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WEAK MONSOON FORECAST CLOUDS SUPPLY OUTLOOK

Why Grid India is turning to more gas-based power

Pratyush Deep
New Delhi, June 24

THE GRID Controller of India (Grid India) has advised gas-based power stations to plan fuel procurement arrangements, anticipating the need for additional gas-fired generation for 7-8 days in June. The move comes amid weather forecasts indicating below-normal rainfall across the country during the June–September monsoon season. The projected requirement is in addition to the 2.6 gigawatts (GW) of gas-based generation capacity already available from isolated field stations.

The assessment is based on projected demand, planned and forced outages of generating units, hydro, renewable generation profiles and present weather information available at Indian Meteorological Department (IMD), according to the Grid India's advisory issued on June 10.

Three key factors

Grid India cited three major considerations for this resource adequacy assessment. These include historical data for the mentioned months, planned upcoming capacity, proposed planned outages and prevailing forced outages, and uncertainty and variability of renewable energy generations.

"The above assessment will be reviewed in late Jun-26 and an updated/modified outlook will be provided, if required," the advisory added.

While gas accounts for only a small share of India's overall generation mix, it plays a crucial rebalancing role during evening peak hours, especially during pre-monsoon summer months, when solar output drops. Typically, around 10 GW of gas-fired capacity is relied upon during peak summer.

This year, however, the conflict in West Asia has cast a shadow over fuel availability for gas-based power plants. Amid concerns over supply disruptions, the government has moved to prioritise gas allocation to certain sectors during periods of shortage. According to officials, only about 5 GW of gas-based generation capacity is currently available. The situation has been compounded by forecasts of below-normal rainfall during the monsoon season, prompting hydroelectric power stations to conserve water in their reservoirs, officials familiar with the matter told *The Indian Express*.

"Reservoirs serve a dual purpose — irrigation for agriculture and electricity generation. Until the monsoon gains momentum in July, the priority is to preserve water levels. That is why the requirement for additional gas-based generation has become more important," an official aware of the matter said.

• REBALANCING ROLE

- While gas accounts for only a small share of India's overall generation mix, it plays a crucial rebalancing role during evening peak hours
- Typically, around 10 GW of gas-fired capacity is relied upon during peak summer
- This year, however, the conflict in West Asia has cast a shadow over fuel availability for gas-based power plants
- Amid concerns over supply disruptions, the government has moved to prioritise gas allocation to certain sectors during periods of shortage

Hydro role in meeting peak demand

This year's situation stands in contrast to last year, when hydroelectric power played a crucial role in meeting evening peak demand and providing vital grid-balancing support. However, forecasts of below-normal monsoon rainfall have altered the equation. With hydro generators prioritising reservoir conservation, their ability to provide flexible peak-hour generation has become more constrained. Thus, gas-based power plants are expected to shoulder a larger share of the balancing requirement during evening peak hours. The growing reliance on gas-fired generation is also reflected in a rise in spot-market purchases of natural gas by power sector entities.

As per the data provided by the Indian Gas Exchange (IGX) — the country's leading gas-trading bourse — the power sector companies purchased 13,92,300 million Metric Million British Thermal Units (MMBtu) of natural gas between June 1 and June 23. The same stood at nil during June last year often attributed to lower demand due to rain.

Notably, gas-based power plants in India are increasingly relying on the spot market to meet their requirement this summer as the conflict in West Asia disrupts supplies under long-term import contracts and clouds fuel availability.

Between April 1 and May 31, power-sector entities purchased 45,07,890 MMBtu of natural gas from the spot market, which is 340.4% higher than the corresponding period in 2025.

The rise in purchases came despite a sharp increase in spot-market gas prices amid supply disruptions due to the conflict in West Asia. The average spot gas price stood at Rs 1,606 per MMBtu in April, up 43.5% from Rs 1,119 per MMBtu a year earlier. Prices rose further to Rs 1,857 per MMBtu in May, a jump of 77.5% over Rs 1,046 per MMBtu in May last year. In June, the average spot gas price stood at Rs 1,846 per MMBtu.

FULL REPORT ON WWW.INDIANEXPRESS.COM

- **Key Terms and Explanations**
- **Grid Controller of India (Grid India):** Formerly known as POSOCO (Power System Operation Corporation), this is the apex national body responsible for ensuring the synchronous, safe, and reliable operation of the Indian electricity grid. Think of it as the air traffic control system for the nation's electricity, constantly balancing supply and demand across state boundaries.
- **Resource Adequacy Assessment:** A proactive planning exercise used by grid operators to determine whether a power system has sufficient generation capacity, fuel reserves, and transmission capability to meet projected future electricity demand under various stress scenarios. **Grid Balancing / Rebalancing Role:** The process of matching electricity generation with real-time demand. Since electricity cannot yet be stored easily at a massive national scale, any mismatch in grid frequency can lead to blackouts. "Rebalancing" involves quickly ramping up or down flexible power sources (like gas or hydro) to offset sudden drops in other sources like solar or wind energy.
- **Peak-Hour Demand:** The periods during the day when electricity consumption reaches its absolute highest level. In India, this typically happens during summer afternoons (due to industrial and cooling loads) and late evenings (when household lighting and appliances turn on, and solar power drops to zero).
- **Spot Market vs. Long-Term Contracts:** Long-term contracts are agreements where power utilities buy fuel or electricity at a fixed, predetermined price for 10 to 25 years, ensuring stability. The spot market, conversely, is a public financial exchange where commodities are bought and sold for immediate delivery at highly volatile, fluctuating market prices.
- **Indian Gas Exchange (IGX):** India's premier automated gas trading platform. It functions exactly like a stock market but for natural gas, allowing power plants and industries to trade physical volumes of gas on a spot or short-term basis.
- **MMBtu (Metric Million British Thermal Units):** A standard unit of measurement used to quantify the energy content of natural gas. It measures heat value rather than physical volume, which helps utilities calculate exactly how much electricity can be generated from a specific batch of gas.

- **Main Arguments and Substantive Parts**
- The core thesis surrounding this issue highlights a complex vulnerability: India's power security is increasingly caught in a pincer movement between domestic climate irregularities (such as delayed or weak monsoons) and volatile global geopolitics.
- **The Hydro-Irrigation Paradox and Peak Power Deficits**
- When weather models forecast a below-normal monsoon, hydroelectric stations face an acute operational dilemma. Reservoirs serve a dual purpose: agricultural irrigation and electricity generation.
- Fearing a delayed or weak monsoon, grid managers intentionally curb hydro generation to conserve water levels for rural farming.
- Because hydro is highly flexible and traditionally handles evening peak-hour balancing, its conservation leaves a massive deficit in grid stability. Gas-based plants are then forced to step in to fill the gap.
- **Geopolitical Aftershocks on Long-Term Fuel Security**
- While gas is desperately needed for grid balancing, India's domestic gas production remains insufficient, leaving the country reliant on imports.
- Active geopolitical conflicts in West Asia have cast a long shadow over global supply chains, disrupting stable, long-term bilateral gas contracts. This directly shrinks the baseline availability of predictable fuel supplies for domestic gas-fired generation capacity.
- **The Force Majeure Shift to High-Cost Spot Markets**
- Faced with a shrinking capacity to balance the grid and a lack of long-term contracted gas, power companies have been forced into massive spot-market procurements via platforms like the IGX.
- Data reveals a massive surge in spot market natural gas purchases by power sector entities. For context, volumes purchased between April 1 and May 31 ballooned by 340.4% compared to the previous year.
- This emergency shift occurs despite soaring costs: spot prices spiked significantly from Rs 1,119 per MMBtu to Rs 1,606 in April (a 43.5% jump), and hit Rs 1,857 in May (a 77.5% year-on-year increase). This demonstrates that grid operators prioritize absolute energy security over fiscal prudence during critical peak demand windows.

- **Historical Evolution of the Issue**
- **Pre-Independence Era (Urban Fragmentation):** Power generation was highly localized and confined to major industrial hubs like Calcutta and Bombay. Grids were fragmented, privately owned, or municipal, with zero inter-regional coordination or standardized frequency management.
- **Post-Independence to the 1980s (The Era of State Isolation):** The creation of State Electricity Boards (SEBs) under the Electricity (Supply) Act, 1948, institutionalized power generation. However, the system remained split into five highly isolated regional grids (Northern, Western, Southern, Eastern, and North-Eastern). During this time, heavy thermal coal and baseline hydro dominated the energy mix, while gas remained largely irrelevant.
- **The 1990s to 2000s (The Gas Boom and Bust):** With economic liberalization and the discovery of natural gas reserves along the eastern coast (such as the Krishna-Godavari Basin), policy planners envisioned gas as a clean, efficient alternative to coal. Massive capital was poured into building gas-based power plants. However, domestic gas production fell far short of projections, stranding dozens of plants and leaving them financially unviable due to expensive imported Liquefied Natural Gas (LNG).
- **The 2013 Landmark Milestone ("One Nation, One Grid"):** In December 2013, the Southern Grid was synchronously connected to the rest of the country's grid networks. This marked the completion of a single, unified national power grid operating at a uniform frequency, giving central entities like Grid India the infrastructure needed to shift power seamlessly across regions.
- **The Modern Renewable Era (The Integration Dilemma):** Driven by global climate commitments, India scaled up its solar and wind capacity. However, this introduced a new structural challenge: the intermittent nature of renewables created a "duck curve" effect. This meant that while solar power flooded the grid during the day, it dropped off sharply in the evening just as peak domestic demand surged, highlighting a critical need for quick-ramping transition fuels like gas and hydro.

- **Way Forward**
- **Accelerating Pumped Hydro Storage (PHS)**
- India needs to aggressively develop Pumped Hydro Storage projects. By utilizing a closed-loop system with two connected reservoirs, excess solar energy generated during the day can pump water to the upper reservoir. In the evening, this water can be released to generate power, creating a sustainable loop. This provides flexible peaking capacity without depleting the water reserves needed for downstream agricultural irrigation.
- **Scaling Battery Energy Storage Systems (BESS)**
- To reduce the reliance on expensive imported gas for evening peak balancing, India must scale up grid-level Battery Energy Storage Systems. Implementing targeted policy incentives like Viability Gap Funding (VGF) can attract private investment into lithium-ion and next-generation solid-state battery infrastructure, allowing the grid to store daytime solar surpluses for evening use.
- **Implementing Time-of-Day (ToD) Tariff Reforms**
- Reforming consumer behavior is just as important as increasing generation capacity. Accelerating the rollout of smart meters with Time-of-Day pricing can incentivize commercial and industrial consumers to shift their heaviest energy usage away from evening peak hours. This flattens the peak demand curve and reduces the need for expensive emergency power procurement.

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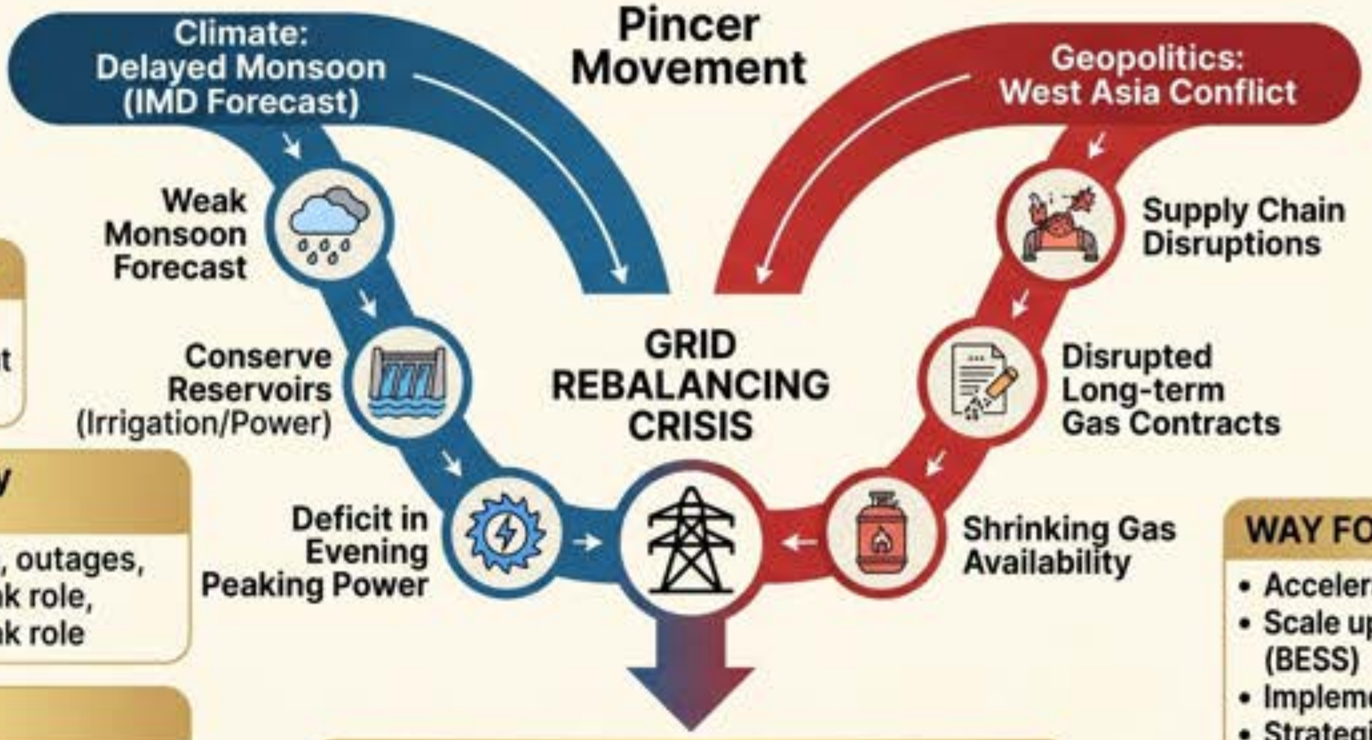
UPSC CSE COMPREHENSIVE ANALYSIS: Why Grid India Is Turning to Gas-Based Power



The Hydro-Irrigation Paradox

- **Social/Economic:** Prioritizing rural farming vs urban cooling, dual tornat OF coeoring, dual reservoir use

Grid India's Resource Adequacy Assessment

- Technical: Factors, historical data, outages, renewable variability, evening peak role, renewable variability, evening peak role

Spot Market Dynamics

- Economic/Financial: Purchase data, market forces over state control

Strategic Vulnerabilities

- International/Legal: Reliance on imported LNG, geopolitical exposure, DISCOM financial strain and chart economic

EMERGENCY ACTION: Reliance on Costly Spot Market Gas

- Massive surge in spot gas purchases by power sector (340.4% rise)
- Price volatility: e.g., Rs 1,119 to Rs 1,857/MMBtu

Social | Political | Legal | International

- **Ethical:** Immediate needs vs long-term climate targets

Legal | Legal | Ethical | Economic

- **Poltical:** Immediate needs vs long-term climate targets
- **Ethical:** Immediate needs vs long-term climate targets

WAY FORWARD: ASPIRANT'S ROADMAP

- Accelerate Pumped Hydro Storage (PHS)
- Scale up Battery Energy Storage Systems (BESS)
- Implement Time-of-Day (ToD) Tariff Reforms
- Strategic Diversification of Gas Procurement
- Build AI-Driven Predictive Grid Architecture

UPSC LINKAGES

- GS 1 Geo (GS 2 Paper Link)
- GS 2 Polity (GS1 Paper link)
- GS 3 Economy/Infra/Enviro (GS 3 Paper link)
- Essay: GS 3 strongest link

• CLIMATE

In dry monsoon, a test of resilience

This season's rainfall is predicted to be the lowest in a decade. But India may be better prepared to absorb the stress this time

Stronger safeguards

What's driving Europe heatwave, and why is it struggling to cope?

- **Key Terms and Explanations**
- **Madden-Julian Oscillation (MJO):** This is an oceanic-atmospheric phenomenon characterized by an eastward-moving band of rain clouds, winds, and pressure anomalies along the equator. Unlike El Niño, which remains stationary for months, the MJO is a transient system cycling every 30 to 60 days. Think of it as a traveling global weather pulse; when its wet phase is over the Indian Ocean, it enhances monsoon rains, but its dry phase can actively suppress rainfall even during the peak monsoon season.
- **El Niño Southern Oscillation (ENSO):** A periodic climate pattern involving changes in the temperature of waters in the central and eastern tropical Pacific Ocean. During an **El Niño** phase, warm water builds up, typically disrupting and weakening the Indian Southwest Monsoon. Conversely, **La Niña** involves cooler waters, which generally favor a stronger Indian monsoon.
- **Omega Block and Heat Domes:** A meteorological phenomenon where a high-pressure system becomes trapped over a specific geographical region. It is named after the Greek letter Omega because the upper-air wind patterns bend around it in a similar shape. This high-pressure system acts like a giant lid on a pot, trapping hot air underneath, suppressing cloud formation, and causing prolonged, intense solar heating at the surface.
- **Albedo Effect:** This refers to the measure of how much solar energy the Earth's surface reflects back into space. Light-colored surfaces, like glaciers and ice sheets, have a high albedo and reflect most solar radiation. When climate change melts this ice, it exposes darker land or ocean surfaces underneath. These darker surfaces have a low albedo, meaning they absorb more heat, creating a feedback loop that accelerates global warming.
- **Urban Heat Island (UHI) Effect:** An environmental condition where urban regions experience significantly higher temperatures than their surrounding rural areas. This occurs because cities are packed with concrete, asphalt, and high-rise buildings that absorb and re-emit heat, alongside anthropogenic heat emissions from vehicles, industries, and air conditioning units.

- **Main Arguments and Substantive Parts**
- The global climate matrix reveals a dual reality: while developing regions like India are systematically enhancing their structural resilience against traditional vulnerabilities like monsoon deficits, developed regions like Europe are finding themselves severely unprepared for novel climate threats like unprecedented heatwaves.
- **The Multi-Factor Drivers of Monsoon Deficits**
- Monsoon performance cannot be attributed to a single factor like El Niño. While long-range forecasts often highlight equatorial Pacific warming, intra-seasonal variables play an equally disruptive role. Short-term deficits are frequently driven by a combination of weak pressure systems over the subcontinental mainland, sluggish monsoon currents, and the unfavorable positioning of the Madden-Julian Oscillation. This highlights the necessity for advanced sub-seasonal forecasting rather than relying solely on seasonal indicators.
- **India’s Evolving Structural Climate Resilience**
- India is demonstrating an increased capacity to absorb environmental shocks. Historically, a sharp drop in early monsoon rainfall triggered immediate agrarian and economic panic. Today, the country is better insulated due to structural improvements, including:
- **Multi-Year Storage Buffers:** Major reservoirs maintaining healthy water levels from preceding surplus years, acting as an immediate shock absorber for irrigation and drinking water.
- **Decentralized Water Harvesting:** Extensive rural asset-creation programs, such as MGNREGS, which focus on groundwater recharge, tank rejuvenation, and local water conservation.
- **Energy Mix Diversification:** The rapid expansion of solar and wind energy infrastructure, reducing the country's absolute reliance on hydropower and conserving reservoir water for agricultural and domestic use during dry spells.
- **Europe’s Infrastructure Adaptation Gap**
- Advanced economies face severe vulnerabilities due to an adaptation lag. European infrastructure was historically engineered to retain heat rather than deflect it, featuring wide glass architecture, high-thermal-mass brickwork, and a lack of residential cooling systems. As a result, when an Omega Block triggers temperatures exceeding 40°C, the built environment compounds the crisis. This underscores a critical lesson for public policy: economic development does not automatically equal climate resilience if physical infrastructure remains static against a rapidly changing baseline.

- **Historical Evolution of the Issue**
- **The Pre-Independence Era (Pre-1947):** This period was characterized by absolute climate determinism. The Indian economy was famously termed a "gamble on the monsoons." The absence of state-backed irrigation buffers, coupled with colonial revenue policies, meant that monsoon failures translated directly into catastrophic famines, such as the Bengal Famine of 1943.
- **Post-Independence and the Green Revolution (1950s–1970s):** Initial decades focused heavily on escaping a "ship-to-mouth" existence. The state prioritized large-scale river valley projects—referred to by Jawaharlal Nehru as the "temples of modern India"—alongside the expansion of canal networks. The Green Revolution institutionalized irrigation-heavy agriculture, making weather forecasting a core component of national planning through the expansion of the India Meteorological Department (IMD).
- **The Late 20th Century and Groundwater Boom (1980s–2000s):** This era saw a shift from surface canal irrigation to decentralized groundwater extraction, driven by affordable tubewell technology and subsidized power. While this insulated farmers from dry spells, it led to the systemic depletion of water tables across northwestern and central India. Concurrently, global climate governance took shape with the establishment of the IPCC, shifting the conversation from localized weather variations to systemic, anthropogenic climate change.
- **The Present Era of Proactive Climate Resilience (2010s–Present):** The contemporary focus centers on building multi-sectoral buffers. This includes shifting from mere disaster response to integrated climate adaptation. Modern strategy integrates renewable energy expansion to shield the power grid from hydro-dependencies, alongside large-scale rural employment schemes dedicated entirely to climate-resilient community assets.

- **Way Forward**
- **Institutionalizing Climate-Smart Agricultural Shifts**
- A sustainable agricultural strategy must prioritize water-use efficiency over historical cropping habits. Governments should encourage farmers in water-stressed regions to transition away from water-intensive crops, such as paddy and sugarcane, toward millets, oilseeds, and pulses. This structural shift can be supported by expanding micro-irrigation systems, such as drip and sprinkler technologies, and aligning minimum support prices (MSP) with regional agro-climatic realities.
- **Scaling Decentralized, Nature-Based Water Infrastructures**
- While large reservoirs provide crucial water storage, long-term security relies heavily on decentralized, nature-based infrastructure. Enhancing localized water resilience involves:
- Expanding community-driven rainwater harvesting programs.
- Restoring traditional water bodies, such as tanks and stepwells, across both rural and urban areas.
- Focusing rural employment initiatives on regular desilting, watershed development, and groundwater recharge to maintain local water tables during dry spells.

GLOBAL CLIMATE RESILIENCE: India & Europe Analysis for UPSC CSE.

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KEY TERMS EXPLAINED

MJO
MJO componositive phase definitions ohcan-rome mor to MJO

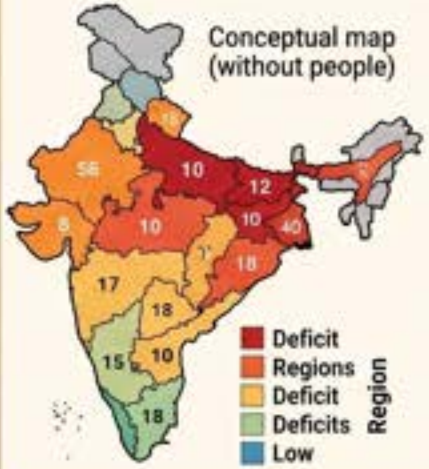
El Niño
Chaases degradation & miort reflection phases aflrer El Niño phase as MJO

Omega Block
Trapped rrays and intensifys timtear Urban Heat Island (UH) effect

Albedo
Glacier melt sheets trappeing as lower ir reflection

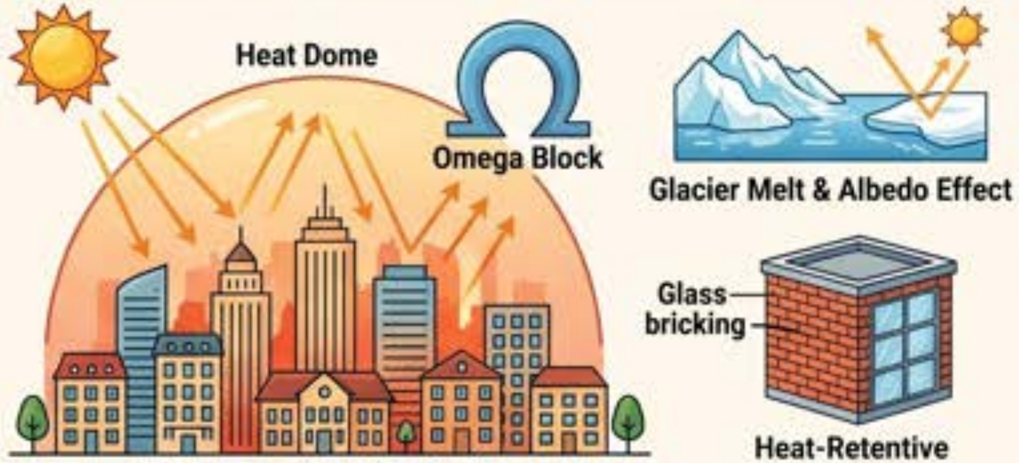
UHI
Cnonsifyes trapperd urban Heat Island (UHI) effect

INDIA'S MONSOON STRESS: A Test of Structural Resilience.



MJO part suppressing rainfall

EUROPE'S HEATWAVE: An Infrastructure Lag Crisis.



Urban Heat Island (UHI) effect

HISTORICAL EVOLUTION OF RESILIENCE.

- **Pre-1947:** Absolute Dependency & Famines
- **1950s-70s:** Green Revolution & Canal Networks
- **1980s-2000s:** Groundwater Boom & Overuse
- **Present:** Decentralized Multi-sectoral Buffers

Resilience Pillars

1. Multi-Year Reservoir Buffers
2. Decentralized Water Harvesting (MGNREGS)
3. Energy Mix Diversification (Solar/Wind Renewables)

UPSC CSE & APSC CSE PREPARATION.

1. GS PAPER LINKAGES

- [GS1] Geophysical Phenomena, UHI
- [GS3] Environment Degradation, Disaster Mgmt
- [GS4] Climate Justice

2. WAY FORWARD: POLICY REFORMS

a. Climate-Smart Agriculture shifts
b. Sponge City & Cool Roof urban planning
c. Scaling Renewable Energy Integration

UPSC PYQ EXAMPLES

(GS1 2017) Indian Ocean Dipole

(GS3 2022) Climate-Smart Agriculture features

• DIPLOMACY

After Op Sindoor freeze, a thaw in India-Turkey ties

Divya A
New Delhi, June 24

INDIA AND Turkey's bilateral ties have often been overshadowed by one external factor: Pakistan. Last year, the relationship hit rock-bottom when following the Pahalgam terrorist attack in April, Turkey was Islamabad's only ally in West Asia to explicitly condemn Operation Sindoor, India's military response in May 2025. It was no surpeise that ties went into cold storage for much of 2025.

This year, however, both countries are showing signs of a rapprochement. In April, foreign office consultations resumed after being kept in abeyance for four years. The same month, the two sides also cooperated on the security front, with New Delhi extraditing fugitive narcotics trafficker Salim Dola from Turkey — with more to come.

Strategic mistrust

After Recep Tayyip Erdogan came to power in Turkey in 2002, bilateral relations saw frequent high-level visits, exchange of business and cultural delegations, and people-to-people interactions. Bilateral trade grew from $700 million in 2002 to $13.82 billion in 2022. Bilateral ties began to plummet, however, after Erdogan criticised the 2019 revocation of Article 370 at the UN. The years until late 2025 saw a massive diplomatic rift driven by the Kashmir issue and Ankara's supply of military hardware to Pakistan, which heightened mistrust in New Delhi.

Post-Sindoor fallout

The friction, however, reached its peak during Operation Sindoor, which Turkey labelled as "unprovoked aggression" killing "innocent civilians". Reports of Pakistan utilising Turkish-supplied drones during the four-day conflict prompted severe diplomatic and economic backlash in India. Meanwhile, New Delhi moved to deepen its engagement with Cyprus, the Mediterranean island nation which both Turkey and Greece claim. Prime Minister Narendra Modi's first international visit following Sindoor was to Cyprus's capital, Nicosia.

Air India cancelled its multibillion dollar aircraft maintenance contract with a Turkish firm, while major Indian universities suspended memorandums of understanding with Turkish institutions. Bilateral merchandise trade shrank, and Indian tourist arrivals in Turkey dropped by nearly 37%. India also revoked the security clearance of a Turkish company that handled operations at nine airports.

STRATEGIC GATEWAY

- A working relationship with Turkey offers India geopolitical leverage in the Islamic world, a gateway to European and Central Asian markets, and trade and infrastructure partnerships.
- Ankara imports $6 billion in goods, mostly raw materials and intermediate products including textiles, chemicals, and auto and machinery components.

The thaw

In April, India invited Turkey for the 12th round of bilateral consultations. This came four years after foreign office consultations were held in Turkey. "We believe dialogue is better than not talking and deepening disagreements and misunderstandings. The conversations have been satisfactory," India's Ambassador to Turkey Muktesh Pardeshi told *The Indian Express*. Ankara has also shown willingness to cooperate on law enforcement, as in Dola's extradition.

A win-win for both

Those in the know said that after the backlash, Turkey began to insulate its economic interests in Asia from its Pakistan alliance. Turkey stands to gain substantially with India — a bilateral trade exceeding $10 billion annually, potential infrastructure expertise and a strategic hedge in its foreign policy. India is a major market for Turkish exports such as marble, machinery and agri products, while Turkey benefits from Indian machinery, auto components and chemicals, besides tourism and capital.

Sources said Turkey also cleared the air on military support to Pakistan, maintaining that it did not send any additional assistance, but as part of the long-standing defence ties between the two countries.

A senior diplomat told *The Indian Express*: "If we accept that Turkey has brotherly relations with Pakistan and that perhaps can't be changed, we can still see merit in having our own friendly relations with them." Indian interlocutors said if Turkey adopts a more nuanced position on the Kashmir issue, it could help solidify relations.

- **Key Terms and Explanations**
- **Operation Sindoor:** This refers to a targeted military response executed by Indian security forces in May 2025 following a severe cross-border terrorist attack in Pahalgam. It represents India's evolving doctrine of proactive deterrence and kinetic retaliation against security breaches, establishing a firm red line in regional security architecture.
- **Strategic Rapprochement:** The systematic restoration of cordial diplomatic, economic, and political relations between two sovereign states after a prolonged period of severe discord or diplomatic freeze. A classic example is the resumption of Foreign Office Consultations between nations seeking to repair fractured ties.
- **Strategic Hedging:** A foreign policy behavior where a nation avoids absolute alignment with or against a dominant power, instead diversifying its commercial and diplomatic partnerships to mitigate geopolitical risks. For instance, a state might maintain deep defense ties with one nation while simultaneously seeking massive market access in an adversarial nation to protect its economic interests.
- **De-hyphenation:** A diplomatic strategy where a country conducts its bilateral relations with two conflicting nations independently, refusing to let its engagement with one be dictated or constrained by its relations with the other.
- **Asymmetric Diplomatic Balancing:** The tactical maneuver where a state counters the hostile alignment of an adversary by deepening strategic and security partnerships with that adversary's immediate geopolitical rivals—such as India scaling up its bilateral defense and political engagements with Cyprus and Greece.

- **Main Arguments and Substantive Parts**
- The core structural thesis of this geopolitical dynamic rests on the premise that while deep-seated ideological alignments and third-party dependencies can severely disrupt bilateral ties, long-term geo-economic imperatives frequently compel states to seek a pragmatic equilibrium.
- **The Friction and Counter-Balancing Dynamics**
- Bilateral engagements have historically suffered from structural vulnerabilities, primarily driven by external alignments. When Turkey explicitly condemned India’s counter-terror operations during Operation Sindoor and supplied advanced military hardware to Pakistan, it triggered an immediate and comprehensive institutional backlash from New Delhi. India demonstrated that modern diplomatic warfare is multi-layered; it counterbalanced Ankara’s stance by executing a sharp diplomatic pivot toward Cyprus and Greece, while simultaneously dismantling high-value commercial engagements. This included terminating multi-billion dollar aviation maintenance contracts, revoking critical airport security clearances, and freezing academic exchanges.
- **The Imperative for a Tactical Reset**
- Despite intense strategic mistrust, a counter-argument emerged emphasizing that prolonged isolation yields a negative-sum outcome for both regional powers. Ankara recognized the necessity of insulating its broader Asian economic ambitions from its traditional South Asian alliances, realizing that a market with over $10 billion in bilateral trade cannot be easily replaced. Consequently, a tactical thaw has materialized, characterized by renewed high-level security cooperation—such as the extradition of high-profile transnational fugitives—and a mutual agreement to resume structured institutional dialogues. However, complete normalization remains strictly contingent on a sustained shift toward a more balanced, nuanced posture on core sovereign matters.

- **Historical Evolution of the Issue**
- **The Post-Independence and Cold War Era:** Initially, both nations shared a philosophical affinity rooted in secular state-building, championed by Mustafa Kemal Atatürk and Jawaharlal Nehru. However, structural realities during the Cold War froze this potential. Turkey's integration into NATO and its alignment with Western-led security pacts (such as CENTO) naturally pushed it closer to Pakistan, creating an early diplomatic divide with a non-aligned India.
- **The 2002 Turning Point and Economic Expansion:** The ascension of the Justice and Development Party (AKP) under Recep Tayyip Erdogan in 2002 initially ushered in an era of pragmatism. High-level delegations and business exchanges flourished, causing bilateral trade to skyrocket from a modest $700 million in 2002 to an impressive $13.82 billion by 2022, showcasing the immense potential of uncoupling commerce from political differences.
- **The 2019 Sovereignty Rift:** This economic momentum faced a severe setback following India's constitutional changes in Jammu and Kashmir in 2019. Ankara's vocal, adversarial position at the United Nations General Assembly, combined with an active supply of advanced military hardware and drones to Islamabad, triggered a profound diplomatic rift and institutionalized deep strategic mistrust in New Delhi.
- **The 2025 Operation Sindoor Crisis:** The relationship hit its absolute nadir in May 2025. Turkey's explicit condemnation of India's counter-terror operations, coupled with reports of Turkish-origin military hardware being deployed against Indian forces, led to an immediate freeze in ties and heavy economic retaliation from India.
- **The 2026 Resumption of Dialogue:** By April 2026, realizing the heavy costs of total alienation, both capitals initiated a calculated rapprochement. The convening of the 12th round of Foreign Office Consultations after a four-year hiatus and active collaboration on counter-narcotics law enforcement signal a transition into a highly transactional, realistic phase of engagement.

- **Way Forward**
- **Enforcing Strict De-hyphenation:** Ankara must structurally decouple its economic and political ties with India from its historical defense relationship with Pakistan. Respecting India's core territorial sovereignty and adopting a more nuanced stance on internal matters is essential for building long-term strategic trust.
- **Institutionalizing Communication Channels:** To prevent future events from causing total diplomatic breakdowns, Foreign Office Consultations and joint working groups on security should be permanently scheduled rather than held in abeyance. Continuous institutional communication ensures that disagreements are managed without halting commercial ties.
- **Leveraging Geo-Economic Connectivity:** Both nations should explore synergies in trade, green energy, and infrastructure supply chains. Turkey can serve as an effective transit corridor for Indian goods heading to European and Central Asian markets, utilizing emerging economic pathways to benefit both countries.
- **Expanding Non-Political Sectors:** Deepening cooperation in less controversial sectors—such as joint anti-narcotics operations, maritime safety, disaster management, and tourism—can help rebuild crucial mutual confidence.
- **Maintaining Proactive Diplomatic Balancing:** India should continue its multi-directional diplomacy, strengthening ties with Mediterranean nations like Greece and Cyprus, while keeping the door open for constructive engagement with Turkey. This ensures New Delhi negotiates from a position of comprehensive strength.

AXIA IAS ACADEMY: COMPREHENSIVE ANALYSIS - NAVIGATING THE THAW IN INDIA-TURKEY DIPLOMACY

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RISE ABOVE THE REST

HISTORICAL TIMELINE & EVOLUTION

Pre-1991: Cold War Distance (Turkey/NATO/CENTO vs. NAM), shared secular ideals (Atatürk/Nehru)

2002-2022: Erdogan Rise, Pragmatism, Trade Boom ($700M -> $13.8B)

2019:
- Art 370 Revocation,
- Kashmir Issue UN stance, supply of hardware to Pakistan

2025: Op Sindoor Rift

2026: Rapprochement

WAY FORWARD: SUSTAINABLE REFORMS

- **Strict De-hyphenation** (trade vs. Pakistan)
- **Institutionalize Communication Channels** (regular FOCs)
- **Geo-Economic Connectivity** (transit corridors)
- **Expanding Non-Political Sectors** (anti-narcotics, tourism)

CORE ANALYSIS: FROM FRICTION TO PRAGMATIC RAPROCHEMENT

OP SINDOOR FRICTION (2025)

Pahalgam

Turkey Condemnation ("unprovoked aggression") & Drone supply to Pakistan

INDIAN BACKLASH

Economic:	Diplomatic:	Security:	Social:
Aviation Contract Termination (Snuli) University MoUs Suspend	Nicosia Visit Cyprus/Greece Balancing	Turkish Airport Company Clearance Revoked	Tourism -37%
SEVERE	SEVERE	SEVERE	SEVERE

PRAGMATIC THAW (2026)

FOREIGN OFFICE CONSULTATIONS RESUME

LAW ENFORCEMENT COOPERATION (EXTRADITIONS, e.g., Dola)

WIN-WIN GOAL: ECONOMIC RESILIENCE

Trade > $10B

Insulating economic interests. Access to large market. Strategic hedge.

AXIA ACADEMY SYLLABUS CONNECTION

NCERT: Class XII Contemporary World Politics, Politics in India

GS PAPERS: II (Int'l Relations, Policies/Politics) III (Security, Organized Crime/Terrorism) IV/Essay (Ethical issues, "Geo-economics vs. Geopolitics")

MULTIDIMENSIONAL ANALYSIS

Social:
- Academics
- Tourism

Political: "Pakistan Factor", issue diplomacy

Ethical:
- profit vs. security
- accountability

Legal:
- counter-narcotics
- fugitives
- extraditions

International:
- Mediterranean balance
- West Asia geopolitics

Economic:
- trade > $10B
- raw materials
- Indian machinery

UPSC & APSC PYQs (PREVIOUS YEARS QUESTIONS)

UPSC Prelims:
- Pairs context

Mains:
- Balancing power (GS II)
- Geo-economics (GS II)
- Security/Extradition (GS III)

APSC Mains:
- West Asia connectivity (GS II)
- Third-party alignment (GS II)

APSC Mains:
- Paiclanncing power (GS II)
- Balancing power (GS II)
- Geo-economics (GS II)
- Security/Extradition (GS III)

West Asia connectivity (GS II)
- Third-party alignment Impact (GS II)

Beijing says ready to work with New Delhi to enhance mutual trust and dispel doubts

The Hindu Bureau
NEW DELHI

China is ready to work with India side by side to enhance "mutual trust and dispel doubts", said the spokesperson of China's Ministry of Foreign Affairs, a day after Chinese Foreign Minister Wang Yi met with Prime Minister Narendra Modi and expressed willingness to take the relations forward.

"China stands ready to work with India to implement the important common understandings reached by the leaders of the two countries, continuously enhance mutual trust and dispel doubts, properly handle sensitive issues, deepen mutually beneficial cooperation, maintain the positive momentum of China-India relations, and jointly advance our respective modernisation processes," said Lin Jian, spokesperson of the Chinese Foreign Ministry, on Wednesday.

Reset efforts: Prime Minister Narendra Modi with Chinese Foreign Minister Wang Yi in New Delhi. PTI

Earlier, Xu Feihong, Chinese Ambassador to India, said that in the meeting with Prime Minister Narendra Modi, Foreign Minister Wang Yi had said, "China and India, as the two largest developing countries" should "play an exemplary role in promoting solidarity and self-reliance among Global South countries".

'Implement consensus'

Mr. Wang's meeting with Mr. Modi took place soon after the visiting delegates who participated in the BRICS National Security Advisers' (NSAs) meeting here on June 22-23, called on Mr. Modi on Tuesday.

"China will continue to support India in fulfilling its responsibilities as the BRICS rotating chair and work with India to promote solid progress in BRICS cooperation," said Ambassador Mr. Xu. He said Mr. Wang had expressed willingness to work with India "to implement the important consensus reached between the leaders of the two countries".

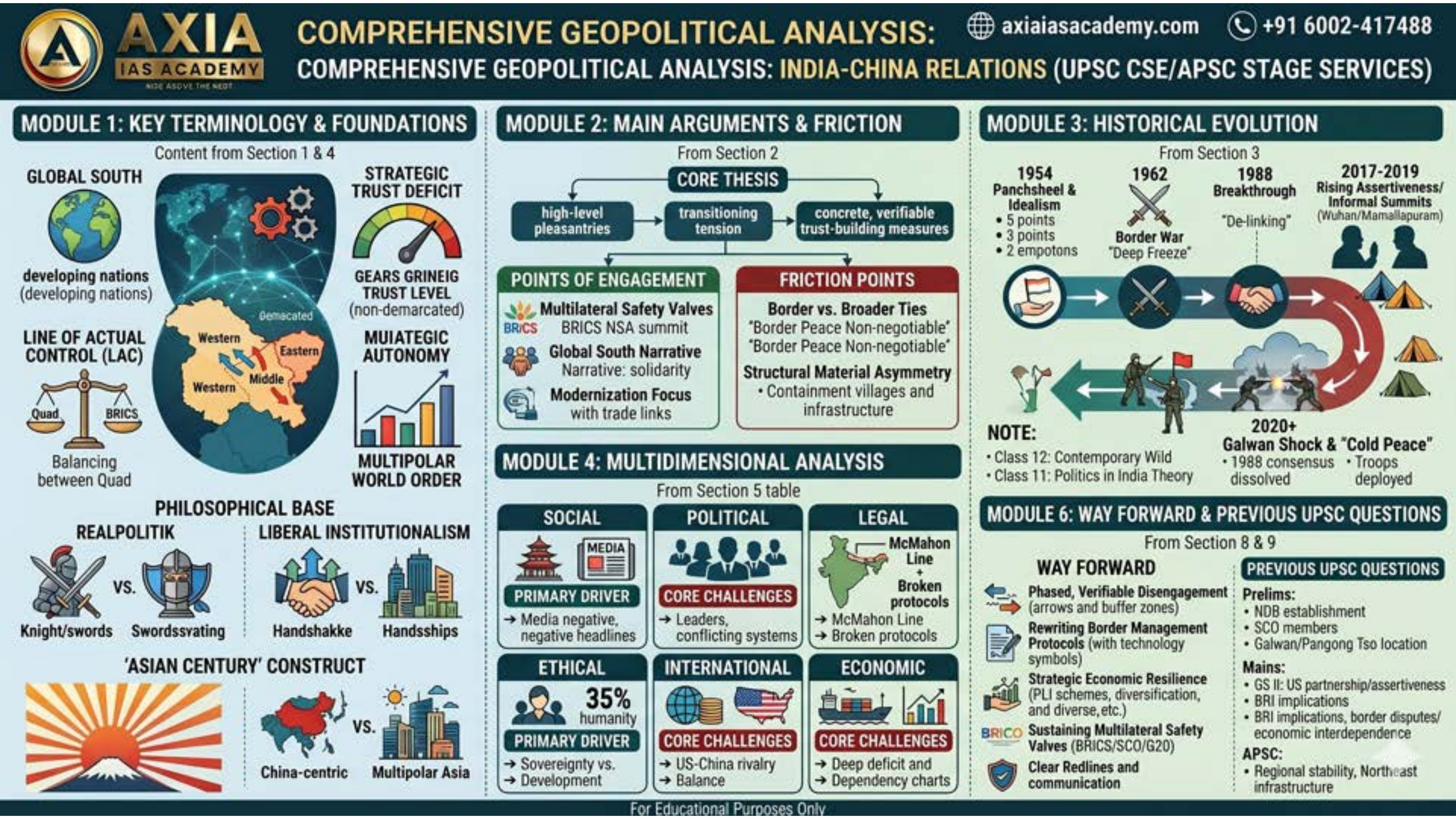
According to a Chinese readout of Tuesday's meeting, the Prime Minister conveyed his greetings to President Xi Jinping and Premier Li Qiang and expressed support for cooperation under the umbrella of BRICS.

- **Key Terms and Explanations**
- **The Global South:** This term refers broadly to regions outside Europe and North America, mostly encompassing developing and less-developed nations across Asia, Africa, and Latin America. Unlike a strict geographical designation, it signifies shared historical experiences—often rooted in colonialism—and collective developmental aspirations. For example, when India championed the inclusion of the African Union into the G20, it acted as a prominent voice for the Global South.
- **Strategic Trust Deficit:** This occurs when two states lack confidence in each other's long-term geopolitical intentions, leading them to interpret even benign policy shifts or defense modernizations as direct threats. For instance, the deadly confrontation in the Galwan Valley in 2020 caused a massive strategic trust deficit, prompting both New Delhi and Beijing to heavily fortify their shared frontiers.
- **Line of Actual Control (LAC):** This is the loose, non-demarcated border line that separates Indian-controlled territory from Chinese-controlled territory. It is divided into three sectors: Western (Ladakh), Middle (Uttarakhand/Himachal Pradesh), and Eastern (Arunachal Pradesh/Sikkim). Because it is not mutually agreed upon on a map, differing perceptions of the LAC frequently lead to military standoffs and patrols crossing paths.
- **Strategic Autonomy:** A foreign policy doctrine where a nation retains the independent capacity to pursue its national interests and alliances without becoming a junior partner or subservient to any external superpower. India's simultaneous engagement with the US-led Quad alliance and the China-Russia-linked BRICS grouping is a prime example of strategic autonomy in practice.
- **Multipolar World Order:** A global distribution of power where multiple nations or regional blocs possess significant economic, military, and diplomatic influence, preventing any single superpower (hegemony) or two superpowers (bipolarity) from dominating international affairs. Both India and China vocally advocate for a multipolar world, though their visions of who should lead this order differ considerably.

- **Main Arguments and Substantive Parts**
- The core structural challenge facing India-China relations is the delicate task of balancing localized border friction against the broader necessity for global multilateral cooperation. The high-level diplomatic engagements capture this exact push-and-pull dynamic.
- **The Core Thesis**
- Stabilizing the Sino-Indian relationship requires transitioning from mere high-level diplomatic pleasantries to concrete, verifiable trust-building measures on the ground. While both nations share a common interest in reshaping global governance through platforms like BRICS, a sustainable partnership is impossible without permanent peace and tranquility along the Line of Actual Control.
- **Key Points of Engagement**
- **Multilateral Convergences as Diplomatic Safety Valves:** Multilateral platforms like BRICS serve as an indispensable diplomatic bridge. Even when bilateral ties hit a standstill, meetings like the BRICS National Security Advisers' summit provide a safe, structured venue for leaders to sit down, exchange perspectives, and prevent accidental military escalation.
- **The Global South Narrative:** There is a strong rhetorical push, particularly from Beijing, for the two largest developing countries to play an exemplary role in promoting solidarity and self-reliance among Global South countries. By focusing on shared developmental issues, both nations attempt to find common ground that overrides their immediate territorial rivalries.
- **Modernization and Shared Prosperity:** Both nations are deeply focused on their respective domestic modernization processes. A prolonged, high-intensity conflict on the border drains vital economic resources, damages trade infrastructure, and diverts national attention away from critical poverty alleviation and industrial growth goals.
- **Friction Points and Counterarguments**
- **The "Border vs. Broader Ties" Debate:** A fundamental disagreement persists regarding the sequence of normalization. China frequently argues that the border dispute should be placed in its "proper place" while trade and diplomatic engagements resume normally. Conversely, India's firm counterargument is that peace and tranquility on the border are the non-negotiable prerequisites for the normalization of the broader relationship.
- **Structural Material Asymmetry:** Critics point out that diplomatic expressions of "mutual trust" are difficult to sustain when matched against realities on the ground. China’s rapid construction of military infrastructure, roads, heliports, and permanent dual-use villages along the LAC signals a strategy of containment that directly contradicts its rhetoric of mutual solidarity.

- **Historical Evolution of the Issue**
- **The Era of Post-Colonial Idealism (1947–1959):** In the immediate aftermath of independence and the Chinese Communist Revolution, relations were driven by the idealistic slogan *"Hindi-Chini Bhai Bhai"*. This culminated in the **1954 Panchsheel Agreement** (Five Principles of Peaceful Coexistence). However, this early warmth dissolved rapidly following China's annexation of Tibet in 1950 and India granting asylum to the Dalai Lama in 1959.
- **The 1962 War and the Deep Freeze (1962–1976):** The brief but highly consequential border war of 1962 shattered India's security assumptions and resulted in significant territorial losses in Aksai Chin. Diplomatic ties were effectively frozen for nearly a decade and a half, with China cultivating close strategic and military partnerships with Pakistan, entrenching a two-front security dilemma for India.
- **The 1988 Breakthrough and De-linking Strategy (1988–2016):** Prime Minister Rajiv Gandhi's landmark visit to Beijing in 1988 established a working modus vivendi. Both nations agreed to **de-link the resolution of the complex border dispute from the growth of economic and bilateral cooperation**. This pragmatic framework led to a series of Border Peace and Tranquility Agreements (1993, 1996, 2005) and triggered an unprecedented boom in bilateral trade.
- **Rising Assertiveness and Informal Summits (2017–2019):** The structural stability began to fray with China's increasing global assertiveness and the expansion of the China-Pakistan Economic Corridor (CPEC) through Indian-claimed territory. The tense 73-day **Doklam standoff in 2017** signaled a shift. In response, informal summits between PM Modi and President Xi Jinping in Wuhan (2018) and Mamallapuram (2019) attempted to inject personal chemistry into managing strategic friction.
- **The Galwan Shock and the "Cold Peace" (2020–Present):** The deadly clashes in the Galwan Valley in June 2020 fundamentally altered the structural dynamic, breaking a 45-year streak of no casualties on the border. It completely dissolved the 1988 de-linking consensus. Today, as seen in recent diplomatic engagements, the relationship has entered a phase of tentative stabilization or "cold peace," where both sides communicate to manage risks but keep their militaries heavily deployed.

- **Way Forward**
- **Phased, Verifiable Disengagement:** The immediate priority must be completing the verified withdrawal of frontline troops from remaining friction points along the LAC. Both sides need to establish clearly defined buffer zones to prevent accidental patrol clashes, laying the groundwork for eventual de-escalation and returning troops to their permanent peacetime bases.
- **Rewriting Border Management Protocols:** The old agreements from the 1990s are no longer sufficient for modern border realities. India and China need to negotiate a new, legally binding border management framework. This should incorporate modern technologies like drone surveillance, satellite tracking, and clearer, real-time hotline communications between regional military commanders.
- **Strategic Economic Resilience:** India must continue its efforts to reduce vulnerabilities in critical sectors without pursuing an unrealistic, absolute economic decoupling. This involves strengthening Production Linked Incentive (PLI) schemes in high-tech fields like pharmaceuticals and semiconductors, diversifying import sources across Southeast Asia and Europe, and carefully vetting foreign direct investments in sensitive national infrastructure.
- **Sustaining Multilateral Safety Valves:** Both nations should continue utilizing platforms like BRICS, the SCO, and the G20 as institutional shock absorbers. Engaging on shared transnational challenges—such as climate change financing, global healthcare access, and reforming international financial institutions—allows both countries to maintain productive diplomatic contact even during periods of bilateral tension.
- **Clear Redlines and Open Communication:** Managing a long-term strategic competition requires absolute clarity. India must clearly communicate its core security redlines regarding its territorial integrity and sovereign choices, while keeping diplomatic channels wide open to avoid dangerous miscalculations or misreadings of intent.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COMPREHENSIVE GEOPOLITICAL ANALYSIS:
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COMPREHENSIVE GEOPOLITICAL ANALYSIS: INDIA-CHINA RELATIONS (UPSC CSE/APSC STAGE SERVICES)
MODULE 1: KEY TERMINOLOGY & FOUNDATIONS
Content from Section 1 & 4
GLOBAL SOUTH
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(developing nations)
STRATEGIC TRUST DEFICIT
GEARS GRINEIG TRUST LEVEL
(non-demarcated)
Demacated
Western
Eastern
Middle
Western
LINE OF ACTUAL CONTROL (LAC)
Quad
BRICS
Balancing between Quad
MUIATEGIC AUTONOMY
MULTIPOLAR WORLD ORDER
PHILOSOPHICAL BASE
REALPOLITIK
Knight/swords
VS.
Swordssvating
LIBERAL INSTITUTIONALISM
Handshakke
VS.
Handsships
'ASIAN CENTURY' CONSTRUCT
China-centric
VS.
Multipolar Asia
MODULE 2: MAIN ARGUMENTS & FRICTION
From Section 2
CORE THESIS
high-level pleasantries
transitioning tension
concrete, verifiable trust-building measures
POINTS OF ENGAGEMENT
BRICS
Multilateral Safety Valves
BRICS NSA summit
Global South Narrative
Narrative: solidarity
Modernization Focus
with trade links
FRICTION POINTS
Border vs. Broader Ties
"Border Peace Non-negotiable"
"Border Peace Non-negotiable"
Structural Material Asymmetry
• Containment villages and infrastructure
MODULE 4: MULTIDIMENSIONAL ANALYSIS
From Section 5 table
SOCIAL
MEDIA
PRIMARY DRIVER
→ Media negative, negative headlines
POLITICAL
CORE CHALLENGES
→ Leaders, conflicting systems
LEGAL
McMahon Line + Broken protocols
→ McMahon Line
→ Broken protocols
ETHICAL
35% humanity
PRIMARY DRIVER
→ Sovereignty vs.
→ Development
INTERNATIONAL
CORE CHALLENGES
→ US-China rivalry
→ Balance
ECONOMIC
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→ Deep deficit and
→ Dependency charts
MODULE 3: HISTORICAL EVOLUTION
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Panchsheel & Idealism
• 5 points
• 3 points
• 2 empotons
1962
Border War
"Deep Freeze"
1988
Breakthrough
"De-linking"
2017-2019
Rising Assertiveness/ Informal Summits
(Wuhan/Mamallapuram)
NOTE:
• Class 12: Contemporary Wild
• Class 11: Politics in India Theory
2020+
Galwan Shock & "Cold Peace"
• 1988 consensus dissolved
• Troops deployed
MODULE 6: WAY FORWARD & PREVIOUS UPSC QUESTIONS
From Section 8 & 9
WAY FORWARD
Phased, Verifiable Disengagement (arrows and buffer zones)
Rewriting Border Management Protocols (with technology symbols)
Strategic Economic Resilience (PLI schemes, diversification, and diverse, etc.)
BRICO
Sustaining Multilateral Safety Valves (BRICS/SCO/G20)
Clear Redlines and communication
PREVIOUS UPSC QUESTIONS
Prelims:
• NDB establishment
• SCO members
• Galwan/Pangong Tso location
Mains:
• GS II: US partnership/assertiveness
• BRI implications
• BRI implications, border disputes/ economic interdependence
APSC:
• Regional stability, Northeast infrastructure
For Educational Purposes Only

FOR LOSSES UP TO RS 50,000, 85% OR RS 25,000, WHICHEVER IS LOWER, WILL BE PAID

Digital fraud: RBI revamps rules, widens framework

ENS Economic Bureau
Mumbai, June 24

THE RESERVE Bank of India (RBI) Wednesday unveiled a revised compensation mechanism for victims of digital payment frauds and widened its framework for limiting customer liability.

As per the RBI, a bona fide victim who has lodged a complaint involving gross loss of up to Rs 50,000 on account of fraudulent electronic banking transaction (EBT) will be compensated 85% of the net loss amount or Rs 25,000, whichever is less, once during the lifetime. They must report the fraud on the National Cyber Crime Reporting Portal or National Cyber Crime Helpline (1930) and to the bank within five calendar days from the date of occurrence, it said in the Reserve Bank of India (Commercial Banks-Responsible Business Conduct) Third Amendment Directions, 2026.

The new directions will apply in cases of electronic banking transactions undertaken by customers of a bank on or after January 1, 2027.

For complaint on a fraudulent EBT involving a loss of less than Rs 29,412, where 85% of compensation is paid, 65% will be borne by the RBI, 10% by the bank and the remaining 10% by the beneficiary bank, it said. On a complaint from cross-border fraudulent EBT, 65% will be borne by RBI and the remaining 20% by the customer's bank.

For fraudulent EBTs involving losses between Rs 29,412 and Rs 50,000, where compensation is capped at Rs 25,000, RBI said the burden will be shared among the RBI, the customer's bank and the beneficiary bank. In such cases, the RBI will contribute Rs 19,118, while the customer's bank and the beneficiary bank will each contribute Rs 2,941. If it arises out of cross-border fraudulent EBT, the RBI and customer's bank will contribute Rs 19,118 and Rs 5,882, respectively.

Beneficiary bank refers to the bank where the fraudulently debited amount is first credited. In cases where there is more than one beneficiary bank, the applicable compensation to be borne by each bank shall be in the proportion of the amount credited to their respective account.

FULL REPORT ON
WWW.INDIANEXPRESS.COM

• COMPENSATION FOR ONLINE FRAUD

NEW DIRECTIONS will apply in cases of electronic banking transactions undertaken by bank customers on or after Jan 1, 2027

FOR COMPLAINT on a fraudulent EBT involving a loss of less than Rs 29,412, where a compensation of 85% is paid, 65% will be borne by the RBI, 10% by the customer's bank

IN CASE of a complaint arising from cross-border fraudulent EBT, 65% will be borne by the RBI and the remaining 20% by the customer's bank

Rules to compute banks' forex risk exposure revised

Mumbai: The central bank Wednesday issued final rules governing how banks calculate their net foreign exchange exposure and the capital needed to be set aside against potential FX risk. The RBI had proposed changes to the rules earlier this year. The changes were intended to better align regulations with global norms and ensure consistent implementation across regulated entities. The RBI has clarified that banks have the option to exclude certain structural foreign currency investments from the calculation of net open position on both a standalone and consolidated basis. **REUTERS**

- **Key Terms and Explanations**
- **Electronic Banking Transaction (EBT):** Any financial transaction conducted through digital pathways—such as UPI, IMPS, NEFT, internet banking, or mobile applications—without the physical movement of cash or instruments like paper cheques. *Example:* A user mistakenly clicks on a phishing link and finds money electronically debited from their account via an unauthorized UPI transfer.
- **Limited Customer Liability:** A consumer-centric regulatory shield that caps the financial losses an individual must bear in the wake of an unauthorized digital transaction, provided they fulfill specific obligations like timely reporting.
- **Bona Fide Victim:** A consumer who has suffered financial loss due to cyber fraud despite exercising reasonable care, acting without any fraudulent intent, collusion, or personal negligence.
- **National Cyber Crime Reporting Portal (Helpline 1930):** A dedicated citizen-facing digital platform and tele-helpline operated under the Ministry of Home Affairs. It allows swift reporting of financial cyber crimes to facilitate the immediate freezing of defrauded funds within the banking grid.
- **Beneficiary Bank:** The specific financial institution holding the account into which the stolen or fraudulently obtained funds are deposited during an unauthorized electronic transfer.
- **Net Foreign Exchange Exposure:** The net difference between a commercial bank's total foreign currency assets and liabilities, measuring the bank's vulnerability to sudden shifts in international exchange rates.
- **Net Open Position (NOP):** A crucial risk metric representing the cumulative mismatch between a bank's total long (purchased) and short (sold) foreign currency positions, which requires regulatory capital backing to absorb potential market volatility.

- **Main Arguments and Substantive Parts**
- **Institutionalization of Trust in Digital Finance:** The core concept underscores that the longevity of India's cashless revolution relies heavily on consumer confidence. By formalizing an explicit safety net for retail digital payment frauds, the regulatory framework shifts the burden of systemic risk away from the end consumer, positioning financial security as a foundational public good.
- **The Shared Liability Architecture:** Rather than forcing either the customer or a single commercial bank to absorb the full impact of cyber fraud, a nuanced risk-sharing formula divides the cost. For retail losses under ₹50,000, a lifetime compensation of up to 85% (capped at ₹25,000) is provided. This liability is split mathematically among the central regulator, the source bank, and the beneficiary bank, striking a calculated balance between protecting consumers and maintaining institutional accountability.
- **The Logic of Temporal Accountability:** The rules enforce a rigid five-calendar-day reporting window for victims. This structural condition creates a dual incentive structure: it encourages swift consumer vigilance while equipping law enforcement and banks with the golden hours needed to track, trace, and freeze illicitly routed funds before they disappear into complex mule account networks.
- **Simultaneous Focus on Macroprudential Stability:** Retail consumer protection is matched by a corresponding tightening of systemic risk rules. Revising how commercial banks compute their foreign exchange risk exposure ensures that domestic institutions maintain healthy capital buffers against global currency shocks. This dual approach safeguards the system from micro-level fraud losses while insulating it from macro-level international volatility.

- **Historical Evolution of the Issue**
- **The Era of Physical Banking Infrastructure (Pre-Independence to 1990s):** For decades, banking operations were entirely paper-based, governed primarily by the Negotiable Instruments Act of 1881. Fraud was limited to physical check forgeries or signature manipulations, and proving bank negligence required a high burden of physical evidence from the customer.
- **The Legislative Shift and Early Digital Frameworks (2000–2016):** The enactment of the Information Technology Act, 2000, marked the formal arrival of electronic governance in India. As internet banking grew, the Reserve Bank of India gradually issued piecemeal cybersecurity circulars, though the legal onus for digital fraud losses remained largely undefined and skewed against the retail customer.
- **The UPI Boom and the 2017 Customer Liability Zero-Line:** Following the 2016 demonetization drive and the rapid adoption of the Unified Payments Interface (UPI), digital transactions scaled exponentially. Recognizing the systemic threat of cyber crime, the central bank issued its landmark 2017 circular establishing a zero-liability standard for customers who reported unauthorized electronic transactions within three days, placing the primary financial burden on commercial banks.
- **The 2026 Structural Realignment for Deep Financial Markets:** By 2026, simple zero-liability rules proved financially straining for smaller commercial banking entities amid sophisticated social engineering attacks and international cyber syndicates. This led to the introduction of the *Reserve Bank of India (Commercial Banks-Responsible Business Conduct) Third Amendment Directions, 2026* (effective January 1, 2027), which instituted a shared-loss matrix. Alongside this, foreign exchange risk calculations were updated to better align with contemporary global Basel norms.

- **Way Forward**
- **Sustained, Vernacular Cyber-Hygiene Campaigns:** Financial inclusion must be supported by widespread financial literacy. The state and banking institutions should deploy clear, localized awareness programs focused on identifying social engineering tactics, phishing links, and unauthorized remote access applications.
- **Real-Time AI Preventive Guardrails:** Financial institutions should move away from purely reactive compensation models and invest heavily in real-time, artificial intelligence-driven fraud detection. Machine learning tools can analyze transaction velocities, location mismatches, and unusual mule account activities to intercept and freeze suspect transactions before they clear.
- **Upgrading the Technical Capacity of the 1930 Network:** The National Cyber Crime Reporting Portal needs deeper technical integration with the core banking systems of all scheduled commercial, cooperative, and regional rural banks. This connectivity is essential to ensure that when a fraud is reported, the automated "lock" command moves faster than the criminal's ability to withdraw the funds.
- **Deepening International Regulatory Cooperation:** Because modern cyber syndicates frequently operate across borders, India can utilize forums like the G20, the Financial Action Task Force (FATF), and the Basel Committee on Banking Supervision to advocate for unified international protocols on cyber-fraud tracking and cross-border asset recovery.

UPSC ANALYSIS: RBI'S NEW DIGITAL FRAUD COMPENSATION FRAMEWORK
(Effective Jan 1, 2027)

AXIA
IAS ACADEMY

COMPREHENSIVE OVERVIEW

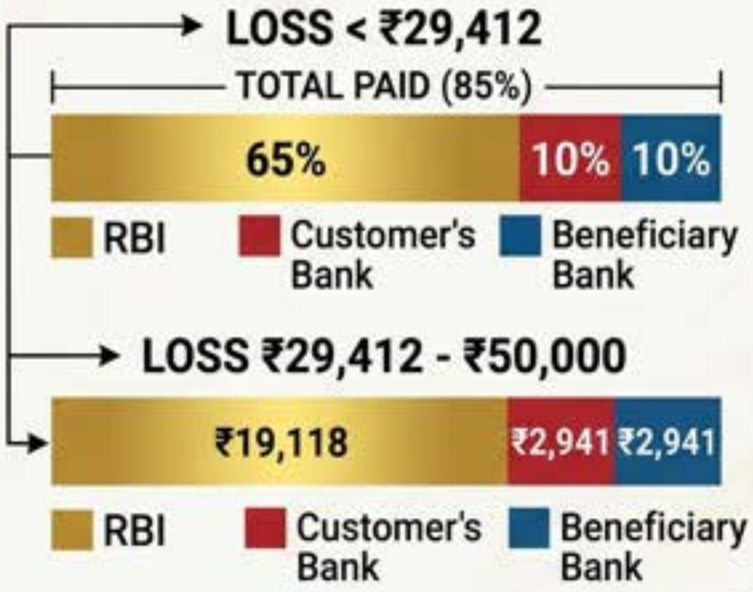
BONA FIDE VICTIM
Acts without fraud/collusion; exercising reasonable care for transaction security.

LIMITED CUSTOMER LIABILITY
Caps individual losses, placing primary financial responsibility on institutions.

SHARED LIABILITY ARCHITECTURE (DOMESTIC FRAUD)

Compensation Capped (₹25,000; the burden is shared by RBI and Banks.

SHARED LIABILITY ARCHITECTURE (CROSS-BORDER FRAUD)



REPORTING & GRACE PERIOD

5-DAY WINDOW

OCCURRENCE → VICTIM COMPLAINT → DISPUTE RESOLUTION

to National Cyber Crime Portal Helpline 1930

OTHER KEY UPDATES

BANKS' FOREX RISK EXPOSURE COMPUTATION REVISED: Aligned with global standards for consistent risk management.

Minister sees vast scope for BRICS nations in space sector

The Hindu Bureau
BENGALURU

Union Minister Jitendra Singh with ISRO Chairman V. Narayanan (left) and IN-SPACe chief Pawan Goenka. K. MURALI KUMAR

Union Minister of State for Science and Technology Jitendra Singh on Wednesday pitched for a 'BRICS Space Economy'.

Participating in the valedictory session of the BRICS Heads of Space Agencies (HOSA) meeting in Bengaluru, he called for collective action among BRICS member-nations to unlock new opportunities in innovation, investment, entrepreneurship and sustainable development.

"The future of the space economy will not be shaped by nations working in isolation. It will be shaped by partnerships, shared innovation and collective ambition. BRICS countries have the potential to become one of the strongest pillars of this emerging global space ecosystem," Dr. Singh said.

Hosted by the Indian Space Research Organisation (ISRO) under India's BRICS Chairship 2026, the two-day meeting was attended by heads of space agencies and senior officials from Brazil, China, Egypt, Ethiopia, Indonesia, Iran, Russia, South Africa, and the United Arab Emirates. The meeting also reviewed the progress in BRICS space cooperation and deliberated on key issues including space sustainability, debris-free missions and strengthening the BRICS remote sensing satellite constellation.

- **Key Terms and Explanations**
- **BRICS Space Economy:** This concept represents a collaborative macroeconomic framework aimed at commercializing space-related activities across the expanded member nations. It transitions space exploration from a purely state-funded scientific endeavor into a market-driven ecosystem that promotes cross-border investments, fosters public-private partnerships, and enables space-technology startups to trade products and services globally. For instance, a joint commercial initiative where space-tech startups from India and Brazil co-develop low-cost micro-satellites for global agricultural mapping fits directly into this economic matrix.
- **BRICS Remote Sensing Satellite Constellation (RSSC):** This is a formalized cooperative mechanism that integrates existing Earth observation satellites operated by the space agencies of member states. Rather than deploying an entirely new hardware network, it creates a virtual constellation by pooling and sharing high-resolution imagery and data. A practical example of this is the instantaneous sharing of orbital imagery between India's ISRO and China's CNSA to track rapid glacial melts or coordinate large-scale disaster responses across the Global South.
- **Space Sustainability:** This critical governance concept addresses the management of outer space activities to ensure that the space environment remains safe and usable for future generations. It focuses on preventing orbital crowding, limiting electromagnetic interference, and establishing international traffic rules. For example, a nation practicing space sustainability will ensure its retired communications satellite is intentionally moved to a "graveyard orbit" rather than leaving it to wander in active operational corridors.
- **Debris-Free Missions:** This refers to an advanced aerospace engineering and policy mandate requiring that launch vehicles and payloads leave zero permanent remnants in orbit after fulfilling their objectives. It requires structural components to either perform controlled re-entry to burn up in Earth's atmosphere or deploy specialized sails to fast-track de-orbiting. An example includes engineering a rocket’s upper stage to automatically perform a retro-burn immediately after satellite deployment, ensuring it disintegrates safely over an ocean.
- **IN-SPACe (Indian National Space Promotion and Authorisation Centre):** Acting as an autonomous, single-window nodal agency under India’s Department of Space, this body is legally empowered to promote, permit, and regulate private sector participation in the domestic space sector. It serves as the bridge between state infrastructure and private capital. For instance, when a private launch startup requires access to ISRO's world-class launchpads at Sriharikota, IN-SPACe provides the technical clearance and regulatory authorization.
- **BRICS Space Council:** A proposed institutionalized multilateral governing entity designed to harmonize space policies, standardize data protocols, and oversee joint missions among member nations. Once fully operational, this council would function as a central bureaucratic anchor, replacing ad-hoc bilateral agreements with a unified code of conduct for space commerce and collaborative deep-space exploration across the bloc.

- **Main Arguments and Substantive Parts**
- **The Paradigm Shift from Isolation to Interdependence:** A foundational argument emphasizes that the future of the global space industry can no longer be sustained by nations operating in silos. The sheer fiscal burden, technological complexity, and infrastructural scale required for next-generation missions demand a move toward collective ambition and shared innovation. Establishing a cohesive space ecosystem is the only viable path to unlocking sustainable long-term growth.
- **Leveraging Emerging Geopolitical Scale for Economic Dominance:** The expansion of the grouping to eleven diverse nations brings together a massive combination of scientific expertise, manufacturing capabilities, and domestic consumer markets. By consolidating these strengths into a unified market, the Global South can effectively dismantle traditional Western monopolies in upstream launch services and downstream geospatial analytics. This strategic pooling allows emerging economies to dictate competitive pricing models and capture a dominant share of the global commercial space market.
- **Institutional Structural Reform via a Space Council:** For space cooperation to mature beyond basic data exchange, the immediate creation of a specialized Space Council is presented as a structural necessity. This proposed entity will govern the legal and administrative expansion of the satellite constellation, smoothly integrate incoming member nations, and formalize shared operational guidelines. Without this centralized institutional framework, multilateral efforts risk being delayed by domestic bureaucratic frictions.
- **Pioneering Ethical Norms in Orbital Responsibility:** A core argument focuses on taking proactive leadership in environmental management within outer space. By making space sustainability and debris-free operations central to its collaborative framework, the bloc challenges the historical, unregulated behavior of legacy space powers. This commitment sets a high standard for global space ethics, proving that rapid commercial expansion can coexist with strict environmental stewardship.
- **Democratization through Private Sector Integration:** The long-term vitality of this joint economy depends entirely on breaking state-dominated monopolies by actively integrating the private sector. Utilizing national regulatory bodies to showcase commercial startup capabilities to international delegates creates a cross-border marketplace for innovation. This strategy turns space technology into an entrepreneurial engine, attracting private venture capital and driving localized job creation across all member states.

- **Historical Evolution of the Issue**
- **The Era of Binary Cold War Rivalry (1940s–1960s):** Following World War II, space exploration was defined by a highly competitive, ideologically driven race between the United States and the Soviet Union. Emerging post-colonial nations were completely excluded from this domain, forced to focus exclusively on basic domestic survival and agrarian nation-building. During this time, India laid its earliest conceptual foundations under Dr. Vikram Sarabhai, choosing to view space not as a tool for strategic power, but as a medium for socio-economic development and remote communication.
- **The Phase of Technology Denial and Isolated Growth (1970s–1990s):** As India formalized its space program through the establishment of ISRO and the Department of Space, the geopolitical landscape grew highly restrictive. The creation of strict technology denial regimes, such as the Missile Technology Control Regime (MTCR), severely limited the flow of dual-use technologies to developing nations. This forced India and other nations of the Global South into a phase of self-reliance, developing indigenous launch capabilities (like the PSLV) in structural isolation from one another.
- **The Genesis of BRICS and Early Multilateral Alignment (2000s–2010s):** The formalization of the BRIC acronym into an active diplomatic alliance in the late 2000s created a unique platform for South-South cooperation. Recognizing their shared challenges in food security, urban planning, and frequent natural disasters, member states began exploring ways to align their space assets. Early discussions centered on breaking away from Western-dominated GPS and weather data dependency, laying the groundwork for cooperative satellite communication.
- **The Landmark 2021 Constellation Agreement:** A major structural breakthrough occurred in August 2021 with the official signing of the Agreement for Cooperation on the BRICS Remote Sensing Satellite Constellation. This historic accord created a mechanism that linked specified existing satellites from Brazil, Russia, India, China, and South Africa into a shared data-exchange network. It marked the transition of the bloc from a purely political talking shop into a practical, technologically integrated working alliance.
- **The Contemporary Era of Expansion and Commercialization (2024–Present):** With the recent historic expansion of the grouping to eleven nations, the focus has evolved from basic state-level data sharing to building a integrated space economy. The 2026 Heads of Space Agencies meeting in Bengaluru represents the modern peak of this timeline, focusing on establishing a Space Council, integrating private sector startups, and setting standards for global space sustainability.

AXIA ACADEMY

RISE ABOVE THE REST

UNDERSTANDING THE BRICS SPACE ECONOMY & COOPERATION

KEY TERMS & EXPLANATIONS

BRICS SPACE ECONOMY

- Expanded member network of 11 nations
- Market-driven ecosystem
- Joint commercial initiatives
  - e.g. low-cost micro-satellites for agriculture

BRICS REMOTE SENSING SATELLITE CONSTELLATION (RSSC)

- Virtual constellation pulling data from existing state satellites
- Pooling imagery for glacial melt tracking
- Disaster response

SPACE SUSTAINABILITY

- Managing outer space for safety
- Preventing orbital crowding
- graveyard orbit

DEBRIS-FREE MISSIONS

controlled re-entry

- zero permanent remnants

IN-SPACe

IN-SPACE

(Indian National Space Promotion and Authorisation Centre)

- Bridge amous agency or bridge between state infra and private capital
- technical clearance for launchpads

BRICS SPACE COUNCIL (PROPOSED)

- Institutionalized multilateral entity to harmonize space policies,
- standardize data protocols,
- oversee joint missions

HISTORICAL EVOLUTION

1940s-1960s: ERA OF BINARY COLD WAR RIVALRY

ERA OF BINARY COLD WAR RIVALRY
- Early rockets
- Sputnik
- Excluding Global South

1970s-1990s: PHASE OF TECHNOLOGY DENIAL & ISOLATED GROWTH
- ISRO's indigenous PSLV self-reliance

PHASE OF TECHNOLOGY DENIAL & ISOLATED GROWTH
- MTCR
- ISRO's indigenous PSLV PSLV self-reliance

2000s-2010s: GENESIS OF BRICS & EARLY MULTILATERAL ALIGNMENT
- Weather data dependency
- Early discussions

GENESIS OF BRICS & EARLY MULTILATERAL ALIGNMENT
- Weather data dependency
- Early discussions

2021 LANDMARK CONSTELLATION AGREEMENT
- Historic accord
- Data exchange mechanism

2024-PRESENT

CONTEMPORARY ERA OF EXPANSION & COMMERCIALIZATION
- Bengaluru Heads meeting concept
- Space Council
- Private startups
- Private startups
- Sustainability focus

MAIN ARGUMENTS & ANALYSIS

1. **Shift from Isolation to Interdependence** connected ecosystem vs. silos
2. **Leveraging Geopolitical Scale for Dominance** 11 nations pooling scientific, mfg, consumer market
3. **Institutional Structural Reform via Space Council**
4. **Pioneering Ethical Norms in Orbital Responsibility** debris-free focus, challenging legacy powers

MULTIDIMENSIONAL IMPACT

SOCIAL
- Real-time data for farmers for lrammecrs, tele-medicine, digital education

POLITICAL
- Independent alternative
- Leverage in international bodies like UNCOPGOS

LEGAL
- International Space Law modernization, Space Council ToR
- Intellectual Property Rights

ETHICAL
- Intergenerational obligation, principled stance against exploitation
- orbital safety

INTERNATIONAL
- South-South cooperation, practical communication channels
- Challenging technology transfer

ECONOMIC
- Multi-billion dollar market
- Integrated supply chains
- High-skill jobs

WAY FORWARD

- ☑ Accelerating Formalization of the Space Council
- ☑ Harmonizing Transnational Regulatory & Licensing
- ☑ Establishing Dedicated Multilateral Space Venture Fund (via NDB)
- ☑ Drafting Joint Code of Conduct for Low-Earth Orbit Management

NCERT & UPSC CSE LINKAGES

- ☑ Class 12 Pol Sci
- ☑ Class 10 Geog
- ☑ Class 11 Econ
- ☐ GS-2 (International Relations)
- ☐ GS-3 (Science and Technology)
- ☐ Essay Paper
- ☐ PSIR Optional (Paper 2)

• POLICY

How government's overhaul of FCRA rules puts focus on religious conversion

Deeptiman Tiwary
New Delhi, June 24

THE UNION Home Ministry has tightened the foreign funding framework for NGOs and associations under the Foreign Contribution Regulation Act (FCRA). It has issued two notifications that revise penalties and specify purpose-based, geography-linked registration while explicitly keeping foreign money out of proselytising activities.

The two new notifications

The first notification amends the Foreign Contribution (Regulation) Rules, 2011, requiring every FCRA registration to specify both the purposes for which foreign funds can be used and the states or Union Territories where such activities can be undertaken. Organisations must now select their activities from a government-prescribed Schedule of 105 permissible purposes.

Existing FCRA-registered associations have been given one year to indicate the purposes and geographical areas they wish to retain in their registration. Any subsequent expansion in scope will require fresh approval.

The notification also broadens the definition of "key functionary", restricts organisations with foreign nationals in key management positions from ordinarily receiving registration or prior permission, introduces a minimum utilisation requirement for renewal and cancellation decisions, tightens conditions for release of subsequent instalments of foreign funds, and mandates more extensive disclosures in annual returns, including activity reports, social media account details and information on ultimate donors.

The second notification revises compounding penalties for violations such as excess administrative spending, speculative investments, diversion of foreign funds and use of foreign contributions outside approved purposes or areas. It raises the cost of non-compliance while providing organisations with a structured mechanism to settle violations through compounding instead of facing full criminal prosecution.

Change from 2011 Rules

The changes mark a shift from a relatively broad, programme-based framework to a far more prescriptive regulatory regime. Under the 2011 Rules, organisations broadly identified themselves as undertaking religious, cultural, educational, economic or social activities and described their programmes. The new Rules require them to choose from a government-notified list of approved activities, with registrations tied to those specific purposes.

A second major change is geographical restriction. While organisations earlier disclosed their areas of operation, registration itself was not linked to specific states or Union Territories. The new framework makes geography part of the licence.

The 2011 Rules referred mostly to "Members of the Executive Committee or Governing Council" and "Chief Functionary", without defining "key functionary" which have now been specified as directors of companies, partners in firms, trustees of trusts, the *karta* of a Hindu Undivided Family, office bearers and members of governing bodies, and "any other officer or person... who has control over, or responsibility for the management" of the association.

The Rules also explicitly exclude "proselytisation" from permitted religious activities, define "key functionary" more broadly, place new restrictions on organisations with foreign nationals in leadership positions, introduce a minimum utilisation threshold for foreign funds, and tighten scrutiny of organisations receiving funds through prior permission.

The changes significantly increase government oversight over how and where foreign contributions can be used.

Focus on proselytisation

One of the most notable features of the new Schedule is the repeated use of the phrase "excluding proselytisation" in relation to religious activities. While the 2011 Rules recognised a range of religious activities, they did not expressly refer to proselytisation. The new framework allows faith-based activities such as religious education, theological study, preservation of religious traditions and religious gatherings, but explicitly excludes conversion-oriented work.

The Constitutional backdrop is significant. Article 25 guarantees the right to profess, practise and propagate religion, but the Supreme Court in *Rev. Stainislaus vs State of Madhya Pradesh* (1977) held that the right to propagate religion does not include a right to convert another person.

By expressly excluding proselytisation, the Centre is signalling that foreign contributions can support religious activities but not conversion-oriented work. The move is in line with the long-standing concern within the Sangh Parivar that foreign-funded organisations are involved in religious conversion.

Since coming to power, the Narendra Modi government has faced allegations of targeting Christian organisations under the FCRA regime over suspicions of conversion. Several Christian institutions, including Missionaries of Charity and Church of North India-linked entities, have faced FCRA action. The government has maintained that these actions were based on specific violations of FCRA provisions.

The penalty framework

The second notification, under Section 41(1) of the FCRA, revises compounding penalties for several violations relating to the receipt and utilisation of foreign contributions. Among the key changes:

- Spending foreign contribution beyond the 20% cap on administrative expenses will attract a penalty of Rs 1 lakh or 5% of the excess expenditure, whichever is higher.
- Utilising it in speculative activities will attract a penalty of Rs 1 lakh or 30% of the amount invested, whichever is higher.
- Using it for purposes other than those for which it was received will attract a penalty of Rs 1 lakh or 30% of the amount involved, whichever is higher.
- Accepting or utilising foreign contribution for purposes or in states and Union Territories not covered by registration will invite similar penalties.

- **Key Terms and Explanations**
- **Foreign Contribution Regulation Act (FCRA):** This is the primary legislative framework in India designed to regulate the acceptance and utilization of foreign funds by individuals, associations, or companies. Its foundational objective is to safeguard national sovereignty, protect democratic institutions from foreign interference, and ensure internal security by preventing external financial influence over domestic politics and social movements.
- **Proselytisation:** This term refers to the practice of attempting to convert an individual or a community from one religion, belief system, or doctrine to another. In the context of regulatory oversight, it specifically distinguishes between purely humanitarian, educational, or cultural faith-based activities and those aimed at religious conversion, with the latter being strictly prohibited from receiving foreign financing.
- **Key Functionary:** An expanded legal definition used by regulatory bodies to identify individuals exercising administrative, financial, or executive control over an association. It includes company directors, firm partners, trustees, the *Karta* of a Hindu Undivided Family (HUF), office bearers, and governing body members, subjecting them to intense scrutiny to prevent the infiltration of foreign nationals into domestic decision-making bodies.
- **Compounding of Offences:** A structured legal mechanism under Section 41(1) of the FCRA that allows an organization to settle specific financial or operational violations by paying a prescribed monetary penalty instead of undergoing full criminal prosecution. This acts as an administrative bridge, offering a path to compliance for procedural lapses while penalizing deviations.
- **Speculative Investment:** The deployment of foreign funds into volatile financial avenues—such as equity markets, mutual funds, or high-risk trading—where the principal capital is risked for financial gain rather than being directly spent on the socio-economic, educational, or cultural purposes for which the registration was granted.

- **Main Arguments and Substantive Parts**
- The current governance approach marks a fundamental paradigm shift from an organic, programme-based framework to a prescriptive, tightly monitored regulatory model. The core thesis rests on the principle that foreign funding must be strictly aligned with state-vetted development goals and must never be utilized as a tool for socio-religious engineering or political destabilization.
- **Dual Administrative Notifications**
- The restructuring operates through two major administrative interventions. The first redefines the operational boundaries of the Foreign Contribution (Regulation) Rules, while the second introduces a graded penalty matrix for financial non-compliance. Together, they transform the compliance architecture for all non-governmental organizations (NGOs) in India.
- **Purpose-Specific and Geographically Bound Operations**
- Organizations are no longer allowed to self-identify under broad categories such as social, educational, or religious activities. They are now required to choose their exact operations from a strict, government-prescribed schedule of 105 permissible purposes. Furthermore, registrations are now tied to specific states or Union Territories, meaning that any geographical expansion or diversification of activities requires fresh state approval, creating a localized oversight model.
- **Explicit Exclusion of Proselytisation**
- The regulatory updates clearly separate legitimate faith-based operations from conversion-oriented initiatives. While activities like theological studies, religious education, and the preservation of traditions remain permissible, conversion-oriented work is explicitly banned from using foreign funds. This aligns with the landmark Supreme Court ruling in *Rev. Stainislaus vs State of Madhya Pradesh (1977)*, which affirmed that the constitutional right to propagate religion under Article 25 does not grant a fundamental right to convert another person.
- **Graded Penalty Architecture**
- To enforce financial discipline without immediately shutting down organizations for minor operational issues, a revised compounding framework has been introduced:
- **Administrative Cap Violations:** Exceeding the 20% limit on administrative expenses results in a penalty of ₹1 lakh or 5% of the excess expenditure, whichever is higher.
- **Speculative Investments and Misutilization:** Diverting foreign funds into unauthorized speculative markets or using them outside approved geographical zones incurs a penalty of ₹1 lakh or 30% of the total amount involved.

- **Historical Evolution of the Issue**
- **The Early Post-Independence Era (1950s–1960s):** Following independence, India welcomed foreign philanthropic capital. Transnational aid, religious charities, and international foundations operated with minimal state oversight, focusing primarily on building educational institutions, healthcare facilities, and rural development networks.
- **The Cold War Pivot and the 1976 Act:** The geopolitical landscape changed dramatically in the 1970s. Amid concerns over foreign intelligence services influencing domestic political processes, the Indira Gandhi government enacted the Foreign Contribution (Regulation) Act of 1976. This initial law focused on preventing external money from influencing elections, political parties, journalists, and lawmakers.
- **The 2010–2011 Structural Modernization:** As the non-profit sector grew rapidly alongside economic liberalization, the older law was repealed and replaced by the FCRA of 2010 (supported by the 2011 Rules). This shift turned the law into an internal security tool, requiring organizations to register under five broad categories: cultural, economic, educational, religious, or social.
- **The 2020 Amendments:** The regulatory framework tightened further with amendments that reduced the cap on administrative expenses from 50% to 20%, completely banned the sub-granting or transferring of foreign funds to other domestic NGOs, and mandated that all foreign contributions be received exclusively through a designated account at the State Bank of India's main branch in New Delhi.
- **The Current Framework:** The latest rules add deep operational granularity. By introducing a schedule of 105 distinct activities, restricting foreign nationals from leadership roles, and explicitly banning proselytisation, the state has moved toward a localized, hyper-prescriptive regime focused on ensuring absolute transparency.

- **Way Forward**
- **Creating an Automated, Time-Bound Approval System**
- The newly introduced schedule of 105 permissible purposes should be managed through a transparent, fully automated digital system. Clear criteria must be established for each category to ensure that applications for renewal or geographical expansion are processed within a fixed timeframe. This would minimize direct administrative interference and protect well-intentioned organizations from unnecessary delays.
- **Establishing an Independent Regulatory Authority**
- Responsibility for overseeing civil society could be shifted from a purely executive ministry to an independent regulatory body, similar to the Charity Commission models used in other democracies. This co-regulatory authority, composed of retired judges, civil society leaders, and financial experts, would evaluate compliance issues objectively, separating national security threats from minor administrative errors.
- **Promoting and Diversifying Domestic Philanthropy**
- To reduce the reliance of non-profits on foreign funding, the government could introduce tax incentives to boost domestic philanthropy. Expanding Corporate Social Responsibility (CSR) guidelines to allow companies to fund a broader range of grassroots advocacy and social research would help build a sustainable, locally funded civil society.
- **Developing a Voluntary Code of Conduct for Faith-Based Aid**
- Civil society organizations should work together to establish a voluntary, transparent code of ethics that clearly separates humanitarian service delivery from religious persuasion. By certifying that their aid programs—especially in healthcare and education—are completely secular and non-coercive, reputable faith-based organizations can maintain public trust and satisfy state regulatory requirements.

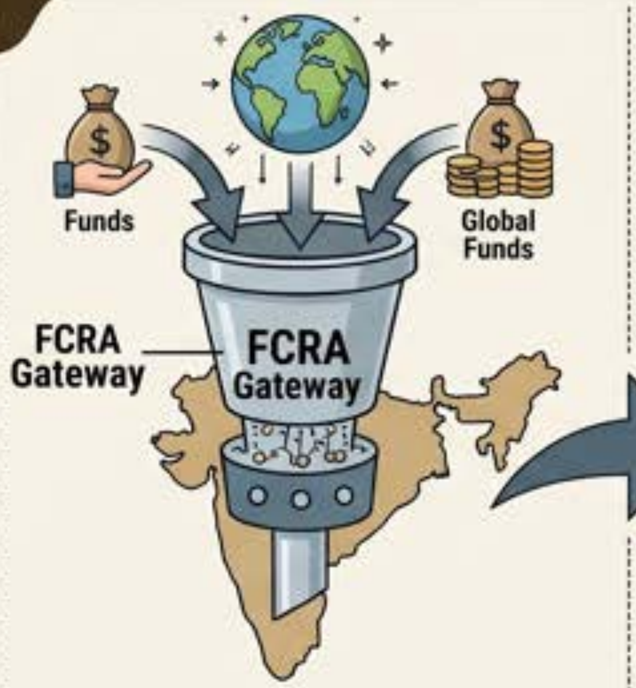
AXIA IAS ACADEMY — ADVANCED UPSC ANALYSIS

OVERHAUL OF FCRA RULES & FOCUS ON RELIGIOUS CONVERSION

- Regulatory framework tightening
- Shifting to a prescriptive, monitored model
- Focus on impact of conversion-based activities

CHANGES IN KEY PROVISIONS

OLD 2011 Rules (Broad)	NEW 2026 notifications (Specific & Geo-linked)
General social, educational, etc.	STRICT — Must choose from pre-defined list of 105 permissible purposes. Registrations tied to specific States/UTs*. Fresh approval needed for expansion.



FOCUS ON PROSELYTISATION
(Core Argument)

***Rev. Stanislaus vs State of Madhya Pradesh (1977):** "The Constitutional backdrop is significant.... The right to propagate religion does not include a right to convert another person."

MULTIDIMENSIONAL ANALYSIS

- **Social:** Demographic stability vs. Grassroots aid disruption
- **Political:** National sovereignty vs. Pluralism (selective targeting?)
- **Legal:** Article 25 freedoms vs. reasonable restrictions for public order
- **Ethical:** Aid conditionalities; Sovereignty of conscience
- **International:** Global NGO indices vs. Foreign policy frictions
- **Economic:** Sectoral job losses, strict capital audit

The 'Buckets'

THE PENALTY FRAMEWORK

	REVISED COMPOUNDING PENALTIES
Spending > 20% administrative cap	₹1 lakh or 20% 5% excess expenditure (whichever is higher)
Speculative activities	₹1 lakh or 30% of investment
Utilization for other purposes	₹1 lakh or 30% of amount
Misutilisation of foreign contribution (e.g., other States/UTs)	Similar penalties. (₹1 lakh or 30% of amount)

UPSC INTEGRATION

NCERTs LINKAGES

- Indian Constitution at Work
- Political Theory
- Indian Society
- PoliticalPolicy and relevant ioptionals

UPSC CSE SYLLABUS MAP

- GS II
- GS III
- GS IV
- Essay
- Ethics
- relevant Optionals

ALL PREVIOUS YEARS' UPSC & APSC QUESTIONS

PRELIMS	TIME	MAINS
NGOs as alternative model?		Role on alternative non-state actor's model?
Role of foreign non-state actors in social stability?		Role of very non-state model?
Methods of NGOs to influence policy-making?		Methods of NGOs to influence policy-making?
		Volume of money laundering and regulatory steps?

WAY FORWARD

BALANCED COMPLIANCE MATRIX

STATE SAFEGUARDS
- Automated 105-purpose vetting
- Anti-conversion compliance
- Intelligence-led targeting

NGO ENABLERS
- Voluntary code of ethics
- Diversified domestic CSR capital
- Fast-track single-window clearance

Why was the *NewsClick* case quashed?

Did NewsClick violate FDI rules or FEMA regulations? How did the absence of an FDI cap at the time affect the case? What role did the RBI's approval play in the ruling? What happened in the UAPA case against Prabir Purkayastha?

EXPLAINER

THE GIST

- **Key Terms and Explanations**
- **Predicate Offence (Scheduled Offence):** This refers to the foundational criminal act that generates illegal proceeds, which are subsequently laundered. Under the Prevention of Money Laundering Act (PMLA), 2002, the Enforcement Directorate (ED) cannot initiate a money laundering investigation in isolation; there must be a primary FIR registered under designated sections of the Indian Penal Code (IPC) or other penal laws. For instance, if the primary charge of cheating or criminal conspiracy is legally dismantled, the dependent money laundering case automatically collapses.
- **Enforcement Case Information Report (ECIR):** This is the internal document registered by the Enforcement Directorate (ED) to initiate a money laundering investigation. Unlike a First Information Report (FIR) registered by the police under the Bharatiya Nagarik Suraksha Sanhita (BNSS/CrPC), an ECIR is treated as an internal departmental document. Consequently, the accused does not possess an automatic statutory right to receive a copy of it at the inception of the probe.
- **Foreign Direct Investment (FDI) Cap:** This represents the maximum percentage of foreign ownership permitted in an Indian business entity within a specific sector. A major legal conflict emerges when the state attempts to apply newly introduced caps retroactively to investments completed under older, liberalized regimes.
- **Foreign Exchange Management Act (FEMA), 1999:** A civil regulatory framework enacted to consolidate and amend laws relating to foreign exchange, aiming to facilitate external trade and payments. Unlike its draconian predecessor (FERA), FEMA violations are primarily civil infractions compoundable by fines, rather than cognizable criminal offences, provided no systemic fraud or diversion is established.
- **Unlawful Activities (Prevention) Act (UAPA), 1967:** India’s primary anti-terror legislation, which grants the state extraordinary powers to designate individuals as terrorists and detain suspects for extended periods. Because the statutory thresholds for securing bail under UAPA are exceptionally high, courts strictly scrutinize the procedural steps taken during an arrest to prevent executive overreach.
- **Article 22(1) of the Constitution of India:** A fundamental right guaranteeing that no arrested person shall be detained without being informed, *as soon as may be*, of the grounds for such arrest. Recent landmark judicial interpretations have elevated this right, establishing that "informing" means providing the written grounds of arrest to the accused and their counsel promptly to ensure a meaningful legal defense.

- **Main Arguments and Substantive Parts**
- **The Legality of Retroactive Policy Enforcement:** A central pillar of the legal discourse involves the impermissibility of penalizing an entity for economic actions that were fully compliant with the laws in force at the time of the transaction. The judiciary firmly maintains that administrative press notes restricting foreign ownership cannot be applied retroactively to criminalize past investments approved via authorized banking channels.
- **The Structural Dependency of Money Laundering Charges:** The survival of a financial fraud prosecution hinges entirely on the existence of a valid, legally sustainable predicate offence. Under prevailing judicial precedents, such as the *Vijay Madanlal Choudhary* ruling, if the primary allegations of criminal conspiracy or cheating fail to withstand judicial scrutiny, any derivative money laundering case (ECIR) loses its legal foundation. The state cannot sustain a money laundering probe on the mere "bald assertion" of a conspiracy when no independent material demonstrates an illegal design.
- **The Sanctity of Procedural Safeguards in Anti-Terror Law:** When the state deploys extraordinary statutes like the UAPA, procedural compliance is not a mere formality—it is a mandatory constitutional checkpoint. The judiciary has established that the failure of an investigative agency to furnish written grounds of arrest at the time of detention fundamentally vitiates the remand process. This principle reinforces the idea that statutory severity must be counterbalanced by rigorous procedural fairness to protect individual liberty.
- **The Requirement of an Aggrieved Party in Financial Crimes:** For classic criminal charges like cheating (Section 415 IPC) or criminal breach of trust (Section 405 IPC) to hold ground, there must be an identifiable victim who has suffered wrongful loss or deception. When foreign investors explicitly confirm that their financial transactions were commercial equity investments approved by regulatory bodies like the Reserve Bank of India (RBI), third-party informants cannot claim a criminal injury. Operational business expenses like salaries and consultancy fees do not equate to the illegal "siphoning" of funds.

- **Historical Evolution of the Issue**
- **Colonial Foundations and Early Post-Independence Dynamics:** The Indian state's impulse to regulate public dissemination and capital flows traces back to colonial enactments like the Vernacular Press Act, 1878, and the Official Secrets Act, 1923, which prioritized state security over individual expression. Post-independence, the framing of Article 19(1)(a) and 19(1)(g) sought to liberate the press and trade, yet the First Constitutional Amendment of 1951 introduced "reasonable restrictions" under Article 19(2), solidifying national security and public order as permissible grounds for state intervention.
- **The Liberalization Era and Foreign Capital Deregulation (1991–2010s):** The historic economic reforms of 1991 transformed India's financial regulatory landscape, replacing the stringent Foreign Exchange Regulation Act (FERA) with the more liberal Foreign Exchange Management Act (FEMA). As foreign direct investment flooded into various sectors, the print and broadcast media sectors remained guarded with strict caps to prevent foreign political interference in domestic discourse. However, the emergence of the internet created a regulatory vacuum for digital news portals, which enjoyed a highly liberalized environment with no explicit foreign equity restrictions for nearly two decades.
- **The Regulatory Shift toward Digital Media (2019–Present):** Recognizing the growing influence of online journalism and digital platforms, the executive introduced a 26% FDI cap on digital news media via a regulatory Press Note in September 2019. This structural change brought online media at par with print media restrictions. However, this policy shift blurred the lines between regulatory compliance and criminal investigation, as the state began using retroactive interpretations of these rules to scrutinize historical foreign funding received by digital platforms.
- **The Modern Judicial Reassertion of Due Process:** In response to the increasing use of stringent statutory frameworks like the PMLA and UAPA against civil society and media organizations, the higher judiciary has gradually stepped up its oversight. Key rulings have systematically reinforced procedural justice, making it clear that specialized investigative agencies must adhere strictly to constitutional mandates, such as providing written grounds for arrest and establishing clear evidence of a predicate crime before pursuing money laundering charges.

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THE NEWSCLICK CASE: A COMPREHENSIVE UPSC CSE LEGAL & ECONOMIC ANALYSIS

CORE LEGAL CONCEPTS & TERMS

FDI Cap
Currencies & map definition - currency currencer conditions

FEMA
Calculator & global map calculate - global map of funds

UAPA
Handcuffs & scroll to covers for handling legal intent

Art 22(1)
Scroll and text on scroll and its freedom freedom of country

PREDICATE OFFENCE
Dominoes flow on dominoes flow works such as global currencies to illegal money transfer

ECIR
Shield & data stream is controlled by then informed restraint motion regarding politics and data stream

CHRONOLOGICAL FLOW

2018		Investment Investment
2019	Investment & Bank	Chance of Primes Jederation
2020		Police int Station
2021	Allegations in Conract Allegations	Allegations are Police Allegations
2022		Allegations to Courts Allegations
2023	Court orders and decisions	Affirmed Mandatory Procedural Grounds
2024		Quashing primary or Written Grounds

KEY JUDICIAL FINDINGS (QUASHING)

- **ILLEGALITY OF RETROACTIVE POLICY ENFORCEMENT** (specific cases)
  FDI cap → FDI cap implementation dated on August 13, 2024
- **PMLA DEPENDENCY ON PREDICATE OFFENCE**
  Primary Offence → ✗ → PMLA case
  No Primary Offence, No Money Laundering
- **AFFIRMED MANDATORY PROCEDURAL JUSTICE UNDER ART 22(1)**

MULTI-DIMENSIONAL IMPACTS

Legal	Economic	Political	Social	International
Limits PMLA Overreach, Defends Due Process	Ensures Policy Predictability, Investor Confidence	Checks Executive Authority, Protects Media Freedom	Counters "Chilling Effect" on News Media	Global Press Freedom Rankings, Diplomatic Nuanses

UPSC SYLLABUS LINKAGES

GS Paper 2:
Fundamental Rights
- (Art 19, 21, 22)
- Judicial Review
- Statutory Bodies

GS Paper 3:
Economic Policy (FDI)
- Money Laundering
- Internal Security

NCERT TEXTBOOK LINKAGES

Class 11 Political Science Ch 2 & 6

Class 12 Sociology Ch 7

Class 11 Economics Ch 3

WAY FORWARD

(1) CODIFICATION OF PROCEDURAL SAFEGUARDS FOR ALL AGENCIES

(2) REGULATORY CERTAINTY FOR DIGITAL ENTERPRISES

(3) ETHICAL OBJECTIVITY IN INSTITUTIONAL INVESTIGATIONS

'Passport is a travel document, not proof of citizenship'

Kallol Bhattacherjee
NEW DELHI

The Indian passport is a "travel document" and not a "citizenship document", a senior official of the Ministry of External Affairs (MEA) said on Wednesday.

The purpose of the Indian passport is to help Indians transit and travel through foreign ports and territories and it should not be compared with other documents that are used to establish citizenship rights, the official said.

Highlighting the importance of passports in connecting the Indian workforce with the global economy, MEA officials said the government will intensify mobility engagements with western nations and Japan in coming months to help citizens get secure employment opportunities in these industrialised economies.

Voter list exclusion

"Passport is a travel document, not a document of citizenship and theoretically speaking that distinguishes passport from other documents. Even though while travelling abroad, passport attests to your nationality, yet it is not a document of your citizenship," a senior official said, in response to a question from *The Hindu* on whether the Indian passport could be used to challenge an exclusion from the voter list through the special intensive revision (SIR) of electoral rolls that

Passport is to facilitate foreign travel. It must not be compared with documents establishing citizenship, says MEA official.

is currently under way in 16 States.

Another MEA official said that the Indian passport is issued "after a lot of due diligence and we make sure that the person who gets it is actually entitled, and we also base ourselves on documents from several government agencies like the Aadhaar, PAN card." The second official said that the MEA will host a major event on international mobility – the Human Resource Mobility Forum to be held in New Delhi from June 30 to July 1 – that will focus on countries like Italy, Germany, Japan, Russia, and Denmark.

Ethical migration

A large number of recruitment agencies from across the country are expected to participate in the event that will highlight ethical migration and create awareness about how to avoid unscrupulous agents that use illegal means to send Indians to conflict zones and high risk areas.

"We have to demolish the myths that one can go to Italy or Greece using unfair means and then send home lots of money," the official said.

Speaking on the occasion of the 14th Passport Seva Divas, marked on June 24, the official said that 27 countries have given visa-free entry status to Indian passport holders, while 47 countries offer visas on arrival and 66 countries provide electronic-visas (e-visas) to Indian passport holders. The MEA official said that around 10% of Indian passport-holders possess an e-passport, a chip-based document.

There are 545 passport seva kendras across the country catering to the needs of the growing number of passport applicants, and this passport network now covers almost every Lok Sabha constituency.

In addition, one-stop centres for distressed women in the Indian diaspora have been opened in the Gulf countries and Singapore, supported by the Indian community. More such centres are expected to be established in other countries.

"Team MEA reaffirms its commitment to keep making passport services delivery faster, more transparent and accessible..." External Affairs Minister S. Jaishankar said on the occasion of Passport Seva Divas, noting that chip-enabled e-passports and the opening of new passport seva kendras (PSKs) have contributed to ease of travel, helping Indians get global job opportunities.

- **Key Terms and Explanations**
- **Travel Document vs. Citizenship Document:** A *travel document* is an official certificate issued by a government to facilitate an individual's international travel, authenticating their identity and nationality for foreign authorities. Conversely, a *citizenship document* is a legal record (such as an entry in a National Register of Citizens or a birth certificate under specific statutory clauses) that conclusively establishes a person's legal status as a full member of a sovereign political polity, carrying domestic constitutional rights like voting. For instance, while a passport lets you board an international flight, it does not automatically override a disqualification on a local municipal voter list.
- **Special Intensive Revision (SIR) of Electoral Rolls:** This is a meticulous, door-to-door verification process conducted by the Election Commission of India to update voter lists. It ensures the elimination of duplicate entries, deceased individuals, and non-citizens, thereby preserving the sanctity of the democratic franchise.
- **Ethical Migration:** This framework promotes safe, orderly, legal, and transparent human labor mobility across borders. It protects migrants from systemic exploitation, exorbitant recruitment fees, and hazardous conditions, ensuring they are not misled into conflict zones or high-risk territories by unauthorized agents.
- **e-Passport:** A technologically upgraded passport containing an embedded electronic microprocessor chip. This chip securely stores the holder's biometric information and personal data, deterring forgery, enhancing global border security, and accelerating immigration clearance through automated gates.
- **Passport Seva Kendras (PSKs):** Front-end, decentralized service delivery centers operating under a Public-Private Partnership (PPP) model. They have transformed passport issuance from a slow, bureaucratic ordeal into a streamlined, citizen-centric e-governance operation.

- **Main Arguments and Substantive Parts**
- The core discourse explores the legal boundaries of identity documents and the evolving role of the state in managing human capital mobility.
- **The Functional Boundary of the Passport**
- The primary argument establishes a clear legal distinction: an Indian passport is fundamentally a tool for transit through foreign territories. While it attests to an individual's nationality abroad under international law, it cannot be weaponized domestically as an absolute, irrefutable proof of citizenship to challenge exclusions from electoral rolls. Domestic citizenship verification demands root documents recognized under specific municipal laws.
- **The Institutional Shift toward Mobility Facilitation**
- The state is actively transitioning from a passive document issuer to an active facilitator of global labor mobility. By organizing high-level strategic dialogues like the Human Resource Mobility Forum and forging institutional partnerships with industrialized, aging economies (such as Japan, Germany, and Italy), the government aims to legally integrate India’s demographic dividend into the global workforce.
- **Combating Unscrupulous Sub-Agents**
- A crucial part of this paradigm is the state's aggressive stance against illegal migration corridors. Human capital is frequently exploited by unauthorized agents who send vulnerable workers into high-risk areas or active conflict zones under false pretenses. The state emphasizes the need to debunk migration myths and enforce institutional accountability to ensure safety and security.
- **Comprehensive Diaspora Support Systems**
- The strategy matches domestic efficiency with external protection. While the expansion of Passport Seva Kendras across nearly every Lok Sabha constituency ensures easy domestic access, the establishment of One-Stop Centres in key regions like the Gulf and Singapore offers crucial institutional support for distressed overseas citizens, particularly women.

- **Historical Evolution of the Issue**
- **The Colonial Era: Surveillance and Control (1920s–1940s)**
- Under the British Raj, the *Indian Passport Act, 1920* was enacted primarily as a tool of imperial surveillance. Passports were not viewed as a citizen's right but as a discretionary privilege used to monitor political dissidents, freedom fighters, and indentured laborers moving across the British Empire.
- **Post-Independence and the Judicial Watershed (1950s–1960s)**
- Following independence, passport issuance remained highly discretionary and bogged down by bureaucracy. This changed with the landmark Supreme Court ruling in ***Satwant Singh Sawhney v. Assistant Passport Officer (1967)***, which declared that the right to travel abroad is an integral part of personal liberty under Article 21 of the Indian Constitution. This judicial mandate compelled the Parliament to enact the *Passports Act, 1967*, institutionalizing the legal right to possess a travel document.
- **The E-Governance and Digital Revolution (2010s)**
- For decades, obtaining a passport was slow and vulnerable to middle-men. The launch of the *Passport Seva Project (PSP)* transformed this process by combining Ministry of External Affairs oversight with private IT infrastructure. This decentralized passport access across the country, making the process faster and more transparent.
- **The Modern Mobility and Verification Era (2020s–2026)**
- Today, the system addresses dual challenges: protecting global mobility through technological upgrades like chip-based *e-passports*, while managing stricter domestic verification processes, such as the Special Intensive Revision of electoral rolls. This has reinforced the legal boundary between international travel privileges and domestic citizenship rights.

- **Way Forward**
- **Interoperable Data Harmonization**
- The government should build secure, automated data linkages between the Ministry of External Affairs' Passport Seva system, the Unique Identification Authority of India (Aadhaar), and the Election Commission's voter portals. This integration would significantly reduce discrepancies across identity documents, simplify voter roll revisions, and minimize administrative friction for citizens.
- **Strict Regulation of the Recruitment Ecosystem**
- The regulatory framework governing private recruitment agencies must be strengthened. By modernizing the *Emigration Act*, the state can establish a transparent, single-window digital portal where overseas job seekers can verify the credentials of foreign employers and accredited recruitment agencies. This would help eliminate unauthorized middle-men and protect workers from exploitation.

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INDIA'S PATH TO 2030: A COMPREHENSIVE SDG ANALYSIS

A UPSC & APSC Preparation Guide by Axia Educators

KEY TERMS & EXPLANATIONS: UNLOCKING CRUCIAL CONCEPTS

- **SDGs** (presentizing crucials of SDGs)
- **NITI Aayog**
- **NITI Aayog, Growns** (brondinigms and development)

MAIN ARGUMENTS & SUBSTANTIVE PARTS

- **Balanced development** and romnte principles
- **Climate action &** balancment economy
- **Polnare action on** clear reoperation

WAY FORWARD: PRACTICAL SOLUTIONS FOR REFORM

- Localized implementation
- Increased funding
- Employement iiiting
- Increased funding

MULTIDIMENSIONAL ANALYSIS

HISTORICAL EVOLUTION: TRACING THE TIMELINE OF THE ISSUE

Pre-independence — Milestones — Milestone — Milestones — Present

LOGICAL & PHILOSOPHICAL BASE: THE UNDERLYING RATIONALE

- Sarvodaya principles
- Philosophirical principles
- Human dignity
- Corponate regnits

LINKAGES WITH NCERTS: RELEVANT TEXTBOOK CHAPTERS

- Class 1/Book/book
- Class 2/ Book/Citation
- Class 3/References Chapters

LINKAGES WITH UPSC CSE SYLLABUS: GS PAPER 1-4, ESSAY, ETHICS

- GS PAPER 1
- GS PAPER 4
- CS2 PAPER 2
- CS4 ETHICS

PREVIOUS YEARS' UPSC & APSC QUESTIONS (GROUPED BY YEAR & PAPER)

Prelims	Sample question: Winis snmorive question in thator/honical programs?	UPSC CSE 2018	What is the no salements of thee to mromote question arverthests in eladronat of the econclate?	UPSC 2021 / APSC 2021
Mains	Sample Question: Por agreomens of the question for rastren estiulents?	APSC 2021	Question question of question by the technient of atteritononcs the ladated or this economics?	APSC 2021 / APSC 2021

31% of Rajya Sabha MPs have declared criminal cases: report

The Hindu Bureau
NEW DELHI


The analysis covered 226 of the 233 Rajya Sabha members. FILE PHOTO

Around 31% of Rajya Sabha members have declared criminal cases against themselves, of whom 16% have declared serious criminal cases, according to an analysis by the Association for Democratic Reforms and National Election Watch.

The analysis covered 226 of the 233 MPs. In the current Rajya Sabha, four seats from West Bengal are vacant. Three MPs were not analysed as their affidavits were unavailable.

According to the report, one sitting Rajya Sabha member has declared cases related to murder, four have declared cases related to attempt to murder, and four have declared cases related to crimes against women. Among parties, 28 (26%) of the 107 BJP MPs, 12 (41%) of the 29 Congress MPs, two (22%) of the nine MPs from the Trinamool Congress, two (25%) of the eight DMK MPs, and two (50%) of the four MPs from the Samajwadi Party have declared criminal cases.

A total of three of the four Rajya Sabha MPs from the TDP, all three MPs from the BRS, all three MPs from the CPI(M), two (67%) of the three MPs from the RJD, one (25%) of the four MPs from the AIADMK, one (25%) of the four MPs from the NCP, and one (33%) of the three MPs from the AAP have declared criminal cases against themselves in their affidavits. Of the MPs analysed, 31(14%) are billionaires. Among major parties, seven (7%) of the 107 Rajya Sabha MPs from the BJP, six (21%) of the 29 MPs from the Congress, two (50%) of the four MPs from the YSRCP, two (50%) of the four MPs from the TDP, two (67%) of the three MPs from the BRS, and two (50%) of the four MPs from the NCP have declared assets worth more than ₹100 crore.

- **Key Terms and Explanations**
- **Rajya Sabha (Council of States):** Established under Article 80 of the Indian Constitution, the Rajya Sabha serves as the Upper House of Parliament. Unlike the directly elected Lok Sabha, it represents the states and union territories through an indirect election process. It is envisioned as a "House of Elders"—a deliberative chamber composed of seasoned politicians, experts, and intellectuals who act as a sober check on impulsive legislation passed by the lower house.
- **Criminalization of Politics:** This term describes the progressive penetration of individuals with criminal antecedents into political parties and legislative bodies. Rather than just using criminals for booth-capturing or muscle power from the outside, individuals facing serious criminal charges are increasingly securing party tickets and winning elections themselves.
- **Serious Criminal Cases:** These refer to offences that attract a maximum punishment of 5 years or more. They include non-bailable offences, electoral infractions, and heinous crimes such as murder, attempt to murder, kidnapping, and crimes against women.
- **Association for Democratic Reforms (ADR):** Founded in 1999 by a group of professors from IIM Ahmedabad, ADR is an independent, non-partisan civil society organization. It serves as India's premier electoral watchdog, specializing in analyzing and publicizing the political, financial, and criminal backgrounds of candidates contesting elections.
- **Electoral Affidavit (Form 26):** A mandatory legal document filed by every candidate under the Conduct of Election Rules, 1961. It requires candidates to declare their financial assets, liabilities, educational qualifications, and any pending criminal cases on oath. Filing a false affidavit can lead to rejection of nomination or subsequent disqualification.
- **Plutocracy / Money Power:** A governance framework where system decisions are heavily influenced or controlled by the wealthy class. In elections, it refers to the competitive escalation of campaign expenditures, which makes personal wealth a primary criterion for candidate selection.

- **Main Arguments and Substantive Parts**
- **The Scale of Criminal Encroachment**
- The data demonstrates that criminal backgrounds are not isolated exceptions but a widespread phenomenon within the Upper House. Out of 226 Rajya Sabha MPs analyzed, approximately **31% have declared criminal cases** against themselves. More concerning is that **16% face serious criminal charges**, including murder, attempt to murder, and crimes against women. This indicates that legislative immunity and policymaking powers are increasingly accessible to individuals facing significant legal scrutiny.
- **Cross-Party Ubiquity of Criminal Antecedents**
- The trend spans across the political spectrum rather than being confined to any single party:
- Among the major parties, **26% of 107 BJP MPs** and **41% of 29 Congress MPs** have declared criminal cases.
- Regional parties show significant concentrations as well: **50% of Samajwadi Party MPs**, **67% of RJD MPs**, and **22% of Trinamool Congress MPs** have registered criminal cases. This cross-party presence indicates a systemic political consensus that prioritizes electoral utility over clean governance.
- **The Interlock Between Capital and Criminality**
- The data reveals a strong correlation between financial power and political selection, with **14% of the analyzed MPs qualifying as billionaires** (possessing assets exceeding ₹100 crore). This concentration of wealth is visible across multiple parties, including 7% of BJP MPs, 21% of Congress MPs, and 50% or more of the representatives from regional parties like the YSRCP, TDP, and BRS. Wealth and muscle power often reinforce each other; personal affluence allows candidates to self-fund expensive campaigns, while criminal influence can offer leverage in local power dynamics.
- **The Winnability Argument vs. Systemic Counterarguments**
- **The Pragmatic Rationale (Winnability):** Political parties frequently justify selecting these candidates based on their high probability of winning. Candidates with deep pockets can fund their own campaigns and support the local party apparatus. At the same time, those with criminal reputations can sometimes bypass bureaucratic delays to deliver swift, informal justice, which can attract local voter support.
- **The Defensive Legal Position:** Parties also argue that many criminal charges are politically motivated or stem from public agitations and protests. Under Indian law, an individual is presumed innocent until proven guilty in a court of law. However, the presence of severe charges like murder and assault on women complicates the argument that these cases are purely political in nature.

- **Historical Evolution of the Issue**
- **The Golden Decades (1950s–1960s):** The post-independence era was characterized by an emphasis on constitutional morality. Legislatures were largely populated by freedom fighters, lawyers, and social reformers. Money power was limited, and criminal involvement in election was rare.
- **The Era of External Muscle Power (1970s–1980s):** As political competition intensified, parties began employing local musclemen and criminal gangs to secure wins through booth-capturing, voter intimidation, and rigging. During this phase, criminals operated primarily as external agents for mainstream politicians.
- **The Paradigm Shift to Direct Entry (1990s):** Criminal elements realized that instead of helping others win, they could acquire direct legal protection and political power by contesting elections themselves. This period saw a rise in the regionalization of politics and an increase in campaign costs.
- **The 1993 Vohra Committee Report:** Commissioned after the 1993 Bombay bombings, this committee report formally recognized a network linking criminal syndicates, politicians, and bureaucrats. It warned that a parallel shadow government was emerging, threatening the core functions of the state.
- **The Citizen's Right to Know (2002–2003):** In the *ADR v. Union of India* case, the Supreme Court ruled that voters have a fundamental right to know their candidates' backgrounds under Article 19(1)(a). This judgment made it mandatory for candidates to file Form 26 disclosures detailing their assets, liabilities, educational qualifications, and criminal records.
- **The Decoupling of Appeal and Disqualification (2013):** In the *Lily Thomas v. Union of India* case, the Supreme Court struck down Section 8(4) of the Representation of the People Act, 1951. Previously, convicted MPs and MLAs could avoid immediate disqualification simply by filing an appeal within three months. The ruling mandated immediate disqualification upon conviction with a prison sentence of two years or more.
- **Modern Judicial Interventions (2018–2020):** In *Public Interest Foundation (2018)* and *Rambabu Singh Thakur (2020)*, the Supreme Court directed political parties to publish the criminal histories of their candidates on their websites and in mainstream newspapers, along with an explanation of why a candidate with a criminal background was selected over a clean candidate.

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UPSC DEEP DIVE: COMPREHENSIVE ANALYSIS OF RAJYA SABHA COMPOSHTION (Based on ADR-NEW Report)

METHODOLOGY & SCOPE

ANALYZED SITTING MPs:
226 out of 233
(Vacant: 4,
Affidavits Missing: 3)

ADR/NEW

ANALYSIS BY:
Association for Democratic Reforms & Reforms &
National Election Watch

OVERALL CRIMINAL PROFILE

31% Criminal Cases (70 MPs)

16% Serious Criminal Cases (36 MPs)

- Murder 1
- Attempt to Murder 4
- Crimes Against Women 4

FINANCIAL PROFILE OVERVIEW

14%

14% Billionaire MPs
(31 MPs)
Declared assets >₹100 Crore

A. PARTY-WISE CRIMINAL BREAKDOWN (Cases % of Seats)

Party	%
CPI(M)	67%
SP	50%
Cong	41%
NCP	33%
AAP	33%
DMK	25%
RJD	25%
AIADMK	25%
TMC	22%
BJP	26%

B. TOP BILLIONAIRE PARTIES (Percentage % of Seats with Assets >₹100 Cr)

Party	%
BRS	67%
YSRCP	50%
TDP	50%
NCP	50%
Cong	21%
BJP	7%

UPSC RELEVANCE & THE NEED FOR REFORM

GS Paper II: Polity & Governance

- Representation of People Act (RPA), 1951
- Parliamentary Integrity
- Electoral Reforms

LAW

GS Paper IV: Ethics & Integrity

- Probity in Governance
- Accountability & Transparency
- Moral and Ethical Conduct

IMPERATIVE FOR STRUCTURAL REFORMS: Fast-track courts, Strengthening RPA, Public Awareness