

India's federalism is in need of a structural reset

Prelims: General Studies Paper - 1
Indian Polity and Governance-Constitution, Political System, Panchayati Raj, Public Policy, Rights Issues, etc.

Mains: General Studies - 2
Functions and responsibilities of the Union and the States, issues and challenges pertaining to the federal structure, devolution of powers and finances up to local levels and challenges therein.

1. Context

- The **Indian Constitution**, though **federal in structure**, was designed with a **strong centralising bias**.
- This was influenced by:
 - **Partition trauma**
 - **Integration of princely states**
 - **Fear of national disintegration**
- As a result, **greater authority was given to the Union government**, while **States received limited powers**.

2. Growth of Centralisation

- Over time, **centralisation increased** due to:
 - **Dominance of a single national party**
 - **Expansion of Union legislation in Concurrent List subjects**
 - **Centrally Sponsored Schemes** with strict conditions
 - **Conditional Finance Commission transfers**
- The **central government started doing work that normally belongs to State governments** through its large ministries.
- Sometimes, the **Union Executive overrides State laws in Concurrent List subjects using subordinate legislation**.

- This reflects a continuation of **post-independence centralising habits** even after **India's unity became stable**.

3. Federalism and Role of States

- In **S.R. Bommai vs Union of India (1994)**, the **Supreme Court declared federalism part of the Constitution's Basic Structure**.
- The Court affirmed that **States are not subordinate units**, but **sovereign within their constitutional domain**.
- Decentralisation encourages innovation**, allowing States to experiment with policies.
- Examples of **successful State-led initiatives** later adopted nationally include:
 - **Tamil Nadu's noon meal scheme**
 - **Kerala's public health and literacy model**
 - **Maharashtra's employment guarantee programme**
- Excessive central control can **weaken State capacity** and **reduce policy effectiveness**

4. Need for Recalibration

- The goal is **not to weaken the Union**, but to **"right-size" it** by focusing on **national responsibilities**.
- Tamil Nadu leaders historically supported **State autonomy**, including:
 - **C.N. Annadurai**
 - **M. Karunanidhi**, who promoted **"Autonomy to the States, Federalism at the Centre."**
- Major committees on **Union-State relations** include:
 - **Rajamannar Committee (1969)**
 - **Sarkaria Commission**
 - **Punchhi Commission**
- In **April 2025**, Tamil Nadu formed a **High-Level Committee on Union-State Relations** chaired by **Justice Kurian Joseph**.

- The **2026 report** examines issues such as:
 - ➔ **Governors' role**
 - ➔ **Language policy**
 - ➔ **Delimitation**
 - ➔ **GST**
 - ➔ **Education and health**
- The report calls for **restoring balance in federalism** so that:
 - ➔ The **Union is strong because it is focused**
 - ➔ The **States are strong because they are trusted**

A budgetary signal as banks cannot bear it all

Prelims: General Studies Paper - 1
Economic and Social Development-Sustainable Development, Poverty, Inclusion, Demographics, Social Sector Initiatives, etc.

Mains: General Studies - 3
Government Budgeting.

1. Context: Financial-sector reforms in Budget 2026

- **Budget 2026** proposes steps to strengthen **financial markets**, including:
 - ➔ **Market-making framework for corporate bonds** (to make bond trading easier)
 - ➔ **Total-return swaps and bond-index derivatives** (Financial tools used to manage or reduce risk related to bonds).
 - ➔ **Infrastructure Risk Guarantee Fund**
 - ➔ Use of **Central Public Sector Enterprises (CPSE) real estate through Real Estate Investment Trusts (REIT)**.
 - ✎ Real Estate Investment Trusts (REITs) **allow people to invest in large income-generating properties.**
 - ✎ A REIT is a company that **owns and manages income-producing real estate assets.**
- These reforms recognise a deeper issue: **Indian banks are carrying risks that financial markets usually handle in advanced economies.**

2. Structural problem: Banks carrying excessive risk

- India has a **strong government bond market**, but a **weak corporate bond market**.
- **Corporate bonds are only about 15–16% of GDP**, much smaller than in the **U.S., Germany, or China**.
- Because of this gap:
 - ➔ **Banks provide about 60–65% of loans taken by companies outside the financial sector.**
 - ➔ When **financial markets can share and manage credit risk**, banks lend carefully.
 - ➔ When markets cannot do this, **banks end up carrying most of the risk.**
- This has **overburdened bank balance sheets** and made the **financial system more fragile**.

3. Consequences for the economy

- Banks depend on **short-term deposits but finance long-term projects** like highways and power plants, **creating a maturity mismatch that increases financial risk.**
- When projects fail:
 - ➔ Losses fall directly on **banks and the government.**
 - ➔ Since **2017**, the government has injected **over ₹3.2 lakh crore into public sector banks.**
- When banks' **money is locked in long-term corporate loans**, **less credit is available for small businesses, exporters, and first-time borrowers.**
- The **corporate bond market remains shallow**, with:
 - ➔ **Low liquidity**
 - ➔ **Limited investor participation**
 - ➔ **Most bonds issued by top-rated companies.**

4. Way forward: Developing corporate debt markets

- The main solution is to **build a deeper corporate bond market** to:
 - ➔ **Distribute long-term credit risk**
 - ➔ **Reduce pressure on banks**
 - ➔ **Improve financial system resilience**

- Budget 2026 measures aim to:
 - ➔ Improve bond-market liquidity
 - ➔ Introduce risk-hedging instruments
 - ➔ Provide credit guarantees for infrastructure
 - ➔ Expand REIT-based financial assets
- The success of these reforms will determine whether **India moves from a bank-dominated system to a market-based financial system.**

Corporate bonds

- Corporate bonds** are **debt securities issued by companies to raise money** for purposes like **building plants, buying equipment, or expanding business.**
- When an **investor buys a corporate bond**, the **investor lends money to the company (issuer).**
- The company promises to **repay the principal on the maturity date** and **pay interest at a fixed rate**, usually **every six months.**

A separate classification for denotified tribes

Prelims: General Studies Paper - 1
Indian Polity and Governance - Constitution, Political System, Panchayati Raj, Public Policy, Rights Issues

Mains: General Studies - 2
Indian Constitution—historical underpinnings, evolution, features, amendments, significant provisions and basic structure.

1. Background

- On January 30, the Union government assured **Denotified, Nomadic and Semi-Nomadic Tribes (DNTs) that they would be enumerated in the 2027 Census** (second phase).
- However, there is **no clarity on the method of enumeration**, prompting DNT leaders to demand a separate column in Census forms.
- This demand is supported by scholars and past national commissions that flagged the **lack of reliable data on DNTs.**

2. Historical Injustice and Enumeration Gap

- DNTs were labelled **“criminal tribes”** under the **Criminal Tribes Act (CTA), 1871**, based on hereditary assumptions.
- The **CTA was repealed in 1952**, leading to denotification, but **Habitual Offenders laws** continued targeting these groups.
- DNTs were last counted in the Census in 1931.** After Independence, Censuses did not enumerate them separately, except when included as SCs or STs.
- Most DNTs were later merged into SC, ST, or OBC lists**, which led to the loss of their distinct identity

3. Policy Efforts and Persisting Gaps

- Multiple commissions, including the **Renke Commission (2008)** and **Idate Commission (2017)**, stressed that accurate classification is impossible without a Census count.
- The **Idate Commission** identified around **1,200 DNT communities**, all merged into existing categories, and 268 unclassified communities.
- A **NITI Aayog-Anthropological Survey of India** study recommended classifications for these 268 groups, but remains unimplemented.
- The **SEED scheme** for DNT welfare had an outlay of **₹200 crore**, but only a small fraction was spent due to **lack of DNT certification**

4. Current Demands and Way Forward

- DNTs face **continued stigma and exclusion**, remaining largely **socially, economically, and politically backward.**
- Communities demand a **separate constitutional classification**, on par with SC, ST, and OBC, to ensure **uniform certification.**
- They also seek **sub-classification within DNTs** to address uneven backwardness.
- While the government has assured enumeration, it has **not accepted a separate classification**, making the Census design crucial for recognition and policy effectiveness.

How district cooling can ease India's climate and urban planning troubles

Prelims: General Studies Paper - 1
General issues on Environmental ecology, Biodiversity and Climate Change

Mains: General Studies - 3
Conservation, environmental pollution and degradation, environmental impact assessment

1. Background

- Rising temperatures, **longer heatwaves, and urban growth** have made **cooling a basic need in Indian cities**.
- Rapid growth in air-conditioner use is increasing electricity demand, raising risks of blackouts, higher emissions, and urban heat stress.
- District cooling** is being explored as a **low-energy, low-carbon urban cooling solution**.

2. What is District Cooling and Why It Matters

- District cooling is a **centralised cooling system** supplying chilled water to multiple buildings through underground pipes.
- Buildings receive **"cooling as a service"** without installing individual chillers or rooftop units.
- Large, efficient plants and thermal storage allow systems to be about **twice as efficient as stand-alone cooling**.
- Electricity use** for cooling **falls by 30-50%**, and peak demand drops by **20-30%**.

3. Environmental and System-Level Benefits

- Greenhouse gas emissions reduce by 15 - 40%** due to lower electricity use.
- Refrigerant use** in buildings drops by up to **80%**, lowering leak risks.
- Reduced hot-air discharge** can lower local temperatures by **1-2°C**.
- Water use is low:** a 10,000-tonne system needs just over 1 kilolitre of make-up water, and can use treated wastewater.
- Supports India's **National Cooling Action Plan** and **Kigali commitments** on phasing down **hydrofluorocarbons**.

4. Economic Case and Way Forward

- Cooling forms **30-50% of electricity use** in commercial buildings. District cooling **cuts operating costs by 20-40%**.
- Developers **save 5-10% in project costs** and gain **1-2% extra usable space**.
- Works best in dense, high-demand zones** like IT parks, hospitals, airports, and financial districts.
- GIFT City in Gujarat** shows scale benefits: potential savings of 6,100 MW, 7,850 GWh annually, and 6.6 million tonnes of CO₂.
- Success needs **urban planning support, clear regulations, PPP** (public-private partnership) **frameworks**, and coordination among municipalities, **DISCOMs**, and developers.

KEYWORDS

Scheme for Economic Empowerment of DNTs (SEED)

- The Scheme for Economic Empowerment of DNTs (SEED) was launched on **16 February 2022**.
- It is implemented by the **Ministry of Social Justice and Empowerment** for the welfare of **Denotified, Nomadic and Semi-Nomadic Tribes (DNT/NT/SNT)**.
- It aims to provide **quality coaching for competitive examinations** and **health insurance** to DNT communities.
- The scheme also supports **livelihoods through community-based clusters** and provides **financial assistance for housing**.
- Beneficiaries are identified by **State Governments and Union Territories**, which issue eligibility certificates.
- The scheme is implemented by the **Development and Welfare Board for DNTs**.
- Fund releases are monitored through the **Public Financial Management System (PFMS)** and the **Aadhaar Enabled Payment System**.

- Funds are released in **installments or on a reimbursement basis**, in accordance with the **General Financial Rules, 2017**, ensuring transparency and last-mile delivery.

National Green Tribunal (NGT)

- The **National Green Tribunal (NGT)** was established on **18 October 2010** under the **National Green Tribunal Act, 2010**.
- It was created to ensure the **effective and speedy disposal of cases related to environmental protection, forest conservation, and other natural resources**.
- It also deals with the **enforcement of environmental rights** and provides **relief and compensation for damage to persons, property, and the environment**.
- The Tribunal is a **specialised body with expert knowledge** to handle **environmental disputes involving multidisciplinary issues**.
- It is **not bound by the Code of Civil Procedure, 1908**, but functions according to the **principles of natural justice**.

Nonsense mutations

- Nonsense mutations are genetic mutations in which a **normal codon is converted into a premature stop codon**, leading to **early termination of protein synthesis**.
- A codon is a **sequence of three DNA or RNA bases** that codes for a **specific amino acid** or a stop signal during protein formation.
- Nonsense mutations produce **short, incomplete, and usually nonfunctional proteins** and account for about **25% of genetic disorders**.
- A new approach called **PERT (Prime-Editing-mediated Readthrough of premature Termination codons)** offers a potential treatment strategy.
- PERT uses **prime editing to reprogram cellular transfer RNA**, allowing cells to **bypass faulty stop codons** and produce full-length proteins.

Miwatari

- Miwatari (God's Crossing)** is a natural phenomenon observed on **Lake Suwa in Japan**.
- It occurs when cracks form in a completely frozen lake, forcing **ice shards upward to create a ridge-like pathway**.
- Traditionally, it is believed to mark the **crossing of a deity across the lake**.
- Priests of the **Yatsurugi Shrine** have maintained **records of miwatari since 1443**, forming a **unique long-term climate archive**.
- The phenomenon requires **sustained temperatures below minus 10°C** for the lake to freeze fully.
- Its **absence in recent years is considered a clear indicator of climate change** and rising winter temperatures.



Places in news

Strait of Hormuz

- Strait of Hormuz is a strategic maritime chokepoint linking the **Persian Gulf** with the **Gulf of Oman** and the **Arabian Sea**.
- Around **20% of global oil and liquefied natural gas** exports pass through it, making it vital to global energy security.
- It is the main export route for oil from **Iran, Iraq, Kuwait, Qatar, and the United Arab Emirates**.
- Most of the oil supplies passing through the strait are destined for **Asian economies such as China, India, Japan, and South Korea**.

- Geographically, it **separates Iran in the north from Oman's Musandam Peninsula** in the south and is **35-60 miles wide**.
- Shipping lanes are governed by **international maritime law under UNCLOS**, and the strait is deep enough for large oil tankers.
- Due to its strategic importance, it remains a **flashpoint of geopolitical tension**, especially involving **Iran, the United States**, and regional security dynamics.

