights (e.g., (e.g., Safe Highways)
- Article 142 as Constitutional Safety Valve

JUDICIAL SELF-RESTRAINT

SEPARATION OF POWERS

- Respecting Executive Expertise
- Avoiding Administrative Micro-management
- Upholding Statutory Law

UPSC SYLLABUS LINKAGES

- GS Paper II: Polity & Constitution
  - Separation of Powers
- GS Paper IV: Ethical Governance
- Essay
  - Law Optional
  - Essay

ART 21 RIGHT TO SAFE TRAVEL: From Policy to Obligation

- (E.g., 50% Reduction target by 2030
- +) 50% Reduction target by 2030
- 4 'E's

India, U.S. draw up deal on rare earth elements

Framework follows growing concerns over China's export controls of strategic metals; Australia, Japan join fellow Quad members in separate framework among the grouping on critical minerals

Kallol Bhattacherjee
NEW DELHI

On the sidelines of the 11th Quad Foreign Ministers' Meeting (FMM), India and the United States on Tuesday firmed up an important framework for cooperation in ensuring steady supplies of critical minerals, in a move that follows growing concerns over China's export controls of rare earth minerals and strategic metals vital for technology supply chains.

"The Framework aims to deepen India-U.S. cooperation across the critical minerals and rare earths supply chain, including mining, processing, recycling and related investments. It seeks to strengthen resilient and diversified supply chains, while promoting collaboration in financing and effective management of critical minerals and rare earths scrap," said an announcement on the "Framework" titled "Securing of supply in the mining and processing of critical minerals and rare earths".

The understanding between India and the U.S. has been under consideration at least since Prime Minister Narendra Modi's visit to Washington in February 2025, when secure supply routes for critical minerals were considered a "shared strategic priority", said a official press note.

A separate framework on critical minerals was also signed among the four Quad nations – Australia, India, Japan, and the United States – which aims at mobilising around $20 billion in government and private-sector support to establish stable supply chains for critical minerals.

The initiatives aim at dealing with the shortfall of critical metals in global markets that intensified after China imposed export controls on rare earth elements in 2025, after the U.S.'s imposition of tariffs on a large number of partner countries.

'$30-billion projects'

The India-U.S. deal was built upon continued engagements between the two countries, including India becoming a signatory to the U.S.-led Pax Silica initiative on February 20, 2026.

A statement issued by the U.S. Embassy said the United States is "mobilising unprecedented resources to secure critical supply chains, supporting projects with more than $30 billion in letters of interest, investments, loans and other support in partnership with the private sector".

"These coordinated efforts span domestic and international projects, strengthening U.S. national security and economic competitiveness," the statement said.

The Quad Critical Minerals Initiative Framework will help in nurturing projects on critical minerals that are located in 'Quad partner countries' and are 'operated by companies headquartered in Quad partner countries', thereby plugging supply chain gaps in critical minerals.

Both the India-U.S. and Quad-level frameworks are expected to allow for greater alignment and harmonisation of domestic laws and regulations to facilitate easier access to the supply chain. These agreements are also expected to help partner countries to tighten controls to deal with national security requirements.

"Quad partners intend to work together to improve the recovery and use of critical minerals from e-waste and other scrap materials to enhance the supply chain and promote recycling of contained critical minerals within Quad partner and like-minded countries," said a statement.

EDITORIAL
> PAGE 8

Rare deal

The framework comes amid shortfall of critical metals in global markets after China imposed export curbs on rare earth elements

Mining strategy: The agreement follows continued India-U.S. engagements, including India becoming a signatory to the U.S.-led Pax Silica initiative. REUTERS

Framework seeks to:

- **Deepen India-U.S. cooperation** across the critical minerals and rare earths supply chain, including mining, processing, recycling and related investments
- Implement **effective management** of critical minerals and rare earths scrap
- Strengthen resilient and **diversified supply chains**
- Promote **collaboration in financing**

- **Key Terms and Explanations**
- **Rare Earth Elements (REEs):** A group of 17 chemically similar metallic elements, including the 15 lanthanides plus scandium and yttrium. Despite their name, they are relatively abundant in the Earth's crust, but they are rarely found in concentrated, easily exploitable economic deposits.
    - *Example:* Neodymium and Dysprosium are critical for manufacturing the ultra-powerful permanent magnets used in electric vehicle (EV) motors and wind turbines.
- **Critical Minerals:** Metals and non-metals that are vital to local economic and national security, yet feature supply chains highly vulnerable to disruption. The definition varies by country based on domestic industrial needs. India has identified 30 such minerals, including lithium, cobalt, and graphite.
- **Pax Silica Initiative:** A strategic, U.S.-led technology and supply chain alliance formed to secure semiconductor supply chains, clean energy technology, and the underlying mineral architecture from authoritarian control. India became a formal signatory in early 2026.
- **Supply Chain Resilience:** The capacity of a supply network to withstand, adapt to, and recover from unexpected disruptions (such as geopolitical embargoes, pandemics, or natural disasters) without collapsing.
- **Minilateralism:** Small, focused groupings of countries addressing specific, targeted issues with higher speed and efficiency than large, bureaucratic multilateral bodies like the UN. The Quad’s focus on critical minerals is a classic example.
- **E-Waste and Scrap Recovery:** The process of extracting valuable, high-purity critical minerals from discarded electronics, spent batteries, and industrial scrap. This serves as an alternative to primary mining, reducing ecological footprints and import dependence.

- **Main Arguments and Substantive Parts**
- The geopolitical architecture of the mid-2020s is defined by a race to secure the building blocks of the future economy. The core discourse centers on breaking monopolies and creating a democratic resource alliance.
- **The Core Thesis**
- Global economic security is no longer just about oil and trade routes; it is dictated by the control over critical minerals and rare earths. In response to aggressive export controls weaponized by dominant market players, democratic alliances are shifting from theoretical cooperation to concrete, well-funded co-investment and co-processing frameworks.
- **Key Pillars of Coordinated Strategy**
- **The Bilateral Matrix (India-U.S.):** Moving beyond simple buyer-seller dynamics, this framework focuses on the entire lifecycle of strategic metals—spanning exploration, advanced processing, domestic law harmonization, and joint recycling investments.
- **The Quad Minilateral Umbrella:** By integrating Australia’s massive raw mineral reserves, Japan’s advanced processing technology, the United States' capital markets, and India’s massive scale and human capital, the grouping is attempting to build a closed-loop supply chain insulated from external disruptions.
- **Financial Mobilization:** Recognizing that state funding alone cannot match state-directed capitalist economies, the alliance is deploying over $30 billion via letters of interest, loans, and private sector guarantees to de-risk private capital entering the mining sector.

- **Historical Evolution of the Issue**
- **Pre-Independence to Early Independence (1940s–1950s)**
- India was among the early nations to recognize the strategic value of heavy minerals. In 1950, Indian Rare Earths Limited (IREL) was established under the Department of Atomic Energy to exploit monazite sands in Kerala, primarily for thorium. However, processing remained basic, and the global market shifted toward cheaper, mass-produced alternatives.
- **The Rise of the Chinese Monopoly (1980s–2000s)**
- In the late 1980s, Chinese leadership famously noted that while the Middle East has oil, China has rare earths. Through state-subsidized mining, low environmental compliance costs, and unmatchable pricing, industrial hubs shifted production. They successfully undercut global competitors, forcing Western and South Asian mines to shut down and centralizing global refining capacity within their borders.
- **The Weaponization Shock (2010)**
- The global community realized the danger of this dependency in 2010 during a maritime dispute in the Senkaku Islands. A sudden embargo on rare earth exports to Japan temporarily paralyzed Japanese high-tech manufacturing, demonstrating how easily industrial supply chains could be disrupted for political leverage.
- **Pandemic Disruptions, Tariff Wars, and Curbs (2020–2025)**
- The COVID-19 pandemic exposed the fragility of concentrated supply networks. This vulnerability deepened in 2025 when tariff disputes led to strict export controls on critical metals. The resulting supply crunches highlighted the urgent need for structural decoupling.
- **The Era of Strategic Counter-Alliances (2026)**
- This long evolution brings us to the current landscape. India's entry into the Pax Silica initiative and the multi-billion-dollar Quad critical mineral frameworks represent a shift away from passive market reliance toward active, state-backed supply chain engineering.

- **Way Forward**
- **Operationalize and Expand Domestic Exploration**
- India needs to quickly advance domestic exploration through Khanij Bidesh India Limited (KABIL) and private partners. Accelerating the auction and development of newly identified critical mineral blocks within the country is essential to building domestic capacity.
- **Build Targeted Tech and Refining Infrastructure**
- Securing raw ore is only half the battle. India must invest heavily in domestic refining and chemical processing capabilities, potentially through public-private partnerships, to break dependencies on foreign processing hubs.
- **Scale Up the Circular Economy and Recycling**
- Developing a robust national framework for e-waste recycling and scrap processing can provide an alternative source of critical elements. This approach reduces the need for new mining operations and lowers the overall environmental footprint.
- **Diversify Diplomatic Partnerships**
- While deepening engagement with the U.S. and the Quad, India should continue expanding bilateral resource partnerships with mineral-rich nations across Latin America (the Lithium Triangle) and Africa to build resilient, multi-layered supply chains.