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EDITORIAL ANALYSIS



JULY 23



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COMPREHENSIVE
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- 1. When the streets burn, Parliament cannot act blind (THE INDIAN EXPRESS)**
- 2. Grim economicsof exam leaks (THE HINDU BUSINESSLINE)**
- 3. India needs adaptability, not reactive climate action (HINDUSTAN TIMES)**
- 4. Inflation pains may get worse this year (HINDUSTAN TIMES)**



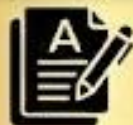
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The voice of India's youth must be heard inside Parliament



THAROORTHINK
BY SHASHI THAROOR

THE TRUE measure of a constitutional democracy lies not in the authority it wields to enforce compliance, but in the humility with which it engages dissent. A secure republic treats peaceful protest as an opportunity to look into a mirror reflecting the anxieties of its citizenry. A fragile executive, by contrast, treats that same mirror as an enemy, shattering it with lathis and turning a blind eye when the glass pieces fall on the streets outside the gates of power, cutting the veins of its citizens.

What the nation has witnessed in recent days on the streets of the national capital is a deeply troubling demonstration of democratic atrophy. Citizens, primarily young students and peaceful activists, many inspired by the symbolic leadership of the fasting Sonam Wangchuk, gathered to demand accountability on issues touching their very futures. The response from the apparatus of the state was not a dialogue, but a crackdown, silencing their voices with violence and detentions.

Lathi charges broke through crowds of non-violent demonstrators, sending nearly a hundred young men and women to hospital emergency wards with fractures, contusions, and trauma. The sight of police officers wielding batons against unarmed youth, while internet blackouts and closed metro stations throttled the flow of both information and people, felt less like the rou-

tine maintenance of public order in a constitutional republic and more like the heavy-handed oppression of a police state. I spoke to a young man at Jantar Mantar who had been hit on the head and below the eye with a lathi and still wore a large bandage to stanch the bleeding. My heart broke to see what the custodians of law and order had done to a youth who was peacefully distributing water to the protesters.

Equally jarring has been the government's disgraceful manhandling of the protesting Leader of the Opposition and the environmentalist-educator Sonam Wangchuk's hunger strike. For three weeks, Wangchuk sat in quiet, disciplined fast at Jantar Mantar, a historic venue designated precisely for the public expression of grievance. His method was classically Gandhian: Self-abnegation as an appeal to the conscience of the state. The smart thing for the government to do would have been to send a minister with a glass of nimbu-pani and the assurance of a discussion in Parliament, to urge him to break his fast.

Yet, rather than engaging in a spirit of constructive conciliation, the state chose the path of coercion. Under the cloak of medical necessity, police forces descended upon the protest site to forcibly remove the frail 59-year-old activist to a government hospital. The line between medical intervention and state custody became dangerously blurred, and even here the government was found wanting in basic humanity. The appalling treatment of Rahul Gandhi, who was bodily lifted and dragged into detention, was a betrayal of the democratic compact.

A state that fears the moral authority of an unarmed protester reveals a profound lack of confidence in its own narrative. The pattern of suppression, the targeting and arrest of student leaders, and the physical intimidation di-

rected at protest organisers speak to a broader political strategy: Render the movement leaderless, criminalise its protests, and wear out public outrage.

The scene on the streets represents a failure of governance; the response inside the halls of Parliament so far represents a systemic failure of legislative duty. As central Delhi burned with frustration and tears, one might have reasonably expected the sacred precincts of the Lok Sabha and Rajya Sabha to reverberate with urgent debate. The Opposition moved numerous notices demanding a suspension of business to discuss the breakdown of law and order, the grievances of the protesting youth, and the excessive force used by law enforcement.

These notices were met with summary rejections, procedural stonewalling, and unyielding governmental indifference. The message conveyed to the nation was unmistakable: The grievances echoing across the streets outside were unwelcome on the carpeted floor inside. When the executive insulates itself from parliamentary discussion, it strikes at the fundamental design of parliamentary democracy — a system where the executive is accountable to the legislature, representing the sovereign will of the people.

The government has done well, even if belatedly, to signal its willingness for a parliamentary discussion. For, if Parliament is not the forum for the nation's elected representatives to ventilate public grievances, interrogate executive overreach, and seek solutions to pressing social crises, then what purpose does it serve? It cannot be reduced to a glorified notice-board for ministerial announcements, nor an administrative rubber stamp to pass the government's Bills.

When a government closes the door to parliamentary debate and deploys police lathis on public streets, it creates a dangerous vac-

uum. Dissent does not disappear simply because it is beaten out of public sight; it merely turns inward, festering into cynicism and alienation among the young, like the female students at Jantar Mantar who told me in disbelief of being manhandled by policemen and witnessing demonstrators being assaulted with brutality by men in plain clothes wielding lathis studded with nails.

Democracy is sustained not by the enforcement of silence, but by the welcoming of open debate. The right to peaceful assembly under Article 19(1)(b) of our Constitution is not a privilege conceded by the state at its convenience; it is a foundational right forged in our freedom struggle. To treat peaceful demonstrators as security threats or law-and-order nuisances is to forget that the very architects of our republic were themselves courageous protesters who chose the weapon of satyagraha over submission.

The path forward to preserve our democratic compact requires an immediate course correction. An independent judicial inquiry must be instituted into the excessive use of force, pellet injuries, and lathi-charges against non-violent protesters. Accountability is essential for wrongdoing both here and in the conduct of examinations: The government must unconditionally engage with representatives of the protesting students rather than relying on police containment. And the Speaker and the Treasury benches must allow uninhibited discussion on the public's grievances on the floor of the House. That is what Parliament is for, and it must reclaim its pride of place as the deliberative sanctuary of the republic.

It is time to prove to the youth of India that their voices need not be battered and bruised on the streets to be heard in the corridors of power.

The author is a fourth-term Congress MP from Thiruvananthapuram.

It is time to prove to the youth of India that their voices need not be battered and bruised on the streets to be heard in the corridors of power

- **Key Terms and Explanations**

- **Constitutional Democracy:** A system of government grounded in the rule of law where power is exercised within constitutional limits, balancing majority rule with the protection of fundamental individual and minority rights.

- *Example:* India's governance model, where legislative and executive actions must pass the test of Part III (Fundamental Rights) of the Constitution.

- **Democratic Atrophy:** The gradual weakening, decay, or erosion of democratic norms, institutional checks and balances, and civic freedoms over time.

- *Example:* When public grievances are routinely met with police crackdowns rather than institutional deliberation in legislative halls.

- **Executive Overreach:** A situation where the executive branch exercises authority beyond its constitutional boundaries or encroaches upon the domain reserved for the legislature or judiciary.

- *Example:* Deploying law enforcement machinery to silence political dissent while bypassing parliamentary discussions on urgent matters.

- **Satyagraha:** The Gandhian philosophy of persistent, non-violent resistance and truth-force designed to appeal to the moral conscience of an adversary.

- *Example:* Fasting or peaceful sit-ins at public spaces to highlight systemic administrative failures or policy flaws.

- **Parliamentary Accountability:** The core democratic principle that the executive branch remains continuously answerable to the elected representatives of the people in Parliament.

- *Example:* Using Question Hour, Zero Hour, and adjournment motions to question ministers on state actions and public crises.

Main Arguments and Substantive Parts

Core Thesis: The true strength of a constitutional democracy is measured by its humility toward dissent and its capacity to channel public grievances into legislative deliberation, rather than responding through police force and administrative opacity.

Critique of State Coercion: The analysis highlights how civil administrations frequently default to heavy-handed tactics—such as lathi charges, internet blackouts, preventive detentions, and physical intimidation—against peaceful youth and civic leaders.

Parliamentary Dysfunction: It underscores a systemic failure within legislative bodies, where notices for urgent public debates are met with procedural rejections and stonewalling, creating a dangerous vacuum that shifts democratic expression entirely to the streets.

The Counter-Perspective (State and Law & Order): From the state's operational standpoint, authorities emphasize the absolute necessity of maintaining public order, protecting critical infrastructure, and managing large public gatherings to prevent urban gridlock and potential civil unrest.

- **Historical Evolution of the Issue**

- **Pre-Independence Foundations:** Rooted deeply in the Indian freedom struggle, where public assemblies, civil disobedience, and non-violent satyagraha were institutionalized as legitimate instruments of political expression against colonial rule.

- **Post-Independence Era (1950s–1970s):** The early constitutional framework enshrined the freedom of speech and assembly under Article 19, though early decades witnessed intense student and linguistic movements testing the limits of state tolerance.

- **The Emergency Milestone (1975–1977):** Represents a historical nadir where the suspension of civil liberties, media censorship, and mass detentions demonstrated the existential vulnerability of Indian democracy when executive power goes unchecked.

- **Contemporary Phase:** Characterized by a complex tension between surging youth aspirations, systemic bottlenecks (such as examination delays and unemployment), digital mobilization, and a hardening state apparatus relying increasingly on penal containment.



NAVIGATING DEMOCRATIC DISCOURSE: YOUTH, DISSENT & THE

CONSTITUTIONAL COMPACT.



CRISIS: DEMOCRATIC ATROPHY & COERCIVE RESPONSE



THE SILENCED VOICE

- * Youth Alienation
- * Systemic Bottlenecks
- * State Coercion



PARLIAMENTARY STONEWALLING

- * Procedural Rejections
- * Refusal of Debate
- * Executive Dominance



CONSTITUTIONAL TENSION

- * Article 19(1)(b)
(Right to Peaceful Assembly)
- * Article 21 (Protection of Life)
- * Fundamental Rights vs.
Public Order

THE PATH FORWARD:
RESTORING INSTITUTIONAL HUMILITY

SOLUTION: INSTITUTIONAL ENGAGEMENT & DELIBERATION



THE GANDHIAN EXAMPLE

- * Non-Violent Expression
- * Moral Appeal
- * Constructive Conciliation



REVITALIZING PARLIAMENT

- * Institutionalizing Youth Forums
- * Uninhibited Discussion
- * Deliberative Democracy



ADMINISTRATIVE EMPATHY

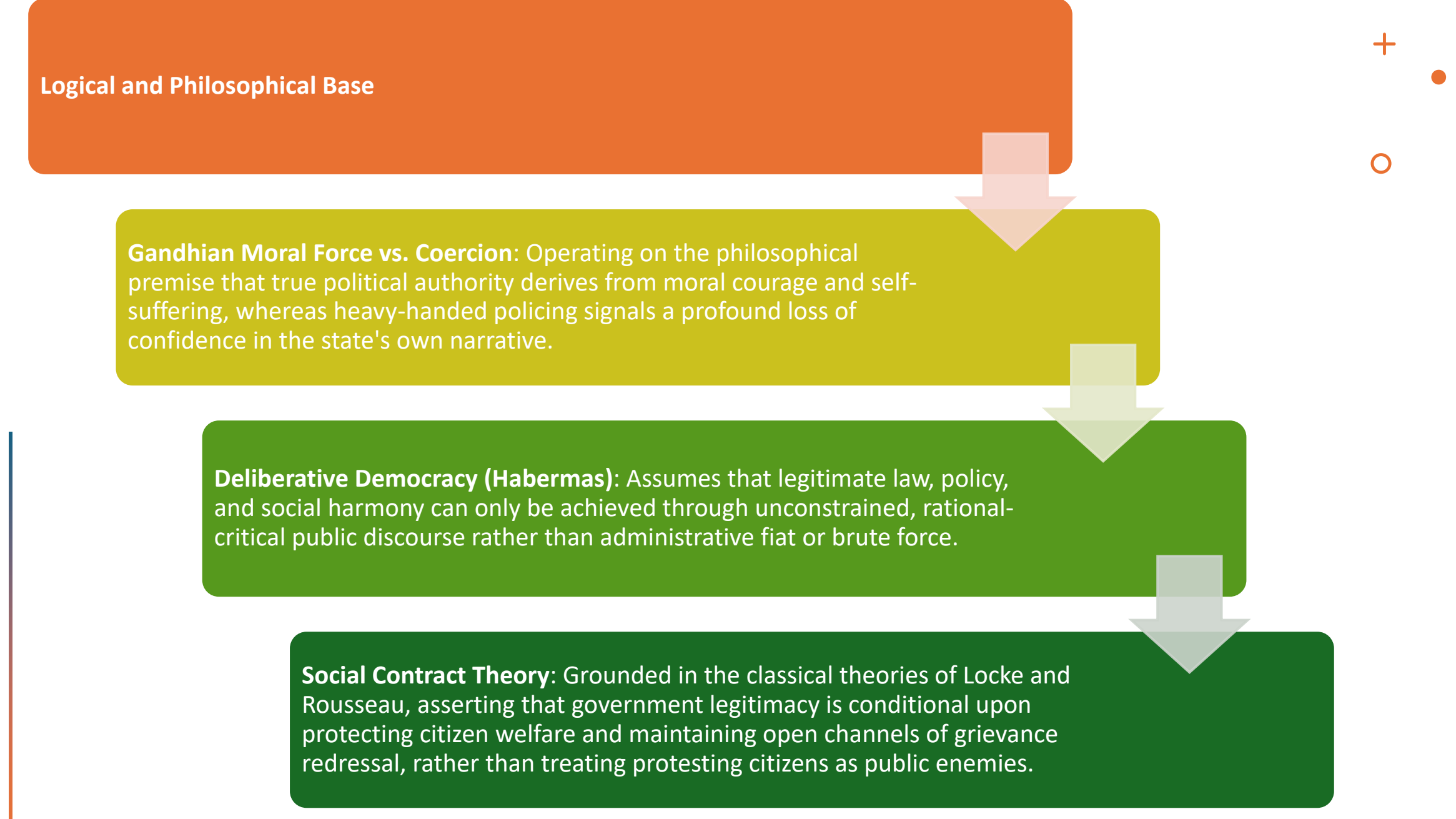
- * Empathy in Governance
- * Proactive Conciliation
- * Police Reform



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Logical and Philosophical Base



Gandhian Moral Force vs. Coercion: Operating on the philosophical premise that true political authority derives from moral courage and self-suffering, whereas heavy-handed policing signals a profound loss of confidence in the state's own narrative.

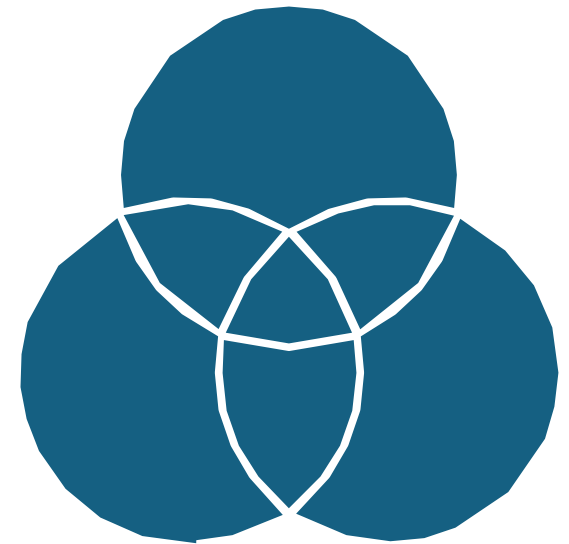
Deliberative Democracy (Habermas): Assumes that legitimate law, policy, and social harmony can only be achieved through unconstrained, rational-critical public discourse rather than administrative fiat or brute force.

Social Contract Theory: Grounded in the classical theories of Locke and Rousseau, asserting that government legitimacy is conditional upon protecting citizen welfare and maintaining open channels of grievance redressal, rather than treating protesting citizens as public enemies.



- **Multidimensional Analysis**
- **Social Dimension:** Widens the trust deficit between the youth and the political establishment, fostering a toxic culture of generational alienation, cynicism, and social polarization.
- **Political Dimension:** Exposes the structural hazards of executive dominance, diminishing parliamentary productivity, and the systematic erosion of spaces for a constructive, vibrant opposition.
- **Legal Dimension:** Directly tests the operational sanctity of Fundamental Rights, notably Article 19(1)(b) (right to assemble peaceably without arms) and Article 21, challenging the arbitrary invocation of police powers.
- **Ethical Dimension:** Raises questions about the loss of empathy in governance, balancing the utilitarian ethics of state security against the deontological imperative of human dignity and moral accountability.
- **International Dimension:** Impacts India's global reputation as the world's largest democracy, drawing scrutiny from global indices monitoring civic space, press freedom, and human rights.
- **Economic Dimension:** Distorts human capital development and future productivity when youth energies are consumed by systemic alienation, administrative battles, and disruptions caused by street confrontations.

- **Linkages with NCERTs**
- **Democratic Politics (Class 9 & Class 10):** Connects directly to chapters on "Constitutional Design," "Electoral Politics," and "Democratic Rights," emphasizing why institutional checks exist and how citizens negotiate space with the state.
- **Indian Constitution at Work (Class 11):** Aligns with units on "Rights in the Indian Constitution," "Legislature," and "Executive," studying the separation of powers, parliamentary control instruments, and the role of the judiciary.
- **Political Science: Contemporary World Politics (Class 12):** Links broadly to discussions on democratization, social movements, and the changing architecture of state-citizen power dynamics.



Linkages with UPSC CSE Syllabus

General Studies Paper 2:

- Indian Constitution—historical underpinnings, evolution, features, amendments, structure, and functioning of the executive and the legislature.
- Parliament and State Legislatures—structure, functioning, conduct of business, powers & privileges, and issues arising out of these.
- Pressure groups and formal/informal associations and their role in the polity.

General Studies Paper 4 (Ethics, Integrity, and Aptitude):

- Human values—lessons from the lives and teachings of leaders; role of family, society, and educational institutions in inculcating values.
- Aptitude and foundational values for civil service, integrity, impartiality, empathy, and compassion towards weaker sections.

Essay Paper:

- Philosophical and socio-political themes centered on the interplay between liberty and order, youth aspirations, the architecture of dissent, and the soul of a democracy.

- **Way Forward**

- **Institutionalizing Youth Forums:** Establish formal institutional mechanisms, such as youth parliaments and structured grievance committees, to channel youthful energy directly into national policy dialogue.
- **Restoring Parliamentary Sanctity:** The presiding officers of the legislature and treasury benches must permit uninhibited discussions on pressing public issues instead of utilizing procedural mechanisms to shut down debate.
- **Police Reforms and Sensitization:** Implement rigorous human rights training for law enforcement personnel, shifting the operational paradigm from brute containment and crowd suppression to mediation and crowd management.
- **Proactive Administrative Conciliation:** Shift from a reactive, coercive posture to proactive administrative empathy, engaging stakeholders before grievances escalate into volatile street confrontations.



All Previous Years' UPSC and APSC Questions

UPSC Mains (General Studies Paper 2):

- *To what extent is the legislature declining in terms of policy-making and accountability? Analyse. (GS-2, Recent trend)*
- *Discuss the role of Parliamentary committees in ensuring executive accountability to the legislature. (GS-2)*
- *The right to dissent is a vital pillar of a vibrant democracy. Comment in the light of recent trends concerning civil liberties. (GS-2)*
- *Do you think that the increasing reliance on penal measures and administrative containment clashes with constitutionalism? Elaborate. (GS-2)*

UPSC Prelims:

- *Questions focusing on Article 19(1)(b) reasonable restrictions, Parliamentary privileges, and the doctrine of basic structure.*

APSC Mains (General Studies):

- *Examine the nature of student and youth-led movements in the Northeast and their interface with state governance. (APSC GS-2 context)*
- *Discuss the significance of democratic institutions in maintaining socio-political equilibrium in a diverse federal polity. (APSC GS-2)*





ANUSHI TIWARI
POOJA DAYAKAR

Sourav Wangchuk was carried out of Jantar Mantar on the 21st day of his hunger strike. As Parliament's monsoon session opened this week, his movement's march was met with teargas and its protagonist detained. Whether the education minister should go is not the central question — a minister on whose watch this happened twice, no doubt, owes an explanation. The larger one is why does this keep happening, under governments of every stripe?

The list is grim. Vyapam in 2013, SSC's Combined Graduate Level exam in 2018, Rajasthan's REET and Uttar Pradesh's Teacher Eligibility Test in 2021, Telangana's TSFSC and Maharashtra's Talathi recruitment in 2023, UP Police Constable and UGC-NET in 2024, NEET-UG twice: 2024 and again this May 2025. Some investigations count 89 cases over the decade affecting 6.3 crore aspirants. No party has a clean sheet; the failure is shared.

So what is actually going on? Economists have a name for it. In 1967, Gordon Tullock explored what happens when a government creates something scarce and valuable like a licence, a job, a contract and lets people compete. Jesse Krueger called it rent-seeking. People spend money, time, and risk until the cost of competing equals the prize's value. Much effort creates no new value.

A government job in India is exactly this prize. Fixed in number, worth more across a working life than the informal economy offers. It provides a pension, protection against dismissal, and social standing that can alter a family's prospects. Roughly 2.2 crore people apply each year; fewer than one in a thousand succeed.

The coaching industry built around this game is worth close to ₹50,000 crore. Coaching and leak networks are not opposites but the same spectrum, priced differently. Coaching teaches concepts and fills schooling gaps. But much of its growth is about rank: spending to move ahead of the next candidate. Economically, this differs little from paying for a leaked paper. Both buy relative advantage. A leak is where legal spending turns illegal.

The prize need not be a job. NEET is an entrance exam for a medical seat. In 2024, 2.3 million aspirants competed for about 1.09 lakh MBBS seats; odds of twenty-one to one. Given the gateway to a medical career, that seat is worth stalling for the same reason a job is. This explains why the biggest exams attract the most sophisticated leak networks. Because these exams rank candidates



Grim economics of exam leaks

ACCESS OVER LEARNING. The gap between a government job or a medical career, and any other private job is too huge for leaks to disappear easily

against one another rather than against a minimum standard, the incentive to cheat rises with the gap between winning and losing. When 1.09 crore people applied for 32,000 Railway Group D posts last year, the Board was running a tournament where winning meant a stable life and losing meant a precarious one.

High rents create the incentive; weak institutions decide whether it becomes organised crime. China's gaokao, sat by over nine million students yearly, has recorded only three confirmed nationwide leaks since 1949, achieved through paper-writers quarantined for months, armed convoys, signal jammers, and drones. South Korea grounds domestic flights for the Sunung's listening test. Neither country has a smaller prize. What differs is the odds of being caught and the will to bear the costs of those measures. Replicating them in India's federal,

When 1.08 crore people applied for 32,000 Railway Group D posts, the Board was running a tournament where winning meant a stable life and losing meant a precarious one

resource-constrained system would be expensive, but the question is whether the will exists.

WHEN PEOPLE OFFEND

Becker's economics of crime is blunt: people offend when expected gain exceeds expected cost, penalty times probability of detection. India's 2024 law raises the penalty considerably; it raises the odds of detection far less. Better vetting, tighter paper custody, and prosecutions that conclude would do more than any new prison term.

Falseness is not the only casualty. When a weaker candidate takes a seat or post a stronger one would have filled, the harm is to a health system or police force now carrying someone less capable. A leak sorts by capacity to pay, not capacity to do the job. None of this makes honest preparation worthless; a doctor's training produces something real. But Tullock's warning was narrower: duplication, retakes, years chasing rank instead of competence. When 48 lakh people had each put in six months preparing for the cancelled UP Police Constable exam, that cancellation wiped out hundreds of millions of hours. A second cost is harder to price. An exam works only because it convinces millions that a scarce chance will go by rule, not favour. Every leak withdraws from that account. Enough leaks, and candidates stop asking how to prepare, and start

asking whether preparing is the point. A system built to reward learning starts, quietly, rewarding access.

Encryption and prison terms alone will not fix this. What would shrink the prize is slower: a private labour market offering something closer to a government job, a pension, protection, wages that do not vanish. According to the PLFS Annual Report 2023, 73.1 per cent of non-agricultural workers are in informal enterprises.

Government jobs have become default insurance, not because they pay well, but because almost nothing else insures a certain life. In the interim, independent exam commissions, randomised paper allocation, and biometric verification would raise the cost of cheating.

Wangchuk's fast will end within days, and the contest that makes leaking profitable will be exactly where it was. The problem is not that papers are stolen. Every leak begins in a printing room, but the market for it begins much earlier. It is in an economy where one examination decides who receives security and who does not. Until that changes, new encryption will only make the next leak more expensive, not less profitable.

Tiwari is a doctoral candidate, and Dayakar is an Associate Professor at Ashoka Institute of Political and Economics, Pune. Views are personal.

- **Key Terms and Explanations**
- **Rent-Seeking**
 - **Definition:** An economic concept introduced by Gordon Tullock and expanded by Anne Krueger, describing individual or group efforts to gain added wealth without creating new value. Rather than generating new resources through innovation, trade, or production, rent-seeking redistributes existing state-controlled assets, jobs, or licenses.
 - **Context & Application:** In public recruitment exams, when millions spend years in coaching institutes or pay illegal syndicates for paper leaks, they expend massive economic resources simply to capture a fixed public job. This creates a net loss for the broader economy.
- **Becker's Economics of Crime**
 - **Definition:** Formulated by Nobel laureate Gary Becker, this theory models criminal behavior as a rational choice. An individual commits an offense when the expected gain ($E[G]$) exceeds the expected cost, calculated as the penalty (P) multiplied by the probability of detection (D):
 - Expected Cost = $P \times D$
 - **Context & Application:** Passing stringent penal statutes increases the potential penalty (P), but if law enforcement agencies rarely catch perpetrators, the probability of detection (D) remains near zero. Consequently, the criminal equation still favors cheating and organized paper leaks.
- **Tournament Model (Winner-Takes-All Market)**
 - **Definition:** An economic setup where compensation or rewards are distributed strictly based on relative rank rather than absolute competency or standard performance benchmarks.
 - **Context & Application:** When 10 million applicants compete for 30,000 public positions, the exam functions as an all-or-nothing tournament. The vast gap between winning a permanent government post and losing into the informal economy incentivizes extreme measures, including cheating and illicit market access.
- **Shadow Coaching Industry**
 - **Definition:** A multi-billion-dollar commercial education market that has expanded alongside formal schooling to prepare students for competitive entrance and recruitment exams.
 - **Context & Application:** While coaching institutes teach core academic concepts, their primary service is selling a relative positional advantage—helping candidates outrank others. Economically, this exists on the same continuum as paper-leak syndicates, as both aim to secure rank in a zero-sum competition.
- **Informal Economy & Default Insurance Paradox**
 - **Definition:** The segment of the economy operating outside formal employment protections, state registration, and regular wage agreements.
 - **Context & Application:** In India, over 70% of non-agricultural workers operate within informal enterprises without social safety nets. Public sector jobs therefore act as default insurance—providing guaranteed pensions, job security, and social status—which dramatically inflates the value of public employment.

- 
- **Main Arguments and Substantive Parts**
 - **The Economic Engine of Paper Leaks**
 - **Economic Incentives Over Criminal Pathology:** Paper leaks are not merely isolated law-and-order breaches or moral failures; they are the predictable economic output of massive structural scarcity. When the value of a prize (a permanent state job or medical seat) is disproportionately higher than available market alternatives, candidates and syndicates willingly take high legal risks to secure it.
 - **The Zero-Sum Contest:** High-stakes recruitment exams do not assess whether an applicant meets a baseline standard of competence; they rank candidates against one another. In this zero-sum setup, any expenditure—whether legal (spending years in coaching) or illegal (buying a leaked question paper)—is driven by the same economic objective: acquiring a relative positional edge.
 - **The Failure of Legal Deterrence**
 - **Deterrence Disconnect:** Raising maximum prison sentences or fines through statutory laws creates an illusion of strict governance. According to criminal economics, high penalties fail to deter crime if institutional mechanisms—such as forensic auditing, secure paper handling, and swift judicial trials—are too weak to reliably detect and convict offenders.
 - **Systemic Rent Dissipation:** Millions of aspirants invest millions of study hours preparing for examinations that end up canceled or compromised. This results in severe rent dissipation: immense human capital, financial savings, and youth productivity are wasted without generating real economic output or public value.
 - **Societal and Institutional Erosion**
 - **Misallocation of Talent:** When compromised examinations allocate public positions, selection shifts from capacity-to-perform to capacity-to-pay. This systematically degrades the long-term institutional quality of public administration, law enforcement, and healthcare systems.
 - **Erosion of the Social Contract:** High-stakes public testing relies on public trust—the belief that access to state opportunity is governed by fair rules. Repeated systemic leaks exhaust public trust, converting a meritocratic vision into a cynical perception that state access belongs to those with political or financial influence.

- **Historical Evolution of the Issue**
- **Colonial Foundations & Post-Independence Legacy**
- **Colonial Bureaucracy (Pre-1947):** The British colonial state constructed a small, highly privileged civil service to maintain administrative control. Public employment was endowed with disproportionate social status, security, and authority compared to traditional agrarian work, establishing a long-standing cultural preference for government posts.
- **State-Led Development Phase (1947–1990):** Following independence, the expansion of Public Sector Undertakings (PSUs) and the welfare state made the government the primary provider of formal, secure employment. Examinations were decentralized and paper-based, handled manually by state public service commissions. Cheating occurred primarily through localized favoritism and political patronage rather than commercialized paper-leak networks.
- **Post-1991 Structural Shift & Mass Competitive Testing**
- **Privatization vs. Job Security (1991–2010):** Post-liberalization economic growth created high-paying private sector roles, but primarily for highly skilled workers in urban centers. For the vast majority, private work remained informal and insecure. Simultaneously, competitive examinations transitioned toward standardized mass testing, giving rise to an organized coaching industry concentrated in educational hubs like Kota, Mukherjee Nagar, and Prayagraj.
- **Rise of Organized Leak Syndicates (2010–2020):** As applicant numbers expanded into millions per exam, manual printing, transport, and local center logistics created operational vulnerabilities. Organized syndicates began leveraging technology, printing press insider access, and compromised test software. High-profile scandals—such as the Vyapam scam in Madhya Pradesh (2013) and the SSC CGL protests (2018)—highlighted the evolution of paper leaks into organized white-collar crime.
- **Contemporary Crisis & Legislative Response (2020–Present)**
- **Widespread Systemic Disruptions:** Widespread exam cancellations across state and central bodies—including Rajasthan REET, UP TET, TSPSC, UP Police Constable, UGC-NET, and NEET-UG—revealed widespread vulnerabilities in both paper-based and outsourced computer-based testing (CBT).
- **Statutory Reforms:** The enactment of the Public Examinations (Prevention of Unfair Means) Act, 2024, signaled a transition toward central legislative intervention, imposing stricter penalties and dedicated legal frameworks to address organized cheating.



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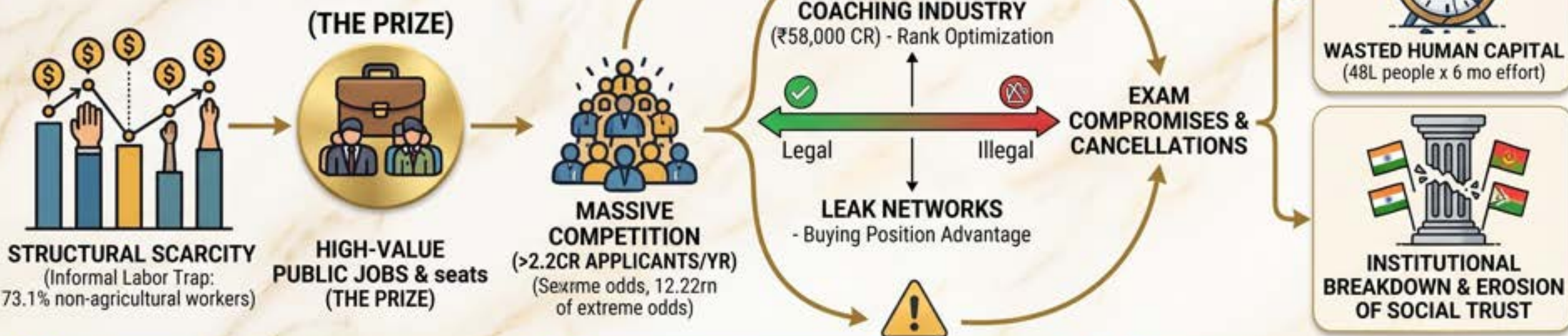
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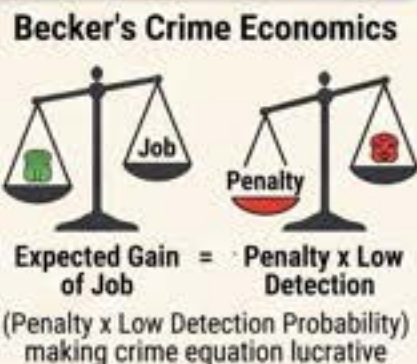
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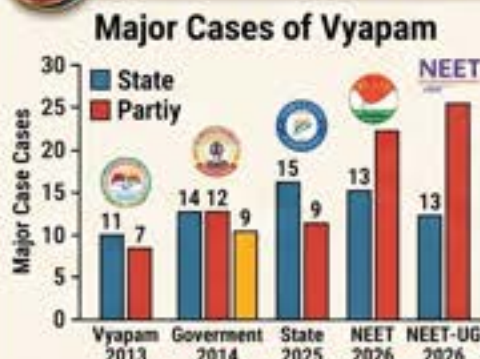
A VICIOUS CYCLE



ECONOMIC THEORIES



INSTITUTIONAL WILL & COMPARISON



WAY FORWARD



- 
- **Logical and Philosophical Base**
 - **Rational Choice Theory & Economic Determinism**
 - **Methodological Individualism:** At its core, this framework assumes that applicants, coaching proprietors, printing press operators, and invigilators operate as utility-maximizing individuals. When the institutional penalty multiplied by the probability of detection is lower than the economic return of leaking an exam, market actors will predictably choose illegal access over honest effort.
 - **Supply-Demand Logic:** The issue persists not simply because of weak moral standards, but because a structural market demand exists. A massive pool of aspirants competing for a tiny supply of secure positions creates a lucrative market for shortcuts.
 - **Rawlsian Justice and the Meritocratic Promise**
 - **Fair Equality of Opportunity:** John Rawls contended in *A Theory of Justice* that social institutions must ensure individuals with similar abilities and willingness to use them have the same prospects of success, regardless of their starting position in society.
 - **Systemic Corruption of Merit:** Exam leaks directly undermine this principle. When access to public employment or professional education is bought through illicit networks, socioeconomic background replaces talent and effort, violating the basic premise of distributive justice.
 - **Social Contract Theory & Weberian Bureaucracy**
 - **Erosion of State Legitimacy:** Thomas Hobbes and John Locke emphasized that state authority relies on a social contract: citizens surrender certain freedoms in exchange for order, protection, and fair governance. A state that cannot guarantee impartial public examinations risks losing its institutional legitimacy.
 - **Impersonal Rational-Legal Order:** Max Weber argued that modern administrative systems depend on rational-legal authority, where public officials are selected impartially based on objective qualifications. When selection mechanisms are compromised, the bureaucratic structure degrades from a rational system into a neo-patrimonial network ruled by wealth and influence.

- **Multidimensional Analysis**
- **Social Dimension**
- **Youth Demoralization & Mental Health Strain:** Constant exam cancellations, re-examinations, and legal delays create widespread anxiety, frustration, and hopelessness among millions of young adults, threatening to turn India's demographic dividend into a demographic challenge.
- **Disruption of Social Mobility:** For rural, lower-middle-class, and marginalized households, a public job or a public medical seat represents one of the few reliable pathways out of generational poverty. Systemic paper leaks undermine this mobility, reinforcing existing class divides.
- **Political Dimension**
- **Public Discontent and Electoral Fallout:** Youth agitation over compromised recruitment exams has become a major electoral issue, sparking protests and influencing voting patterns across various states.
- **State vs. Central Coordination Gaps:** Federal variations in examination oversight create accountability gaps. While central agencies blame state-level printing and delivery infrastructures, state governments often lack the technical capacity to secure large-scale examinations without central support.
- **Legal Dimension**
- **Focus on Penalties over Detection:** India's legal response—such as the Public Examinations Act, 2024—imposes severe prison terms and heavy fines on organized syndicates. However, without corresponding investments in digital forensics, secure logistics, and specialized enforcement units, low detection rates diminish the practical impact of these penalties.
- **Prosecutorial Delays:** Cases filed against paper-leak mafias often languish in trial courts for years due to procedural delays and inadequate evidence gathering, resulting in exceptionally low conviction rates.
- **Ethical Dimension**
- **Institutional Normalization of Dishonesty:** Repeated compromises in national and state examinations risk normalizing dishonest shortcuts. When aspirants observe that illicit access yields rewards while honest effort leads to canceled exams, public integrity erodes.
- **Compromised Professional Competence:** When individuals enter essential public services—such as healthcare, policing, teaching, or administration—through compromised exams, long-term professional ethics and operational competence across state institutions suffer.
- **International Dimension**
- **Security Protocols in Comparative Perspective:** Highly competitive examination systems in other Asian nations employ strict national security measures. China's *Gaokao*, sat by over ten million students annually, relies on military-grade security, isolated question setters, armed transport convoys, and signal-jamming equipment. Similarly, South Korea adjusts domestic flight schedules to eliminate noise pollution during the *Suneung* listening comprehension test.
- **Reputational Impact:** Persistent leaks in major entrance exams (such as medical or technical assessments) threaten the global reputation of Indian higher education and professional certifications.
- **Economic Dimension**
- **Human Capital Misallocation:** Millions of young workers spend their most productive years (ages 18–30) repeatedly preparing for competitive exams instead of acquiring market-relevant technical, vocational, or entrepreneurial skills.
- **The Informal Economy Trap:** Over 70% of non-agricultural employment in India remains informal, lacking job security, health insurance, and retirement benefits. This structural shortfall in quality private sector jobs continues to drive intense competition for government positions.

- **Linkages with NCERTs**
- **Class 11 Political Science: *Political Theory***
- **Chapter 3: Equality & Chapter 4: Social Justice**
 - *Conceptual Connection:* Explores the difference between formal equality before the law and substantive equality of opportunity. Exam leaks undermine the democratic ideal of merit-based access, demonstrating how socioeconomic advantages can turn fair procedural contests into unequal outcomes.
- **Class 11 Economics: *Indian Economic Development***
- **Chapter 7: Employment: Growth, Informalisation and Other Issues**
 - *Conceptual Connection:* Examines the structural vulnerabilities of the Indian labor market, focusing on the high concentration of informal workers who lack social security. This foundational economic imbalance explains why public sector employment commands a high social and economic premium.
- **Class 12 Sociology: *Social Change and Development in India***
- **Chapter 5: Change and Development in Industrial Society**
 - *Conceptual Connection:* Discusses job security, public sector employment as an engine of upward social mobility, and the sociological significance of "Sarkari Naukri" within agrarian and transitioning rural structures.
- **Class 11 Political Science: *Indian Constitution at Work***
- **Chapter 7: Executive & Chapter 10: The Philosophy of the Constitution**
 - *Conceptual Connection:* Highlights the constitutional mandate of independent bodies like the Union Public Service Commission (UPSC) and State Public Service Commissions (Article 315–323) in maintaining objective, impartial recruitment for public governance.



- **Linkages with UPSC CSE Syllabus**
- **GS Paper 1: Indian Society**
- **Salient Features of Indian Society & Social Diversity:** The cultural obsession with public sector employment, generational social mobility strategies, and youth vulnerability in semi-urban coaching hubs.
- **Developmental Issues and Population:** Youth demographic pressures, structural unemployment, and the risk of converting demographic dividend into social volatility.
- **GS Paper 2: Governance, Polity, and Public Administration**
- **Role of Civil Services in a Democracy:** The necessity of preserving administrative competence and public faith through transparent recruitment frameworks.
- **Statutory and Regulatory Bodies:** The structural operational vulnerabilities of examination authorities (e.g., NTA, SSC, State PSCs) and the urgent need for institutional autonomy and administrative reform.
- **Important Aspects of Governance, Transparency, and Accountability:** Systemic corruption in public service delivery and the breakdown of procedural governance in competitive examinations.
- **GS Paper 3: Economic Development and Human Capital**
- **Employment, Growth, and Labor Market Dynamics:** The high proportion of informal labor, slow growth in formal private sector manufacturing, and the economic deadweight loss created by rent-seeking in public recruitment.
- **Issues Related to Mobilization of Resources:** Sub-optimal utilization of youth human capital spent on prolonged examination cycles rather than skill acquisition.
- **GS Paper 4: Ethics, Integrity, and Aptitude**
- **Public/Civil Service Values and Ethics in Public Administration:** The erosion of probity in governance when recruitment systems are compromised by illegal access.
- **Foundational Values for Civil Service:** Impartiality, non-partisanship, objectivity, and dedication to public service versus transactional corruption in public employment access.



- **Way Forward**
- **Administrative & Technological Security Upgrades**
- **End-to-End In-House Supply Chains:** Reduce reliance on third-party private printing presses, external transport agencies, and private testing centers. Examinations should be produced, transported, and administered through state-controlled, high-security protocols.
- **Advanced Computer-Based Testing (CBT) Protocols:** Shift toward fully encrypted, randomized question generation algorithms where test centers download unique, encrypted question banks minutes before the exam starts, eliminating physical paper logistics.
- **Biometric & Multi-Factor Authentication:** Implement multi-layer biometric registration (iris scans, real-time facial recognition, and randomized seat allocation) to prevent impersonation and test-center collusion.
- **Legal Enforcement & Institutional Independence**
- **Prioritizing Detection over Penalties:** Align enforcement mechanisms with Becker's economic model of crime by establishing dedicated Cyber-Forensic Public Exam Units to track digital leak channels and illegal financial transactions, increasing the probability of detection (D).
- **Statutory Independence for Examining Bodies:** Reorganize test agencies like the National Testing Agency (NTA) and State PSCs as statutory, autonomous institutions subject to mandatory third-party security audits and accountable directly to legislatures rather than executive ministries.
- **Educational & Assessment Paradigm Reforms**
- **Shift from Tournaments to Standardized Competency:** Re-evaluate high-stakes single-day selection exams. Transition toward multi-tiered assessments, continuous evaluation matrices, and criterion-referenced testing to reduce the extreme winner-takes-all pressure of individual examinations.
- **Professionalization of Vocational Education:** Expand respected, industry-aligned vocational certifications to decouple professional success from a narrow set of state entrance exams.
- **Long-Term Economic & Labor Market Restructuring**
- **Expanding Social Protection in the Private Sector:** Address the underlying driver of rent-seeking by extending basic social security—such as portable pensions, health coverage, and standard severance protections—to private and non-agricultural informal workers.
- **Fostering High-Quality Formal Employment:** Implement targeted industrial and investment policies to promote labor-intensive manufacturing and formal services, creating viable private sector alternatives to state employment.

UPSC CSE Prelims Questions

Question 1 (2020)

Which of the following terms best describes the situation where an individual or firm spends resources to gain economic benefits through political influence, government licenses, or artificially created scarcity without creating new wealth?

- (a) Creative Destruction
- (b) Rent-Seeking
- (c) Capital Accumulation
- (d) Deadweight Burden

Correct Answer: (b)

Question 2 (2017)

In the context of the Indian economy, consider the following statements regarding the informal sector:

- 1.Workers in the informal sector are covered under formal statutory social security schemes like EPF and ESIC by default.
- 2.Informalization of the labor force increases the demand for public sector employment due to security differentials.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Correct Answer: (b)

UPSC CSE Mains Questions

GS Paper 2 (2023)

"The integrity of public examination systems is the bedrock of administrative governance and social trust in a democracy." In light of recent disruptions in competitive examinations across various states, critically analyze the structural vulnerabilities in public testing bodies and suggest comprehensive administrative reforms.

GS Paper 2 (2019)

"Institutional autonomy and effective oversight are essential for public bodies conducting recruitment to ensure administrative efficiency and probity." Discuss the constitutional and statutory safeguards available to Civil Service Commissions in India and examine the operational challenges they face.

GS Paper 3 (2021)

"Despite rapid economic growth, the informal sector continues to employ a overwhelming majority of India's workforce." Explain how structural deficits in quality employment drive excessive economic competition for public sector jobs and affect overall human capital utilization.

GS Paper 4: Ethics (2022)

"When meritocracy is compromised by illegal shortcuts and administrative collusion, public cynicism replaces civic virtue." Examine this statement from an ethical perspective. What measures can public administrators take to restore probity and moral trust in public institutions?

India needs adaptability, not reactive climate action

India's greatest climate challenge today is not merely excessive or insufficient rainfall in certain parts of the region. Rather, it is the realities of the country's climate vulnerability and adaptive capacity deficit that an increasingly unpredictable monsoon — droughts and floods are now two sides of the same monsoon — has exposed.

As per the India Meteorological Department, June 2025 recorded a 40% rainfall deficit, making it the fifth driest June in more than a century. Between June 1 and July 1, central India recorded the maximum deficit at 45% below normal, followed by east and northeast India at 40% below normal, and the southern peninsula stood at a 26% deficit. Immediately after, the first week of July brought intense cloudburst-like rainfall events across Kerala, Maharashtra, Jammu and Kashmir, the Western Ghats, Garo hills, amongst other areas, even as Delhi experienced Chennai-like humidity with little rain.

Meanwhile, the delayed onset of the monsoon, reinforced by strengthening El Niño conditions, left kharif sowing nearly 30% behind last year's levels. Given that Indian agriculture remains heavily dependent on the southwest monsoon, this has raised several concerns. According to the ministry of earth science's assessment of the climate crisis, days receiving more than 150 mm of rainfall increased by nearly 75% between 1950 and 2025.

This reflects a long-term shift rather than a recent anomaly with widespread extreme rainfall events across central India having tripled over the same period even as average monsoon rainfall declined. The evidence is clear: El Niño may influence when the monsoon arrives, but it can't alone explain the increasingly erratic and destructive rainfall patterns now unfolding across India.

This pattern is exposing a deeper structural challenge: India's climate response is reactive and uneven. In many states, adaptive capacity to prepare for and respond to climate variability, and strengthen institutions and planning systems, remains constrained. The scale of the deficit in adaptive capacity is evident in The Climate Risk and Vulnerability Assessment 2025 report by the Institute for Competitiveness, which presents a detailed picture of climate risk vulnerabilities across India's 28 states. The report notes that more than half of Indian states face above-average climate vulnerability, while most states share similar risk profiles. Regarding adaptive capacity, 16 out of 28 states score above the national average, indicating that the same rainfall can produce vastly different outcomes depending on the quality of governance, infrastructure, health care, and early warning systems.

The report also discusses the 2015-16 El Niño episode, which intensified drought conditions across several regions globally, as an example of how climatic variability can turn existing stressors into wider systemic disruptions. In India, in states with weaker water systems, climate-dependent livelihoods, and limited disaster response infrastructure, the same climatic anomaly is likely to produce deeper and longer-lasting consequences.

This is also why adaptation cannot remain

secondary to mitigation, given the climate risk landscape of India. The report notes that in the period up to 2040, differences in climate risks will depend more strongly on existing vulnerability and exposure than on differences in future scenarios. So, strengthening adaptive capacity today can substantially reduce future losses. However, the challenge today is not merely that states in India face different hazards; it is that they possess different adaptive capacities to prevent those hazards from becoming disasters.

For instance, Bihar, which ranks as the most climate-vulnerable state in the country, has only 14 primary health centres per lakh population and only 47% of its households have access to improved sanitation. Assam, which closely follows it in terms of "high-risk"

landscape, also fares poorly on indicators of adaptive capacity, with piped water access at 5.8% and only 34% of roads surfaced. These deficits can amplify climate shocks and impede relief and recovery. A few other states underline the other side of the equation. For instance, Maharashtra has a comparatively stronger adaptive capacity and is categorised as a medium-risk state, yet floods and landslides continue to disproportionately affect people.

In July 2025, already severe landslides and flooding across Pune and Pimpri-Chinchwad forced the evacuation of people and affected villages. This is not happening for the first time. The July 2021 floods and landslides affected over 1,000 villages and displaced more than 375,000 people.

Together, these examples show that vulnerability is not uniform across states; it is shaped by varying combinations of weak services, infrastructure gaps, local preparedness, and the scale of exposure. Even stronger adaptive capacity can reduce vulnerability, but cannot eliminate it.

Building a climate-resilience strategy is imperative for all states. This requires a shift from reactive, short-term disaster response to long-term, proactive adaptation through better climate risk mapping, climate-resilient infrastructure, strong early warning systems. El Niño is only half the story; the other half is institutionalised preparedness and governance.

The real challenge is the uneven capacity of states to anticipate, prepare for, and adapt to increasingly climate-risk-laden landscapes. Aggregated state-level numbers may conceal substantial vulnerabilities, even though the variability of hazards and exposure is heterogeneous across districts and communities at the forefront of these impacts.

Strengthening adaptive capacity by building climate-resilient infrastructure, early warning systems, and local institutions' capabilities, and by implementing anticipatory planning — all these "solutions" can prevent climate hazards from turning into prolonged public health, livelihood, and economic crises. At this point, what is required is anticipatory, inclusive adaptive capacity building by state governments, not just stronger disaster response.



Amit Kapoor



Nandini Vats

Amit Kapoor is chair, and Nandini Vats is researcher, Institute for Competitiveness. The views expressed are personal.

- **Key Terms and Explanations**

- **Climate Vulnerability**

- Climate vulnerability is the degree to which a human or ecological system is susceptible to, or unable to cope with, the adverse effects of climate change, including climate variability and extremes. It is a function of three distinct components: **hazard** (the physical threat like a flood), **exposure** (the people and assets situated in the hazard zone), and **vulnerability** (the socioeconomic susceptibility to harm).

- **Adaptive Capacity Deficit**

- Adaptive capacity refers to the ability of systems, institutions, humans, and other organisms to adjust to potential damage, take advantage of opportunities, or respond to consequences. An adaptive capacity deficit occurs when a region lacks the necessary financial, institutional, infrastructural, or technical resources to prepare for and absorb climate shocks.

- **Cloudburst-like Extreme Rainfall Events**

- While a classical cloudburst is scientifically defined as sudden, intense rainfall exceeding 100 mm per hour over a small geographical area (10 × 10 km), cloudburst-like events refer to localized, ultra-high-intensity rain bursts (> 150 mm/day) occurring within short windows. These trigger rapid flash floods, urban inundation, and landslides.

- **El Niño-Southern Oscillation (ENSO)**

- ENSO is a periodic fluctuation in sea surface temperatures (El Niño) and atmospheric pressure (Southern Oscillation) across the equatorial Pacific Ocean. During El Niño, warm surface waters shift eastward toward South America, weakening the Pacific trade winds and altering global atmospheric circulation. For India, El Niño frequently suppressed or delayed the southwest monsoon, though its direct correlation with total seasonal rainfall is increasingly distorted by broader global warming trends.

- **Kharif Crop Sowing Sensitivity**

- The Kharif cropping season (June to October) relies heavily on the timely arrival and spatial distribution of the southwest monsoon. Major crops like rice, pulses, coarse cereals, and oilseeds require consistent early-season soil moisture. Sowing lags during the initial monsoon month create cascading agricultural distress, yield losses, and food supply chain inflationary pressures.

- **Anticipatory Climate Governance**

- A proactive governance framework that utilizes predictive climate modeling, hyper-local risk mapping, and pre-disaster institutional funding to mitigate vulnerabilities *before* hazards strike, moving away from reactive emergency relief towards pre-planned, structural adaptation.

- **Main Arguments and Substantive Analysis**

- **The Structural Shift: Unpredictability Over Pure Deficit**

- India's modern climate crisis cannot be framed merely as a binary problem of "drought vs. flood." The core issue lies in the transformation of the southwest monsoon into an unpredictable regime characterized by concurrently occurring extremes. Long-term meteorological data demonstrates a structural shift: while overall average seasonal rainfall displays a subtle declining trend, extreme precipitation events (> 150 mm/day) across central and peninsular India have nearly tripled over the past seven decades.

- This phenomenon leads to two distinct challenges happening at once: prolonged dry spells that delay agricultural sowing, interrupted abruptly by intense deluges that cause catastrophic flash floods, soil erosion, and urban paralysis.

- **The Myth of Climate Externalities**

- Global atmospheric drivers like El Niño influence monsoon onset dates and spatial distribution, but they do not act in isolation. Attributing destructive rainfall and subsequent human crises solely to oceanic-atmospheric anomalies masks the internal policy and development deficits. Atmospheric drivers set the physical context; local governance, urban planning, ecological degradation, and institutional readiness determine whether a weather anomaly remains a natural event or degenerates into a public disaster.

- **The State-Level Adaptive Capacity Divide**

- Data reveals stark disparities in sub-national climate vulnerability across India. More than half of Indian states face above-average climate vulnerability, yet their capacity to cope varies significantly:

- **High Vulnerability, Low Adaptive Capacity:** States like Bihar and Assam face severe risk environments exacerbated by fragile social infrastructure. In Bihar, low primary healthcare density limits emergency post-disaster public health responses. In Assam, poor road surfacing and low piped water coverage impede flood recovery and expose displaced populations to waterborne epidemics.

- **Medium Vulnerability, High Infrastructure Strain:** States like Maharashtra possess stronger economic indicators and governance capacity, yet experience persistent disasters. Extreme flooding and severe landslides in Pune, Pimpri-Chinchwad, and the Western Ghats highlight that higher economic development alone cannot compensate for unmanaged exposure, ecological degradation, and stressed urban drainage systems.

- **Prioritizing Adaptation Over Mitigation**

- For developing economies facing imminent climate risks, climate adaptation (adjusting to current and future impacts) must take precedence over mitigation (reducing greenhouse gas emissions). Up to 2040, the severity of climate impacts will be governed far more by existing socioeconomic vulnerabilities and physical exposure than by slight differences in future global emission scenarios. Building climate-resilient roads, decentralized healthcare, robust embankments, and hyper-local early warning systems today directly saves lives and capital tomorrow.

- **Historical Evolution of India's Monsoon & Climate Policy Framework**
- **1. Colonial Period (Late 19th Century – 1947): Revenue and Crisis Management**
- **Famine Codes:** Post-1880 Famine Commission, colonial policy focused on reactive crisis management to prevent agricultural revenue collapse. Infrastructure investments (railways, main canals) aimed at resource extraction and famine relief transport rather than building local community resilience.
- **Ecological Alteration:** Extensive deforestation for railway sleepers and state-controlled timber altered local catchment areas, heightening topsoil erosion and flood sensitivity along major river corridors.
- **2. Post-Independence Construction Phase (1950s – 1980s): Production-Centric Development**
- **Large Hydrological Infrastructure:** Early Five-Year Plans emphasized "temples of modern India"—mega-dams (e.g., Bhakra Nangal, Hirakud) designed for flood control, power generation, and canal-fed irrigation.
- **Green Revolution & Rainfed Neglect:** The Green Revolution prioritized high-yielding wheat and rice in canal-irrigated zones (Punjab, Haryana, Western UP), leaving rainfed agricultural regions across Central, Eastern, and Southern India structurally vulnerable to monsoon variability.
- **Disaster Response:** Remained primarily reactive under financial relief codes overseen by the Ministry of Agriculture.
- **3. Institutional Modernization & Shift to Preparedness (1990s – 2005)**
- **High-Powered Committee on Disaster Management (1999):** Recommended shifting focus from post-disaster relief to holistic, pre-disaster mitigation and preparedness.
- **Super Cyclone (1999) & Indian Ocean Tsunami (2004):** Catalyzed structural legal changes.
- **Disaster Management Act, 2005:** Institutionalized a three-tiered framework—National Disaster Management Authority (NDMA), State Disaster Management Authorities (SDMAs), and District Disaster Management Authorities (DDMAs)—moving India legally from a relief-centric model to a prevention-and-preparedness regime.
- **4. Climate Adaptation Era (2008 – Present)**
- **National Action Plan on Climate Change (NAPCC, 2008):** Formulated eight dedicated missions, including the National Water Mission and the National Mission for Sustainable Agriculture, formally connecting climate change to development policy.
- **State Action Plans on Climate Change (SAPCCs):** Decentralized climate strategy to the state level, recognizing heterogeneous hazard profiles.
- **Global & Local Resilience Initiatives:** Launch of the Coalition for Disaster Resilient Infrastructure (CDRI), implementation of the National Cyclone Risk Mitigation Project (NCRMP), and creation of the National Adaptation Fund for Climate Change (NAFCC).



UNEVEN ADAPTIVE CAPACITY & DISASTER RISK

HIGH RISK, WEAK CAPACITY STATES (Bihar, Assam)



Deficits amplify climate shocks, impede recovery



- Bihar: 1.4 PHCs/lakh, 47% improved sanitation access
- Assam: 5.8% piped water, 24% surfaced roads

MEDIUM RISK, STRONGER CAPACITY STATE (Maharashtra)



- Floods & Landslides persist, affecting villages (2021 Mah. floods: 1,000+ villages, 375k displaced)
- Capacity can reduce vulnerability, not eliminate it

MULTIDIMENSIONAL CLIMATE ANALYSIS

SOCIAL	POLITICAL	LEGAL/ETHICAL	INTERNATIONAL	ECONOMIC
 SOCIAL displacements, migration	 POLITICAL governance shift to proactive planning	 LEGAL/ETHICAL inclusive capacity building	 INTERNATIONAL El Niño vs. local capacity, global lessons	 ECONOMIC Agri-dependency, livelihoods, national concern

WAY FORWARD: STRATEGIC CLIMATE RESILIENCE



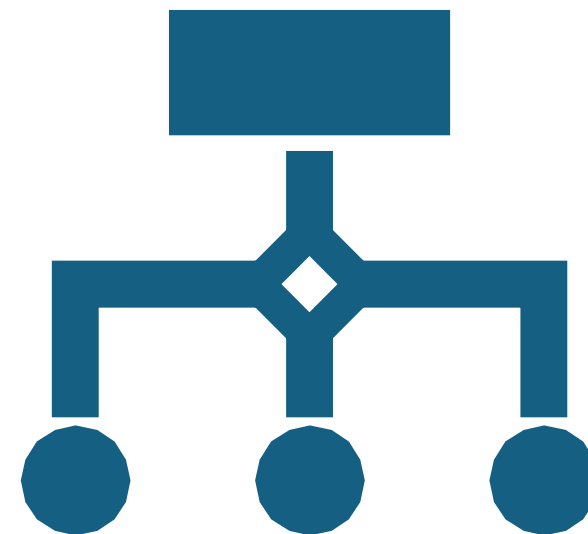
- **Logical and Philosophical Foundations**
- **Institutional Determinism vs. Ecological Fatalism**
 - The analysis rejects ecological fatalism—the view that climate disasters are purely "acts of God" or unavoidable natural events. Instead, it advances **institutional determinism**: the principle that while extreme weather is driven by nature, a hazard becomes a disaster primarily through policy failures, poor infrastructure, and weak state capacity. The same 150 mm rainfall event results in minor disruptions in a high-capacity system, but yields human mortality, disease, and financial collapse in a low-capacity environment.
- **Amartya Sen's Capability Approach**
 - The framework aligns with Amartya Sen's Capability Approach, which conceptualizes human development as the expansion of individuals' real freedoms to lead lives they have reason to value.
 - Absence of primary healthcare, piped water, or reliable transport directly deprives citizens of the capacity to resist, recover from, or adapt to environmental shocks.
- **Spatial and Intergenerational Justice**
 - **Spatial Justice:** Highlights the ethical imbalance where states contributing least to environmental degradation (e.g., agrarian eastern states) often bear the highest climate risk due to structural underdevelopment.
 - **Intergenerational Equity:** Asserts that short-term policy planning that neglects long-term climate resilient capital creates severe economic and environmental debt for future generations.
- **The Precautionary Principle**
 - Grounded in environmental jurisprudence, this principle dictates that lack of absolute scientific certainty regarding exact localized climate projections should not be used as a reason to postpone cost-effective measures to prevent environmental degradation or human disaster. Anticipatory adaptive investments are a moral and practical imperative.

- **Multidimensional Analysis**
- **Social Dimension**
- **Poverty Traps and Forced Migration:** Recurrent disasters deplete rural household assets. Farmers faced with consecutive crop failures due to early monsoon droughts or late-season floods are pushed into distress migration toward urban slums.
- **Public Health Vulnerabilities:** Flooding destroys sanitation infrastructure, resulting in widespread waterborne illnesses (cholera, gastroenteritis) and vector-borne outbreaks (dengue, malaria). Low density of primary healthcare facilities amplifies mortality rates among women, children, and the elderly.
- **Gender Disparities:** Rural women bear a disproportionate burden during water scarcity, traveling longer distances for potable water, and facing heightened safety and health risks during disaster displacements.
- **Political and Federal Governance Dimension**
- **Asymmetric Federal Capacity:** India's federal structure exposes stark contrasts in sub-national governance. While some states have sophisticated disaster management cadres, others lack technical personnel within state weather departments, planning boards, and SDMA.
- **Fiscal Friction in Relief vs. Adaptation:** Tensions often arise between the Union and State governments over the allocation of the National Disaster Response Fund (NDRF) versus the State Disaster Response Fund (SDRF). States frequently demand post-disaster emergency grants, whereas federal funding mechanisms struggle to incentivize long-term, pre-disaster adaptation projects.
- **Legal and Constitutional Dimension**
- **Right to Life (Article 21):** The Supreme Court of India has interpreted the fundamental Right to Life under Article 21 to include the right to a clean, safe, and resilient environment. Failure to safeguard citizens against predictable climate hazards compromises this constitutional guarantee.
- **Implementation Gaps in the Disaster Management Act (2005):** While statutory bodies (NDMA/SDMA) exist on paper, many DDMA remain underfunded, undertrained, and functionally dormant, resulting in localized policy execution breakdowns.
- **Ethical Dimension**
- **Climate Injustice:** Marginalized social groups—landless agricultural laborers, urban informal settlement dwellers, and indigenous communities—face the highest exposure to extreme weather despite contributing the least to ecological degradation.
- **Moral Hazard of Reactive Governance:** Prioritizing post-disaster compensation payouts over proactive safety infrastructure reflects an ethical failure in governance, valuing temporary relief over lasting safety.
- **International Dimension**
- **Global Climate Finance & Adaptation Mandates:** India's domestic experience highlights arguments made by the Global South at COP forums (UNFCCC): global climate discussions over-emphasize mitigation while underfunding the Loss and Damage Fund and adaptation initiatives.
- **South-South Leadership:** Through the Coalition for Disaster Resilient Infrastructure (CDRI), India positions itself as a leader in developing climate-resilient engineering standards for vulnerable developing economies.
- **Economic Dimension**
- **Macroeconomic and Inflationary Risks:** Agricultural volatility directly threatens national food security and fuels retail inflation (especially in staples like tomatoes, onions, pulses, and rice), constraining monetary policy options.
- **Fiscal Burden on State Budgets:** Diverting capital from productive development expenditure (education, technology, infrastructure) to emergency post-disaster reconstruction suppresses long-term state-level economic growth.

- **Linkages with NCERT Textbooks**
- **Class 11 Geography: *India - Physical Environment***
- **Chapter 4: Climate:** Detailed coverage of the southwest monsoon mechanism, the El Niño-Southern Oscillation (ENSO) phenomenon, spatial variability of rainfall, and monsoon breaks. Directly provides the foundational physical science required to understand monsoon erraticism.
- **Chapter 7: Natural Hazards and Disasters:** Maps spatial distributions of flood-prone and drought-prone zones across India, framing disasters as intersections of physical hazards and socio-economic exposure.
- **Class 12 Geography: *India - People and Economy***
- **Chapter 5: Land Resources and Agriculture:** Highlights the structural dependency of rainfed agriculture in India, discussing dryland versus wetland farming, cropping intensity, and crop vulnerability to weather fluctuations.
- **Class 11 Economics: *Indian Economic Development***
- **Chapter 6: Rural Development:** Analyzes rural credit systems, non-farm employment, and the essential role of rural infrastructure (all-weather surfaced roads, irrigation, sanitation) in diversifying livelihoods away from climate-sensitive agriculture.
- **Class 11 Political Science: *Indian Constitution at Work***
- **Chapter 7: Federalism:** Explains the distribution of executive and legislative powers between the Union and States, offering context on why state-level administrative capacity determines local policy execution during environmental crises.



- **Linkages with UPSC CSE & APSC Syllabus**
- **General Studies Paper 1 (GS-1)**
- **Important Geophysical Phenomena:** Southwest monsoon mechanics, climate variability, drivers of extreme weather (ENSO, Indian Ocean Dipole).
- **Geographical Features and Vulnerable Locations:** Landslides in Western Ghats and Himalayas; urban flood dynamics in metropolitan areas.
- **General Studies Paper 2 (GS-2)**
- **Federal Issues and Governance:** Union-State coordination during disasters; sub-national administrative disparities.
- **Health and Social Infrastructure:** Public health capacity, primary healthcare distribution, and the role of local governance (Panchayats and Urban Local Bodies) in emergency preparedness.
- **General Studies Paper 3 (GS-3)**
- **Disaster Management:** Shifting paradigms from reactive relief to proactive mitigation, early warning systems, and building resilient physical infrastructure.
- **Environment and Ecology:** Climate change adaptation strategies versus mitigation; state climate action planning (SAPCC).
- **Agriculture and Food Security:** Impact of erratic monsoons on Kharif cropping patterns, irrigation access, and agricultural stability.
- **General Studies Paper 4 (GS-4) & Essay**
- **Ethics in Governance:** Duty of care, environmental justice for vulnerable populations, ethical allocation of state development funds.
- **Essay Topics:** *"Climate Change is not merely an environmental threat, but a systemic development challenge."*
- **Optional Subjects**
- **Geography (Paper I & II):** Climatology, monsoon theories, applied geography, regional development, and environmental management.
- **Public Administration:** Disaster management machinery, sub-national administrative capacity, local self-governance efficiency under stress.



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- **Comprehensive Way Forward and Policy Recommendations**
 - **1. Decentralized & Hyper-Local Climate Vulnerability Mapping**
 - **Block and Panchayat-Level Indexing:** Transition from aggregated state-level risk profiles to high-resolution, hyper-local risk assessment models using spatial GIS mapping, remote sensing, and localized historical climate data.
 - **Integrated Hazard-Poverty Mapping:** Layer socioeconomic parameters (housing type, healthcare access, road connectivity) directly onto physical flood and drought maps to identify priority intervention zones.
 - **2. Mainstreaming Anticipatory Governance and Financing**
 - **Pre-Disaster Adaptation Budgeting:** Mandate that state action plans (SAPCCs) be integrated directly into annual state fiscal budgets rather than existing as standalone advisory documents.
 - **Forecast-Based Action (FbA) Protocols:** Establish automated financial releases and disaster preparedness measures triggered when predictive weather models indicate high probability of extreme events.
 - **3. Upgrading Core Social and Physical Infrastructure**
 - **Targeted Rural Infrastructure Programs:** Accelerate all-weather road construction (Pradhan Mantri Gram Sadak Yojana) and piped water access (Jal Jeevan Mission) specifically across high-vulnerability, low-capacity districts in states like Bihar and Assam.
 - **Climate-Proofing Health Networks:** Retrofit Primary Health Centres (PHCs) with off-grid solar power, elevated construction designs above high-flood levels, and stocks of emergency medical supplies to maintain operations during disasters.
 - **4. Climate-Smart Agriculture and Water Management**
 - **Crop Diversification Away from Water-Intensive Staples:** Incentivize shifts toward climate-resilient crops (millets, pulses, oilseeds) in rainfed zones through customized Minimum Support Price (MSP) policies and targeted procurement.
 - **Micro-Irrigation and Rainwater Harvesting:** Scale up drip and sprinkler irrigation networks alongside rejuvenated traditional water bodies (e.g., *Ahar-Pynes*, *Johads*, *Tanka*) to buffer against early-season monsoon dry spells.
 - **5. Institutional Reforms in Urban and Regional Planning**
 - **Enforcing Eco-Sensitive Urban Bye-Laws:** Restrict construction activities on natural floodplains, wetlands, and unstable hill slopes, particularly in expanding urban belts (e.g., Pune, Western Ghats regions).
 - **Expanding Hyper-Local Early Warning Systems (EWS):** Deploy dense networks of Doppler Weather Radars (DWRs) and community-level warning systems to provide actionable early alerts down to the village and municipal ward level.

UPSC CSE Prelims Questions

1. Indian Ocean Dipole and Monsoon Interaction

Question: With reference to ‘Indian Ocean Dipole (IOD)’ sometimes mentioned in the news while forecasting Indian monsoon, which of the following statements is/are correct?

- 1.IOD phenomenon is characterized by a difference in sea surface temperature between an tropical Western Indian Ocean and an tropical Eastern Pacific Ocean.
- 2.An IOD phenomenon can influence an El Nino’s impact on the monsoon.

Select the correct answer using the code given below:

- (a) 1 only
- (b) 2 only
- (c) C both 1 and 2
- (d) Neither 1 nor 2

(Year: 2017)

2. Climate Adaptation Funds

Question: With reference to the ‘National Adaptation Fund for Climate Change (NAFCC)’, which of the following statements is/are correct?

- 1.It was established to meet the cost of adaptation measures for states and UTs that are particularly vulnerable to the adverse effects of climate change.
- 2.The fund is managed by the National Bank for Agriculture and Rural Development (NABARD).

Select the correct answer using the code given below:

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

(Year: 2015)

3. Climate Smart Agriculture

Question: With reference to "Climate-Smart Agriculture", consider the following statements:

- 1.The 'Climate-Smart Agriculture' approach is guided by the main objective of achieving sustainable development goals through integration of adaptation and mitigation strategies.
- 2.India is a signatory to the Climate-Smart Agriculture Alliance.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

(Year: 2021)

Inflation pains may get worse this year

The outlook on prices has yo-yoed in recent months — first rising, then falling and then rising again. Crude oil prices were easing before the conflict in West Asia pushed these up again. Gold prices have hovered in the \$4,000-\$4,200 band per ounce, though, at that level, they reflect a multi-year uprend. Short-term inflation forecasts moved from pessimistic to borderline sanguine before coming under the super El Nino and possible food inflation shadow. Against this backdrop, how should we look at full-year inflation?

Crude oil prices remaining high for over 100 days present the main challenge for a benign inflation print, having already entered cost calculations of companies, as reflected in the wholesale price index. This has led to an increase in prices reflected in core inflation.

A gradual easing can be expected if the pre-war equilibrium is restored. The question, however, is whether or not producers will lower their final prices. Higher oil and gas prices have worked their way into prices of pesticides, fertilisers, paints, automobiles, glass, ceramics and other products. Restaurants have hiked prices across their menus and it is unlikely that these will be lowered when fuel supplies, and thereby, prices, normalise. It will take close to three months for restoration of normal supply if a permanent peace accord is signed by the warring sides.

A similar situation can be expected for airlines, which may not be inclined to lower fares fully even if ATF prices come down — their losses due to the conflict extend beyond fuel prices, in terms of rerouting to avoid flying over conflict-affected areas, for instance.

Therefore, even when the WPI trends downwards as oil and gas prices ease, the pass-through may not happen — at least not to a commensurate degree.

On the CPI front, things will be different. The oil impact is primarily a policy decision. When crude oil prices shot up, LPG prices were raised to an extent for consumers but fuel prices remained unchanged. After a point, excise was lowered, and, following that, retail prices were increased in three stages. Therefore, the inflation impact would be largely driven by what the government and oil-marketing companies decide when Brent

reverts to a lower level (the weight of fuel products in CPI is 4.8%).

Coming to gold, the metal's price movement is reflected in the personal care category of CPI (its weight in overall CPI is 1.2%).

A similar issue lies with gold. The personal care category of CPI is being pushed up by gold (it has a 0.62% weight in overall CPI), even though the price of gold has come down. This is due to the imposition of a higher duty on precious metals. Once again, price movement here and its reflection in the overall inflation for the year will depend on the call the government takes.

All this aside, food inflation remains a worry. The monsoon was delayed and overall rainfall may record a below normal level, complicated by the predictions of super El Nino effect July onwards. Agri-regions in the rain-shadow areas will likely be affected worse. Pulses, coarse cereals, and oilseeds are the product groups most likely to get affected, which means that, against

last year's low base, the price increases will be sharper. This means food inflation could come in well above 5-6% for the year. Throw in MSP increases, and benchmark prices for the market are likely to be high.

Whether the government rolls back some of the fertiliser subsidy being offered at present and lets prices increase to an extent also needs to be seen.

Globally, transportation and freight costs have gone up and will take time to return to the earlier normal. Opec may have agreed to increase output, but restoration of damaged energy infrastructure in the Gulf States will likely take many months if not years. Energy contracts, thus, will need restructuring, depending on the terms and prices prevailing in the market.

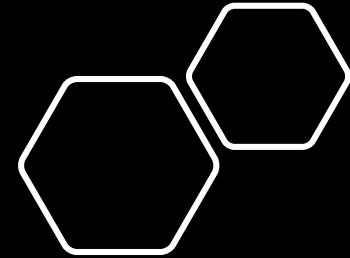
Finally, a conscious call has to be taken internally on retail prices of fuel. During the last spell of conflict, as well as the short-lived ceasefire when crude prices fell, retail prices were left unchanged. Will this policy continue?

Looking at things as they stand today, it is likely that inflation for the full year could reach 5-5.5%, especially as food inflation rises in the second half of this fiscal.



Madan Sabnavis

Madan Sabnavis is chief economist, Bank of Baroda. The views expressed are personal



- 
- **Key Terms and Explanations**
 - **Consumer Price Index (CPI) vs. Wholesale Price Index (WPI)**
 - **Wholesale Price Index (WPI):** Measures price changes at the producer or wholesale level before goods reach retail outlets. It predominantly tracks bulk commodity prices—such as crude oil, minerals, basic metals, and manufactured goods—with zero weightage given to services.
 - **Consumer Price Index (CPI):** Measures the average change over time in the prices paid by urban and rural households for a fixed basket of consumer goods and services. It directly reflects consumer purchasing power and includes essential items like food, healthcare, housing, and education.
 - **Core Inflation vs. Headline Inflation**
 - **Headline Inflation:** The total inflation measure derived from the complete CPI basket, including highly volatile components like food and energy prices.
 - **Core Inflation:** Excludes volatile food and energy categories from headline inflation to reflect underlying, persistent price trends driven by demand dynamics and second-round cost-push effects.
 - **Sticky Inflation and Asymmetric Pass-Through (The "Ratchet Effect")**
 - **Asymmetric Pass-Through:** A market phenomenon where businesses quickly pass on input cost increases to end consumers, but delay or refuse to lower retail prices when raw material costs drop.
 - **Cost-Push Inflation**
 - **Cost-Push Inflation:** Occurs when aggregate supply falls due to exogenous shocks—such as geopolitical conflicts or trade disruptions—leading to increased production costs (raw materials, wages, logistics) that are passed along to final consumer prices.
 - **Super El Niño and Rain-Shadow Dynamics**
 - **Super El Niño:** A severe climate anomaly characterized by unusual warming of surface waters in the equatorial Pacific Ocean. It shifts global weather patterns, typically causing severe monsoon delays or deficits across South Asia.
 - **Base Effect**
 - **Base Effect:** The influence of the corresponding index level from the prior year on the calculated rate of inflation for the current period.

- **Main Arguments and Substantive Analysis**
 - Macroeconomic stability faces a complex interplay of international energy shocks, structural supply chain rigidities, domestic fiscal policy choices, and climate risk. Analyzing these dynamics reveals why managing overall inflation requires navigating structural constraints.
- **The Crude Oil and WPI-to-Core Transmission**
 - When crude oil remains elevated over extended periods, its initial impact hits the Wholesale Price Index. However, oil is not merely a final consumption good; it serves as a baseline feedstock and transport fuel across manufacturing sectors. Extended high crude prices gradually seep into intermediate inputs—such as fertilizers, pesticides, industrial glass, ceramics, and paints.
 - As corporate input costs rise, companies eventually adjust their output prices. What starts as a temporary commodity price shock mutates into sticky core inflation, entrenching higher price levels across non-food, non-energy consumer sectors.
- **Market Imperfections and Asymmetric Price Adjustment**
 - A key structural issue in inflation dynamics is price stickiness. In competitive theory, retail prices should decline as input costs normalize. In practice, oligopolistic market structures—such as commercial aviation, organized dining, and logistics—exhibit downward price rigidity.
 - Businesses often cite indirect overheads, accumulated past losses, and lingering operational adjustments (such as longer flight paths to avoid conflict zones) to justify keeping consumer prices elevated. Consequently, even when wholesale energy prices drop, the relief fails to reach end consumers to a commensurate degree.
- **Fiscal Buffer Mechanics and CPI Insulation**
 - Unlike WPI, where global commodity swings translate directly into index movements, CPI inflation in developing economies is often insulated by government policy intervention. In energy markets, central governments and state oil marketing companies frequently absorb international crude volatility by adjusting excise duties, granting subsidies, or modifying retail profit margins.
 - While this administrative pricing approach protects household budgets from sudden global energy shocks, it converts potential monetary inflation into a fiscal burden. Subsequent adjustments—such as phased hikes in retail LPG prices or import duty changes on commodities like gold—mean consumer inflation timing is driven as much by fiscal policy decisions as by market forces.
- **Agricultural Vulnerability and Food Inflation Risks**
 - Food inflation remains susceptible to domestic climate conditions. Delayed monsoons, combined with climate anomalies like a Super El Niño, present a substantial supply-side threat to rain-fed agricultural zones. Crucial crop categories—such as pulses, coarse grains, and oilseeds—are heavily dependent on monsoon rainfall.
 - When climate disruptions coincide with a low baseline price from the previous year and higher Minimum Support Prices (MSPs), supply shortages translate into sharp food inflation spikes. Given that food carries a substantial weight in the CPI basket of emerging economies, severe weather events can quickly undermine macroeconomic price stability.

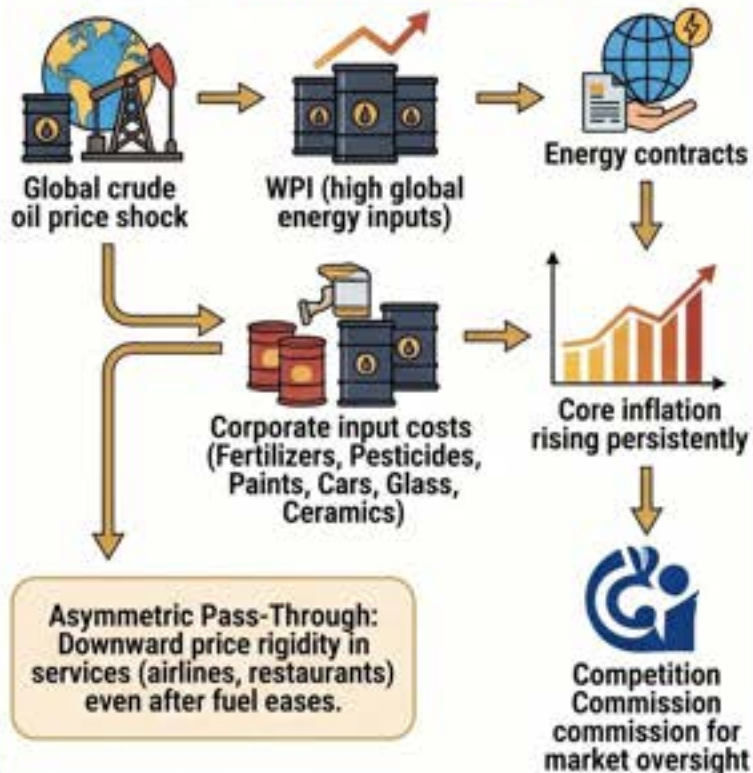
- **Historical Evolution of Inflation Management in India**
- **Post-Independence and Administered Pricing (1950s–1980s)**
- **Supply Scarcity and Social Protection:** Post-independence India managed inflation primarily through administrative price controls and physical distribution. The statutory foundation was laid via the **Essential Commodities Act, 1955**, aimed at curbing hoarding and controlling price spikes in basic food grains.
- **Oil Shocks of the 1970s:** The global energy shocks of 1973 and 1979 exposed India's fiscal vulnerability to imported fuel. The state responded by establishing the **Administered Pricing Mechanism (APM)** for petroleum products, cross-subsidizing domestic fuel and fertilizers via state-owned enterprises.
- **Structural Reforms and Market Integration (1991–2014)**
- **Liberalization and Decontrol:** Post-1991 macroeconomic reforms gradually phased out administrative pricing across multiple commodity sectors, exposing domestic prices to international market signals.
- **Dismantling the APM:** Petrol prices were formally dereferenced from government control in 2010, followed by diesel in 2014. This structural shift reduced fiscal subsidy burdens but heightened the direct sensitivity of domestic retail prices to global crude volatility.
- **Shift to Consumer-Centric Metrics:** Policy analysis historically prioritized the WPI due to its emphasis on tradable goods. Over time, growing structural disparities between wholesale commodity movements and retail household costs led to a shift toward consumer price tracking.
- **The Institutional Shift: Flexible Inflation Targeting (2016–Present)**
- **Urjit Patel Committee Recommendations:** The committee recommended structural overhaul of India's monetary policy architecture, advocating for a single nominal anchor to stabilize expectations.
- **Statutory Mandate:** Amendments to the **Reserve Bank of India (RBI) Act, 1934** in 2016 formally instituted **Flexible Inflation Targeting (FIT)**. The RBI was mandated to maintain Headline CPI inflation at 4% with a tolerance band of +/- 2%, prioritizing retail price stability while supporting economic growth.
- **Modern Macroeconomic Environment:** Contemporary inflation management relies on coordinated monetary and fiscal policy. While the Monetary Policy Committee uses interest rate policy to anchor inflation expectations, the central government manages supply-side shocks using targeted excise adjustments, strategic agricultural buffer stocks, and trade duty modifications.



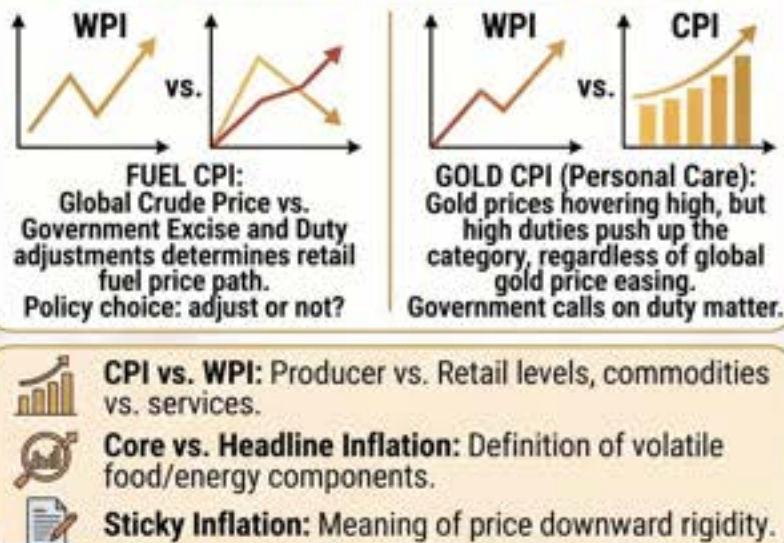
COMPREHENSIVE INFLATION ANALYSIS

(UPSC/APSC PREPARATION)

CRUDE OIL'S WPI-TO-CORE TRANSMISSION



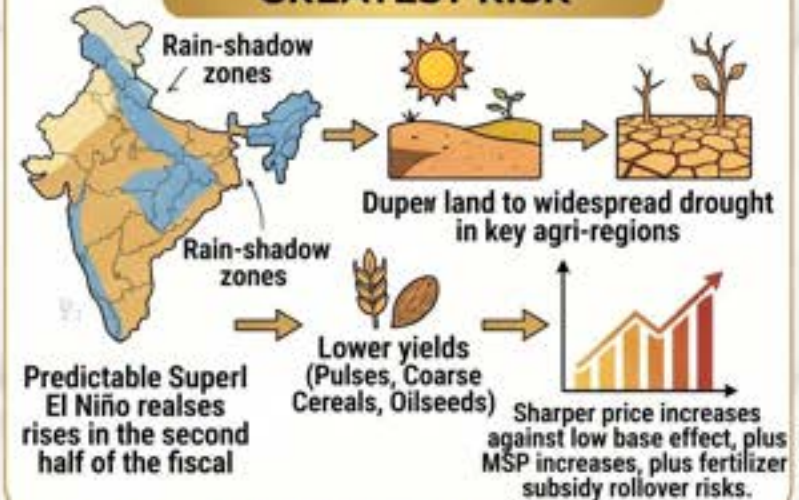
GOVERNMENT POLICY AS THE INFLATION DETERMINANT



FULL-YEAR INFLATION OUTLOOK: 5-5.5%



FOOD INFLATION: THE GREATEST RISK



FOOD INFLATION:vs. OUTLOOK: 5-5.5%



- **Logical and Philosophical Foundations**

- Evaluating macroeconomic price dynamics requires examining both underlying economic assumptions and broader social trade-offs.

- **Rational Expectations vs. Structural Rigidities**

- Modern monetary policy relies heavily on the **Rational Expectations Hypothesis**, which assumes that forward-looking economic agents adjust their behavior based on central bank policy signals. However, structural realities in developing economies often diverge from this model:

- $$\text{Total Inflation} = \alpha \left(\text{Core Inflation}_{\text{Sticky}} \right) + \beta \left(\text{Food \& Energy Inflation}_{\text{Volatile}} \right)$$

- Because food and energy constitute a large share of the average household budget, short-term supply shocks quickly alter inflation expectations. When headline inflation stays high due to weather or geopolitical shocks, workers demand higher wages and businesses raise margins. This transforms temporary supply shocks into broad-based structural inflation.

- **Keynesian Price Stickiness and Market Asymmetry**

- The concept of downward price rigidity rests on Keynesian menu-cost theory and modern market structure analysis:

- **Asymmetric Cost Pass-Through:** In concentrated or oligopolistic industries, firms display asymmetric pricing behavior. Increases in input costs are promptly passed on to consumers to preserve operating margins, whereas input cost reductions are retained internally to build capital buffers or offset non-material overheads.

- **Market Failures in Price Discovery:** This asymmetry demonstrates that free market price discovery breaks down during prolonged uncertainty, allowing price shocks to persist even after primary supply conditions normalize.

- **John Rawls' Theory of Justice:** A veil-of-ignorance framework prioritizes protecting the most vulnerable members of society. Because low-income families spend a larger share of their income on non-discretionary goods (food and basic domestic fuel), unmitigated cost-push inflation disproportionately erodes their real living standards.

- **The Social Contract and Market Intervention:** This vulnerability creates a clear rationale for state intervention. Interventions like fuel duty adjustments, targeted fertilizer subsidies, and strategic food stocks are not mere market distortions; they serve as structural tools to ensure basic economic security during supply-side crises.

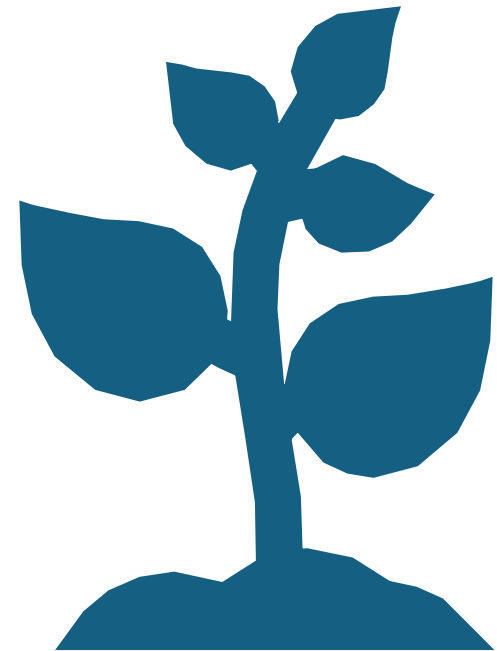
- **Multidimensional Analysis**
- **Social Dimension**
- **Erosion of Purchasing Power:** Persistent price inflation reduces real household disposable income, constraining spending on health, education, and discretionary savings.
- **Nutritional Security Vulnerabilities:** When prices for protein-dense food items (pulses, milk) and micronutrient-rich produce surge, lower-income households often shift consumption toward lower-cost, calorie-dense carbohydrates. This exacerbates silent malnutrition and micro-nutrient deficiencies.
- **Rural-Urban Disparities:** Rural households face severe income pressure during climate disruptions. Agricultural shock depresses farm incomes while raising consumption expenditure, creating a dual squeeze on the rural economy.
- **Political Dimension**
- **Electoral Sensitivity:** Food and fuel prices carry immense political visibility. Sustained price increases in household staples have historically driven policy realignments and electoral outcomes.
- **Fiscal vs. Electoral Trade-offs:** Governments face tough choices between maintaining fiscal deficit targets and offering relief via fuel tax cuts, higher agricultural support prices (MSPs), or expanded welfare subsidies.
- **Legal and Regulatory Dimension**
- **Statutory Inflation Mandates:** Under **Section 452B of the RBI Act, 1934**, the central bank bears a statutory obligation to maintain price stability. Failing to keep inflation within the target band for three consecutive quarters requires a formal report to Parliament explaining the causes and corrective steps.
- **Statutory Trade Controls:** Regulations like the **Essential Commodities Act** and domestic trade interventions (such as export bans, stock limits, or duty adjustments) balance domestic supply security against international trade commitments under World Trade Organization (WTO) frameworks.
- **Ethical Dimension**
- **Greedflation and Market Power:** Corporate practice of retaining price hikes after input costs normalize presents a significant business ethics issue. Using global supply chain disruptions to structurally widen profit margins at the expense of squeezed consumers challenges fair market principles.
- **Intergenerational Resource Allocation:** Absorbing commodity shocks by continually expanding fiscal deficits shifts current stabilization costs onto future taxpayers, creating structural equity concerns.
- **International Dimension**
- **Geopolitical Vulnerability:** Dependency on imported crude oil makes domestic price stability vulnerable to external shocks, such as conflict in West Asia or shipping lane disruptions in the Red Sea and Strait of Hormuz.
- **Global Monetary Policy Spillovers:** Aggressive monetary tightening by major global central banks (such as the US Federal Reserve) to curb domestic inflation can drive capital outflows from emerging markets. This depreciates local currencies and increases the cost of imported commodities.
- **Economic Dimension**
- **Macro-Financial Instability:** Sustained inflation complicates monetary policy, forcing central banks to maintain higher benchmark interest rates. This elevates borrowing costs across the economy, potentially dampening private capital expenditure (CapEx).
- **External Sector Stress:** High imported commodity prices expand the Current Account Deficit (CAD), putting downward pressure on currency exchange rates and importing additional inflation.

Linkages with NCERT Textbooks

NCERT Book	Chapter & Class	Key Conceptual Connection
Introductory Macroeconomics	Class 12 - Chapter 3: Money and Banking	Explains money supply mechanics, central bank policy rate tools, and the theoretical transmission of interest rates to aggregate demand and price stability.
Introductory Macroeconomics	Class 12 - Chapter 5: Government Budget and the Economy	Connects fiscal policy choices—such as excise tax adjustments, under-recoveries, and subsidies—to public revenue, fiscal deficits, and price stabilization.
Indian Economic Development	Class 11 - Chapter 6: Rural Development	Details agricultural market dependencies, credit availability, rain-fed farming vulnerabilities, and the role of Minimum Support Prices (MSPs) during climate shocks.
India: Physical Environment	Class 11 - Chapter 4: Climate	Explains the physical dynamics of the Indian Monsoon, El Niño Southern Oscillation (ENSO) anomalies, and their impact on agricultural production across rain-shadow regions.

- **Linkages with UPSC CSE Syllabus**
- **General Studies Paper 1 (GS-I)**
- **Salient Features of World's Physical Geography:** Monsoon mechanics, El Niño/La Niña phenomena, climate variations, and their physical impacts on South Asian agriculture.
- **Developmental Issues & Poverty:** Structural impacts of food inflation on poverty levels, living standards, and social vulnerability.
- **General Studies Paper 2 (GS-II)**
- **Government Policies and Interventions:** Design and implementation of welfare mechanisms, state fuel-pricing policies, fertilizer subsidies, and domestic food security interventions.
- **Statutory & Regulatory Bodies:** The legal architecture governing price stability, including the statutory role and accountability of the Reserve Bank of India's Monetary Policy Committee.
- **General Studies Paper 3 (GS-III)**
- **Indian Economy and Issues Relating to Planning & Mobilization of Resources:** Inflation dynamics, CPI/WPI metrics, monetary policy transmission, fiscal deficit management, and macroeconomic growth trade-offs.
- **Major Crops & Cropping Patterns:** Agricultural price policy, irrigation coverage in rain-shadow zones, supply chain logistics, buffer stock management, and Minimum Support Price (MSP) economics.
- **General Studies Paper 4 (GS-IV) & Essay**
- **Ethics in Public Administration and Market Governance:** Ethical implications of corporate price-fixing, asymmetric pass-through ("greedflation"), and the state's duty to protect vulnerable citizens from economic shocks.
- **Essay Themes:** Topics exploring macro-economic resilience, social equity vs. market forces, climate vulnerabilities in national development, and energy security.
- **Relevant Optional Subjects**
- **Economics (Paper I & II):** Monetary policy transmission, cost-push vs. demand-pull models, structuralist inflation theories in developing countries, and fiscal-monetary policy coordination.
- **Public Administration:** Policy implementation mechanics, regulatory framework evaluation, welfare administration, and crisis management.
- **Geography (Paper I & II):** Applied climatology, agricultural geography, spatial patterns of rain-fed farming, and rural economic vulnerability.

- **Way Forward and Policy Recommendations**
- **1. Enhancing Agricultural Climate Resilience**
- **Expanding Climate-Smart Agriculture:** Accelerate adoption of drought-resistant seed varieties for pulses, oilseeds, and coarse grains to protect yields during El Niño events.
- **Improving Irrigation in Rain-Shadow Zones:** Expand micro-irrigation systems (drip and sprinkler networks) under the *Pradhan Mantri Krishi Sinchayee Yojana (PMKSY)* to reduce dependency on monsoon timing.
- **Promoting Crop Diversification:** Adjust relative incentive structures to encourage sustainable crop choices in water-stressed regions, reducing structural supply shortfalls in essential food basket items.
- **2. Modernizing Supply Chains and Buffer Stock Management**
- **Dynamic Open Market Operations:** Strengthen the *Price Stabilization Fund (PSF)* to enable proactive market interventions, releasing pulses and key horticultural goods before seasonal price spikes take hold.
- **Expanding Cold Chain and Storage Facilities:** Invest in modern agri-logistics infrastructure to minimize post-harvest losses in perishable commodities, smoothing seasonal price swings.
- **3. Calibrated Fiscal and Monetary Coordination**
- **Strategic Fiscal Buffer Management:** Maintain a transparent framework for adjusting fuel excise duties during severe global energy spikes, preventing cost-push inflation from deeply embedding into core CPI.
- **Targeted Subsidies over Broad Price Distortions:** Focus subsidies directly on vulnerable, low-income households (e.g., direct benefit transfers for cooking gas) rather than broad price suppression that distorts fiscal accounts.
- **4. Addressing Market Asymmetries and Greedflation**
- **Regulatory Oversight on Pricing:** Task regulatory institutions like the *Competition Commission of India (CCI)* with monitoring oligopolistic sectors (such as aviation, logistics, and processed foods) for unfair pricing practices or failure to pass on falling input costs.
- **Improving Supply Chain Transparency:** Publish transparent benchmark cost indices for key manufactured and processed goods to increase market visibility and encourage competitive pricing.
- **5. Long-Term Energy Transition and Structural Diversification**
- **Accelerating Renewable Energy Adoption:** Expand solar, wind, and green hydrogen capacity to reduce domestic baseline exposure to international fossil fuel price volatility.
- **Diversifying Energy Import Sources:** Maintain a flexible, strategic approach to global energy sourcing, using multi-region supply contracts and expanded national strategic petroleum reserves to cushion against geopolitical shocks.



UPSC CSE Prelims Questions

1.(2020) A rapid increase in the rate of inflation is sometimes attributed to the "Base Effect". What is the "Base Effect"?

- 1. (a) It is the impact of drastic deficiency in monsoon on crop production
- 2. (b) It is the impact of surge in seasonal demand on price levels
- 3. (c) It is the impact of the price level of previous year on the calculation of inflation rate
- 4. (d) It is the impact of supply distortion due to severe market failure

5. Correct Answer: (c)

2.(2021) Consider the following statements:

- 1. The weightage of food in Consumer Price Index (CPI) is higher than that in Wholesale Price Index (WPI).
- 2. The WPI does not capture changes in the prices of services, which CPI does.
- 3. Reserve Bank of India (RBI) has now adopted WPI as its key measure of inflation and to decide on changing the key policy rates.

3.Which of the statements given above is/are correct?

- 1. (a) 1 and 2 only
- 2. (b) 2 only
- 3. (c) 3 only
- 4. (d) 1, 2 and 3

5. Correct Answer: (a)

4.(2022) With reference to Indian economy, consider the following statements:

- 1. If the inflation is too high, Reserve Bank of India (RBI) is likely to buy government securities.
- 2. If the rupee is rapidly depreciating, RBI is likely to sell dollars in the market.
- 3. If interest rates in the USA or European Union were to fall, that is likely to induce RBI to buy dollars.

5.Which of the statements given above are correct?

- 1. (a) 1 and 2 only
- 2. (b) 2 and 3 only
- 3. (c) 1 and 3 only
- 4. (d) 1, 2 and 3

5. Correct Answer: (b)

6.(2023) Consider the following statements:

- 1. Statement-I:** Interest income received by households on their savings is part of National Income.
- 2. Statement-II:** Inflation leads to a transfer of real wealth from creditors to debtors.

7.Which one of the following is correct in respect of the above statements?

- 1. (a) Both Statement-I and Statement-II are correct and Statement-II is the correct explanation for Statement-I
- 2. (b) Both Statement-I and Statement-II are correct but Statement-II is NOT the correct explanation for Statement-I
- 3. (c) Statement-I is correct but Statement-II is incorrect
- 4. (d) Statement-I is incorrect but Statement-II is correct

5. Correct Answer: (b)



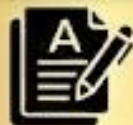
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