

Regulation under Article 240 and Ladakh's Demand for 6th Schedule

For Prelims: <u>Article 240</u>, <u>Sixth Schedule</u>, <u>Article 370</u>, <u>Article 371</u>, <u>Autonomous District Councils</u>, <u>Articles 244(2)</u>, <u>Governor</u>, <u>High Court</u>.

For Mains: Overview of recent administrative measures for Ladakh and their shortcomings, key features of the Sixth Schedule, and further actions needed to improve Ladakh's governance.

Source: IE

Why in News?

To address the long-standing demands for job reservations, language recognition, and political representation of Ladakh's people, the Centre has issued few regulations for Ladakh under Article 240, rather than granting the Sixth Schedule status as was widely requested.

Note

 Article 240 empowers the President to make regulations for the peace and good governance of certain Union Territories, with these rules having the same force as Acts of Parliament and the power to amend or repeal existing laws.

What are the Demands of the People of Ladakh and the Regulations Notified by the Government?

- Key Demands: After the abrogation of <u>Article 370</u> in August 2019 and the implementation of the <u>Jammu and Kashmir Reorganisation Act, 2019</u>, <u>Ladakh</u> was designated as a <u>Union</u> <u>Territory without a legislature</u>.
 - In response, the Leh Apex Body (LAB) and the Kargil Democratic Alliance (KDA) have been advocating for Ladakh's inclusion in the Sixth Schedule of the Constitution to safeguard their land, jobs, and cultural identity.
 - Key Demands Included:
 - Inclusion under the **Sixth Schedule** for constitutional protection.
 - Land ownership restrictions to prevent outsider influx.
 - Legislative Assembly for representative governance.
 - As an alternative, the Union government proposed extending <u>Article 371</u>-like protections to the region.
- Key Regulations for Ladakh:
 - **Domicile Based Protection:** For the first time, **domicile-based job reservations** for all government jobs has been introduced in Ladakh.
 - The domicile criteria include 15 years of residency, 7 years of education and

appearance in Class 10 or 12 from Ladakh among others.

- Provision for Reservations: Total reservations for SCs, STs, OBCs, and other socially and educationally backward groups in Ladakh are capped at 85%, while the 10% reservation for Economically Weaker Sections (EWS) remains intact.
 - These provisions are also extended to **professional colleges**, enhancing **local** access to medical and engineering education.
- Preservation of Local Languages: The law designates English, Hindi, Urdu, Bhoti, and Purgi as official languages of Ladakh, while promoting Shina, Brokskat, Balti, and Ladakhi to preserve the region's linguistic and cultural diversity.
- Representation for Women: <u>Ladakh Autonomous Hill Development Councils</u>
 <u>LAHDC Act, 1997</u> has been amended to reserve **one-third of the seats for women** in the LAHDC of Leh and Kargil, through **rotation**.



Why are Ladakhis Demanding 6th Schedule Status of the Constitution?

- Constitutional Protection: Sixth Schedule status is being demanded because, unlike regulations issued under Article 240—which can be revoked or amended unilaterally by the Centre— the Sixth Schedule is constitutionally protected, ensuring greater autonomy and security for local governance.
- Safeguards for Land Rights: Sixth Schedule status is needed to restrict non-domiciles from buying land in Ladakh whose fragile ecosystem is threatened by unchecked tourism and infrastructure development.
 - With over 97% tribal population dependent on land for their cultural and economic survival, protecting land rights is critical.
- Legislative Autonomy: Sixth Schedule status provides for <u>Autonomous District Councils</u>
 (ADCs) that can legislate on land, forests, water resources, customary laws, and

education.

- LAHDCs remain **administrative bodies dependent on the Centre** for major decisions, limiting true **self-governance**.
- Symbolic Cultural Recognition: Sixth Schedule status is essential for preserving indigenous languages such as Bhoti, Purgi, and others, as it ensures education in local languages and the use of Ladakhi dialects in official communication.
 - ADCs under the Sixth Schedule have constitutional authority over primary education and cultural preservation.

What is the Sixth Schedule of the Indian Constitution?

- About: The Sixth Schedule (<u>Articles 244(2)</u>) of the Constitution provides for the administration of tribal areas in the four northeastern states — Assam, Meghalaya, Tripura, and Mizoram — where tribes have largely preserved their traditional ways, unlike other tribal populations in India.
- Key Features:
 - Autonomous Districts and Regions: Tribal areas are constituted as autonomous districts, which remain under the executive authority of the respective state.
 - The Governor has the power to organize, reorganize, or redefine the boundaries of autonomous districts and divide them into autonomous regions if multiple tribes coexist.
 - Autonomous District and Regional Councils: The <u>Governor</u> is empowered to create Autonomous District Councils (ADCs) and Autonomous Regional Councils (ARCs) in these four states.
 - Each autonomous district has a district council of 30 members (26 elected by adult franchise and 4 nominated by the Governor), and currently, there are 10 such ADCs.
 - Autonomous regions have their own regional councils.
 - Councils hold office for 5 years unless dissolved earlier.
 - Legislative Powers: Both ADCs and ARCs can make laws on matters like land, forests, water, shifting cultivation, village administration, marriage, inheritance, and social customs, subject to the Governor's assent.
 - **Judicial Powers:** Councils can constitute **village councils or courts** for tribal disputes and hear appeals.
 - The **High Court's jurisdiction** over these matters is defined by the Governor.
 - Administrative Powers: Councils can manage primary schools, dispensaries, markets, roads, ferries, fisheries, and regulate money lending and trading by non-tribals with Governor's approval.
 - They can also assess and collect land revenue and impose certain taxes.
 - Autonomy from State and Central Laws: Acts of Parliament or the state legislature may not apply or apply with modifications to these autonomous districts and regions.
 - Governor's Oversight: The Governor can appoint commissions to review administration and recommend dissolution of councils if necessary.

SPECIAL PROVISIONS FOR SOME STATES

Articles 371 to 371-J in Part XXI of the constitution contain special provisions for 12 states to meet the aspirations, protect cultural & economic interests or to deal with disturbed law & order conditions in the states.

Article 371, Maharashtra and Gujarat

- (9) Part of the Constitution since 26 January 1950
- (4) Governor responsible*

Article 371A, Nagaland

- (9) Added by: 13th Constitutional Amendment Act, 1962
- Establishment of regional council consisting 35 members for Tuensang district
- Governor can make regulations for-peace, progress, law and order & good government
- Parliament Acts*

Article 371B, Assam

- (9) Added by: 22nd Constitutional Amendment Act, 1969
- (9) President authorized creation of a committee of Legislative assembly (LA) consisting of elected members from Tribal areas

Article 371C, Manipur

- (9) Added by: 27th Constitutional Amendment Act, 1971
- (9) President authorized creation of a committee of LA consisting of elected members of hill areas
- (9) Assigns Governor to submit an annual report to the President on the administration

Articles 371 D & E, Andhra Pradesh and Telangana

- (b) Added by: 32nd Constitutional Amendment Act, 1973
- (9) Articles 371 D:
 - (A) President can provide equitable opportunities & facilities to people from Andhra Pradesh in public employment and education
 - (A) President is empowered for establishment of administrative tribunals
- (4) Articles 371 E:
 - (3) Empowers Parliament for establishment of Central University



Article 371-F, Sikkim

- (9) Added by: 36th Constitutional Amendment Act, 1975
- (9) Provides respect and preservation of existing laws, customs, & rights by the Parliament
- (9) One seat allotted for Sikkim in Lok Sabha and forms one parliamentary constituency
- (4) Members in LA: ≥30

Article 371-G, Mizoram

- (9) Added by: 53rd Constitutional Amendment Act, 1986
- (9) Parliament Acts*
- (9) Members in LA: ≥ 40

Article 371H, Arunachal Pradesh

- Added by: 55th Constitutional Amendment Act, 1986
- (9) Special responsibility on Governor concerning law and order & ceases on President's direction
- (4) Members in LA: ≥ 30

Article 371-I, Goa

- (9) Added by: 56th Constitutional Amendment Act, 1987
- (4) Members in LA: ≥ 30

Article 371J, Hyderabad-Karnataka Region (Kalyana Karnataka)

- (b) Added by: 98th Constitutional Amendment Act, 2012
- (9) Governor responsible*

Parliament Acts* implies:

- Acts of Parliament not applicable without consent of state assembly on matters:
- → Religious and → Customary law → Land → Justice social practices and procedure rights

Governor responsible* implies:

Governor of the state responsible for:

- Establishment of separate development board to make a provision to place a report before state LA annually
- Equitable allocation of funds for developmental expenditure
- Equitable arrangement (Article 371)/ Reservation of seats (Article 371-J) in educational and vocational training institutions, state government posts

What Measures Can Address Ladakh's Unique Needs?

Constitutional Safeguards: If Sixth Schedule inclusion is not viable, a customized

framework under 6th Schedule can be enacted by Parliament to safeguard Ladakh's demographic identity and empower elected bodies.

- Alternatively, the Sixth Schedule can be amended to include Ladakh-specific provisions, given its geopolitical and ecological sensitivity.
- Land Safeguards: Land ownership restrictions, similar to those in Jammu & Kashmir, Sikkim, or Himachal Pradesh, are essential to prevent outsider acquisition, safeguard traditional livelihoods, and protect Ladakh's fragile ecosystem.
 - A special Land Regulation Law should be enacted to limit land transfers to domiciled locals, with mandatory government approval for purchases by non-residents.
- Strengthening LAHDCs: LAHDCs should be granted legislative powers akin to ADCs under the Sixth Schedule, enabling them to enact laws on land, water, forests, education, and culture.
 - Financial autonomy should be given to manage local resources such as tourism revenue and mining royalties, strengthening self-governance and regional development.
- Environmental and Tourism Regulation: Enforce ecotourism policies, carrying capacity limits, and environmental impact assessments, while promoting community-led conservation and restricting commercial construction in ecologically fragile zones.

Conclusion

The new Ladakh regulations under Article 240 address job reservations and language recognition but fall short of Sixth Schedule protections. Land rights and legislative autonomy remain unresolved. A customized constitutional safeguard, land ownership restrictions, and empowered LAHDCs are essential to balance development, tribal rights, and ecological sustainability in this strategic region.

Drishti Mains Ouestion:

Examine the significance of the Sixth Schedule of the Indian Constitution and evaluate its applicability to Ladakh in the context of recent demands and regulations.

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Prelims

Q. Which of the following provisions of the Constitution of India have a bearing on Education? (2012)

- 1. Directive Principles of State Policy
- 2. Rural and Urban Local Bodies
- 3. Fifth Schedule
- 4. Sixth Schedule
- 5. Seventh Schedule

Select the correct answer using the codes given below:

- (a) 1 and 2 only
- (b) 3, 4 and 5 only
- (c) 1, 2 and 5 only
- (d) 1, 2, 3, 4 and 5

Ans: (d)

- Q. Under which Schedule of the Constitution of India can the transfer of tribal land to private parties for mining be declared null and void? (2019)
- (a) Third Schedule
- (b) Fifth Schedule
- (c) Ninth Schedule
- (d) Twelfth Schedule

Ans: (b)

- Q. The Government enacted the Panchayat Extension to Scheduled Areas (PESA) Act in 1996. Which one of the following is not identified as its objective? (2013)
- (a) To provide self-governance
- (b) To recognize traditional rights
- (c) To create autonomous regions in tribal areas
- (d) To free tribal people from exploitation

Ans: (c)

Mains

Q. Why are the tribals in India referred to as 'the Scheduled Tribes? Indicate the major provisions enshrined in the Constitution of India for their upliftment. (2016)

Foreign Direct Investment in India

For Prelims: Reserve Bank of India (RBI), Foreign Direct Investment (FDI), ASEAN, Non-tariff Barriers, Foreign Exchange Management Act (FEMA), 1999, Startups, Competition Commission of India (CCI), Nivamgiri Hills, Special Economic Zone (SEZ).

For Mains: Status of FDI inflow and outflow in India, importance and challenges associated with India and way forward.

Source: TH

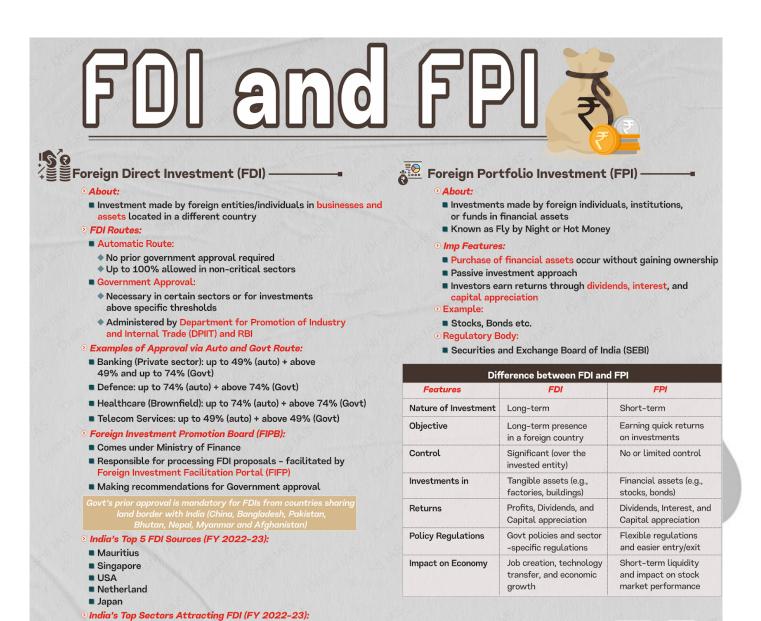
Why in News?

According to the Reserve Bank of India (RBI), India's net foreign direct investment (FDI) crashed from USD 10.1 billion in 2023-24, and just USD 0.4 billion in 2024-25.

The sharp decline in net FDI is mainly due to increased repatriation and disinvestment by foreign firms, totaling USD 51.5 billion in 2024-25, coupled with a rise in Outward FDI (OFDI) by Indian companies.

What is Foreign Direct Investment?

- About: FDI refers to investment made by a person residing outside India through capital
 instruments in either an unlisted Indian company or in at least 10% of the post-issue paidup equity capital (on a fully diluted basis) of a listed Indian company.
 - It is typically a long-term investment and mainly represents a non-debt capital flow.
- FDI Routes: Under the FDI Scheme, non-residents can invest in shares, fully convertible debentures, and preference shares of Indian companies through two routes:
 - Automatic Route: An overseas investor is only required to inform the RBI after the investment is made.
 - E.g., **Agriculture & Animal Husbandry**, Air-Transport Services, Auto-components, Automobiles, Biotechnology (Greenfield) etc.
 - **Government Approval Route:** A **foreign investor** must obtain **prior approval** from the relevant **Ministry or department** before proceeding.
 - Banking & Public Sector, **Broadcasting Content Services**, Food Products Retail Trading, Uploading/Streaming of 'News & Current affairs' through digital media etc.
- FDI Regulation: Currently, FDI in India is regulated by the FDI Policy 2020 and the FEMA (Non-debt Instrument) Rules, 2019 under the Foreign Exchange Management Act (FEMA), 1999.
 - The Department for Promotion of Industry and Internal Trade (DPIIT), under the Ministry of Commerce and Industry, is the main regulator of FDI in India.
 - RBI also plays a key role by enforcing the FDI Rules.
- FDI Prohibition in India: FDI is strictly prohibited in sectors like atomic energy generation, gambling and betting, lotteries, chit funds, real estate, and the tobacco industry.
- Current Status of FDI in India:
 - Strong Gross FDI Inflows: Gross FDI rose to USD 81 billion in 2024-25, up from USD 71.3 billion in 2023-24 and \$71.4 billion in 2022-23.
 - Key sectors attracting FDI were manufacturing, financial services, energy, and communication services, together making up over 60% of total inflows.
 - Top investing countries—**Singapore**, **Mauritius**, **UAE**, **Netherlands**, and the **United States**—contributed **over 75%** of gross FDI.
 - Outward FDI by Indian Companies: Outward FDI by Indian companies surged to USD 29.2 billion in 2024-25, a 75% increase from 2023-24. Top destination countries for Indian OFDI were Singapore, United States, UAE, Mauritius, and the Netherlands.
 - The sectors driving over 90% of OFDI growth included financial, banking and insurance services, manufacturing, and wholesale and retail trade, restaurants, and hotels.
 - Mature Investment Ecosystem: Repatriation and disinvestment by foreign companies in India rose to USD 51.5 billion in 2024-25, indicating a mature market that allows smooth entry and exit, reflecting positively on the Indian economy.





Note: To prevent opportunistic takeovers or acquisitions of Indian companies amid the Covid-19 pandemic, the Government amended the **FDI Policy 2017**.

Services Sector

TelecommunicationsAutomobile Industry

Trading

■ Computer Software & Hardware

- It mandates that entities from countries sharing a land border with India, or whose beneficial owners are from such countries, can invest in India only with prior government approval.
- For the above purposes, India identifies Pakistan, Afghanistan, Nepal, Bhutan, China (including Hong Kong), Bangladesh, and Myanmar as countries sharing a land border with India (Bordering Countries).

What are the Primary Drivers Behind the Growing Trend of Outward FDI by Indian Companies?

 Global Expansion for Market Diversification: Indian firms are investing abroad to access new markets in Africa, Southeast Asia, and developed economies, with companies like Tata, Reliance expanding globally to reduce reliance on the Indian market.

- In April 2025, India's **outward FDI** rose sharply by 90% YoY to **USD 6.8 billion**, led by **Tata Communications**, **LIC**, **and JSW Neo Energy**.
- Securing Access to Critical Resources: Resource acquisition is a key driver for outward FDI by Indian firms, as they look to secure essential natural resources like oil, gas, minerals, and agricultural products to ensure long-term supply chains.
 - Companies like ONGC Videsh and Adani Group have actively invested in international resources, particularly in oil and gas fields and mining operations, to meet both domestic and international demands.
- Gaining a Competitive Edge through Cost Efficiency: Firms like Infosys, TCS, and Sun Pharma expand to low-cost countries (e.g., Eastern Europe, Mexico), while Indian auto firms invest in <u>ASEAN</u> to bypass strict_non-tariff barriers of developed countries.
 - Also, Companies like Havells and Dixon Technologies have expanded their manufacturing units and export operations to the US, aiming to tap into the North American market.
- Capitalizing on Trade Agreements: As India increasingly signs Free Trade Agreements
 (FTAs) with countries and regional blocks such as the India-UAE FTA and Australia-India
 Economic Cooperation and Trade Agreement (ECTA), Indian firms are positioning themselves to benefit from reduced tariffs, easier market access, and improved business relations with trading partners.
- Globalization of Service Sector: Globalization of Indian service sector firms—especially in IT, fintech, and banking—drives outward FDI as companies expand into developed markets to strengthen client ties, ensure regulatory compliance, improve service delivery, and access new customer bases for long-term growth.

Why is Foreign Direct Investment Pivotal to India's Sustainable Economic Transformation?

- Macroeconomic Growth: FDI contributes to capital formation, infrastructure development, and industrial expansion.
 - In 2020, Facebook invested **USD 5.7 billion** in Jio Platforms, marking the largest deal in India's tech sector and strengthening the <u>digital economy</u>.
- Employment Opportunities: Foreign investments have been pivotal in driving job creation across various sectors. By funding <u>startups</u>, establishing factories, offices, and R&D centers, foreign companies generate millions of jobs.
 - E.g., India's startup ecosystem, heavily supported by FDI, has generated over 1.6 million jobs across the country.
- Advanced Technology & Innovation: FDI brings advanced technology, automation, and R&D to India, enhancing global competitiveness through technology transfer and best practices from multinational corporations.
 - E.g., Tesla's proposed EV and battery plant in India could introduce advanced battery technology like Powerwall, supporting India's renewable energy goals.
- Infrastructure Development: FDI has been instrumental in financing large-scale projects that enhance the country's infrastructure capacity such as roads, ports, airports, and smart cities.
 - E.g., Japan is investing in the <u>Mumbai-Ahmedabad Bullet Train</u>, and <u>Singapore's sovereign wealth fund</u>, GIC, is investing over USD 615 million in Indian roads.
- Enhanced Exports: FDI plays a crucial role in transforming India into a key export
 hub, helping reduce the trade deficit by boosting foreign exchange earnings. Foreign
 companies set up production facilities in India that cater to both domestic and global
 markets, enhancing India's export capacity.
 - E.g., iPhone exports from India surged to USD 12.1 billion in 2023-24,
 while Toyota and Hyundai export cars from India to Africa and Europe.
- Encourages Competition & Efficiency: The influx of FDI encourages domestic companies to enhance their competitiveness by adopting international standards of quality, efficiency, and customer service.
 - E.g., Amazon and Flipkart encouraged Indian retailers to go digital, while Starbucks and McDonald's raised food service standards in India.

What are the major barriers to attracting and sustaining FDI in India?

- Challenging Regulatory Environment: Complex regulations such as tax laws and transfer pricing create compliance challenges for foreign investors, leading to legal disputes, financial losses, and loophole exploitation.
 - E.g., Vodafone faced legal issues due to retrospective taxation.
- Infrastructural Deficiencies: Although there has been significant progress, India still faces challenges related to inadequate infrastructure, especially in sectors like transportation, power supply, and logistics (14-18% of GDP as per Economic Survey 2022-23).
 - Poor infrastructure can increase the cost of doing business, cause delays in supply chains, and discourage FDIs.
- Challenges in Market Competition: Structural challenges in India's market, such as predatory pricing by e-commerce platforms, hinder fair competition and pressure traditional retailers.
 - Although regulations exist, bodies like the <u>Competition Commission of India (CCI)</u> struggle to effectively curb anti-competitive practices and ensure a <u>level playing</u> field.
- Uneven Distribution of FDI: FDI inflows are heavily concentrated in a few sectors like services and in urban areas of states such as Maharashtra and Karnataka, causing unequal development opportunities.
 - Additionally, inadequate infrastructure, especially in rural areas, deters FDI attraction.
- Environmental and Sustainability Concerns: As global investors
 prioritize sustainability and environmental responsibility, India's environmental
 regulations and enforcement mechanisms have raised concerns.
 - While India has improved its environmental laws, the implementation of rules on pollution, waste management, and resource conservation remains inconsistent.
 - E.g., Mining in the <u>Niyamgiri Hills</u> faced strong opposition from activists.

What Measures can India Adopt to Boost FDI Inflows?

- Policy & Regulatory Reforms: Single-window clearance for FDI approvals by merging processes in DPIIT, RBI, and state processes.
 - Fast-track dispute resolution via dedicated commercial courts to avoid delays like the Vodafone tax case.
 - Establishing clear, time-bound frameworks for resolving disputes could enhance investor confidence and signal that India is serious about maintaining a business-friendly environment.
- Addressing Structural Challenges: To boost FDI in underdeveloped sectors, India should offer incentives like tax breaks, grants, and low-cost capital in key areas such as agro-processing, healthcare, and renewable energy. Special investment packages for states with low FDI inflows can reduce regional disparities and promote growth.
- Encouraging Reinvestment and Reverse FDI: India should create a more favorable environment for managing outward FDI. Offering tax incentives for foreign firms that reinvest their profits in India could help attract a steady flow of reinvested capital.
 - Additionally, relaxing restrictions on dividend repatriation related to new investments would further encourage multinational companies to re-invest in India and streamline cash flows across borders.
 - A notable example is **Tata Motors' acquisition of Jaguar Land Rover,** which later led to substantial investments in India's automotive sector.
- Infrastructure and Skill Development: To ensure balanced FDI inflows across the country, India must prioritize investments in infrastructure, especially in Tier-II and Tier-III cities.
 - Improving multimodal connectivity, including roads, rail, and air, as well as enhancing logistics networks, would make these regions more attractive to investors.
 - This would not only alleviate congestion in major urban centers but also support the balanced development of India's economy.

 There is also a need to upskill the workforce and develop sector-specific clusters and <u>Special Economic Zone (SEZ)</u> to boost foreign investments in emerging sectors.

Gross FDI and Net FDI

Gross FDI refers to the **total amount of foreign investment** made by investors from one country into another during a specific period, **without subtracting any disinvestments or withdrawals**.

- Net FDI is the total foreign investment coming into India (gross FDI) minus the money repatriated by foreign companies and outward FDI by Indian companies.
 - Therefore, Gross FDI = Total inflows of foreign direct investments.
 - Net FDI = Gross FDI inflows FDI outflows (disinvestments).

Conclusion

Despite strong gross inflows, India's net FDI has declined due to rising disinvestment and outward FDI. Addressing regulatory bottlenecks, infrastructure gaps, and sectoral imbalances is vital. A balanced, investor-friendly environment with equitable regional growth, policy certainty, and global competitiveness can sustainably enhance FDI and strengthen India's economic resilience.

Drishti Mains Question:

Q.Evaluate the role of Foreign Direct Investment in India's economic development. What steps can be taken to make FDI more inclusive and sustainable?

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Prelims

- Q. Consider the following: (2021)
 - 1. Foreign currency convertible bonds
 - 2. Foreign institutional investment with certain conditions
 - 3. Global depository receipts
 - 4. Non-resident external deposits

Which of the above can be included in Foreign Direct Investments?

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

Ans: (a)

Q. With reference to Foreign Direct Investment in India, which one of the following is considered its major characteristic? (2020)

- (a) It is the investment through capital instruments essentially in a listed company.
- (b) It is a largely non-debt creating capital flow.
- (c) It is the investment which involves debt-servicing.
- (d) It is the investment made by foreign institutional investors in Government securities.

Ans: (b)

Mains

Q. Justify the need for FDI for the development of the Indian economy. Why is there a gap between MOUs signed and actual FDIs? Suggest remedial steps to be taken for increasing actual FDIs in India. (2016)

NITI Aayog Calls for Cooperative Federalism

For Prelims: Niti Aayog, Prime Minister (PM), GST Council, Samagra Shiksha funds, National Education Policy 2020, Inter-state Council, Punjab's Sutlej-Yamuna Link, National Water Policy

For Mains: Centre-State relations, Federalism in India, Role of states in building a developed India.

Source: TH

Why in News?

The 10th meeting of the <u>Niti Aayog</u> Governing Council was held under the theme-*Viksit Rajya for Viksit Bharat@2047*. The meeting underscored the significance of fostering cooperative federalism to achieve national development objectives.

NITI Aayog

(National Institution for Transforming India)

HISTORY- PLANNING COMMISSION

Set up in **1950**

to direct investment activity

Replaced by **NITI Aayog** on January
1, 2015

Composition of #NITlagyog

Chairperson

Prime Minister

Governing Council

CMs (States) and Lt Governors (UTs)

Regional Councils

Formed on need-basis, comprising CMs and Lt Govs of the region

Members

Full-time basis

Part-time Members

Max 2, rotational, from relevant institutions

Ex-officio Members

Max 4 from Council of Ministers, nominated by PM

Special Inviters

Experts, specialists, practitioners with domain knowledge

Chief Executive Officer

Appointed by PM for fixed tenure (Secy rank)

Secretariat

As deemed necessary

Major Initiatives

- SDG India Index
- (S) Atal Innovation Mission
- e-AMRIT Portal (electric vehicles)
- (9) Good Governance Index
- (S) India Innovation Index
- Aspirational District Programme
- (S) 'Methanol Economy' programme

OBJECTIVES

- Secondary Foster cooperative federalism
- Develop mechanisms to formulate credible plans (village level)
- Interests of national security in economic strategy and policy
- Special attention to weaker sections
- Provide advice and encouragement to partnerships between key stakeholders, national-international Think Tanks, research institutions
- Create knowledge, innovation and entrepreneurial support system
- Platform for inter-sectoral and interdepartmental issues resolution
- (S) Maintain state-of-the-art Resource Centre

NITI Aayog vs Planning Commission

NITI Aayog	Planning Commission	
Advisory Think Tank	Extra-constitutional body	
Wider expertise	Limited expertise	
Secretaries (CEO) appointed by PM	Secretaries appointed by usual process	
Bottom-up approach	Top-Down approach	
No Mandate to impose policies	Imposed policies on states	
No power to allocate funds	Allocated funds to ministries/state govts	

Issues

- No powers in granting discretionary funds to states
- Only an advisory body
- No role in influencing private or public investment
- Politicisation of the organisation
- Lacks the requisite power to bring positive change



DisilitiAs

What are the Key Outcomes of the 10th Meeting of NITI Aayog Governing Council?

- State-Specific Demands: Tamil Nadu sought a 50% share in central taxes (vs. current 33%) and a Clean Cauvery Mission.
 - Punjab demanded fair Yamuna water rights and financial aid for border

security & drug control.

- Emphasis on Trade & Investment: States were asked to reduce policy bottlenecks, repeal obsolete laws, and create investor-friendly environments.
 - NITI Aayog was directed to prepare an 'Investment-friendly Charter' to attract global investments.
- Security Preparedness: PM emphasized the need for long-term security preparedness and modernized civil defense mechanisms.
 - Operation Sindoor (targeting terror infrastructure in Pakistan) received unanimous support from attending states/UTs.
- Economic & Industrial Development: Chhattisgarh CM presented a 3T model (Technology, Transparency, Transformation) to double its GSDP in 5 years and 10 times per capita income.
 - Andhra Pradesh suggested sub-groups on GDP growth, population management, and Al-driven governance.
- Sustainable Development & Social Reforms: PM pushed for global-standard tourist spots (one per state) and <u>green energy/hydrogen</u> investments.
 - Focus on urban planning in Tier 2/3 cities, skilling youth in <u>cybersecurity</u>, and boosting women's workforce participation.

What is Role of NITI Aayog in Fostering Cooperative Federalism?

- Strengthened Competitive Federalism: It promotes healthy competition among states
 via data-driven indexes and transparent rankings like the <u>Fiscal Health Index</u>, <u>Aspirational District Programme (ADP)</u>, <u>Composite Water Management Index</u>, and <u>State Energy and Climate Index</u>, driving sectoral improvements.
- Enhanced Cooperative Federalism: It acts as a bridge between central and state governments, aligning regional priorities with national goals.
 - Examples include the **Team India Hub** for collective development and the **ADP** focusing on **112 underdeveloped districts** through close ministry and partner collaboration.
- **Governance & Policy Advisory:** It shifted focus from financial allocation to **policy advisory** with a decentralized governance approach.
 - It supports states in establishing <u>State Institutions of Transformation (SITs)</u> for better governance and policy execution.
- Regional & Inter-Sectoral Social Interventions: It leads initiatives addressing disparities such as the NITI Forum for the North East, <u>SATH-E</u>, <u>Poshan Abhiyan</u>, <u>State Health Index</u>, and education reforms.
 - By facilitating the sharing of successful models, like Gujarat's industrial corridors and Tamil
 Nadu's skill development programs, and promoting <u>Public-Private Partnership (PPP)</u>
 models NITI Aayog helps bridge the gap between developed and developing states.
- Digital Transformation: It drives innovation through the <u>Atal Innovation Mission</u>
 (including <u>Atal Tinkering Labs</u> and <u>Incubation Centres</u>), the <u>Knowledge and Innovation Hub</u>, and the <u>National Data and Analytics Platform (NDAP)</u>, alongside creating a <u>digital payments roadmap</u>.
 - NITI Aayog can expand **R&D** hubs to **Tier-2 and Tier-3 cities** (e.g., Pune's tech parks extending to Nagpur) and **mentor startups** in emerging states.

What Are the Major Challenges in Advancing Cooperative Federalism?

- Lack of Federal Dialogue: Limited NITI Aayog governing council meetings (only once a year) and delayed <u>GST Council</u> sessions leads to a shift from collective solutions to individual grievances, causing policy paralysis in key areas like GST reforms and compensation disputes.
- Undermining Federalism: The Centre has used financial leverage to enforce compliance, such as withholding Tamil Nadu's central share of Samagra Shiksha Abhiyan funds for opposing the <u>National Education Policy</u>, 2020. This action undermines the spirit of cooperative federalism, reducing it to mere rhetoric.
 - States have limited input in national schemes like <u>PM-KISAN</u> and Smart Cities,

causing implementation challenges.

- Unfair Tax Devolution: States are demanding a 50% tax share in the <u>Finance Commission</u> devolution (up from 41%), citing GST's erosion of fiscal autonomy and sluggish revenue growth.
 - Richer states like Tamil Nadu, Karnataka, and Maharashtra contribute more to the central pool of taxes but receive less in devolution, while poorer states like Bihar, UP, and Jharkhand stay reliant on central grants, deepening fiscal inequality.
- Inter-State Disparities: Developed states like Maharashtra, Gujarat, and Tamil Nadu grow faster due to strong infrastructure, while weaker states lag behind amid policy bottlenecks.
 - **Insufficient financial transfers between states** cause many people to migrate from poorer regions to richer ones like **Mumbai** and **Delhi**.
 - States like Chhattisgarh and Odisha contribute significantly through natural resources (like minerals and forests) but receive less financial support for development, limiting their growth.
- Water & Border Disputes: Persistent river disputes between states like Cauvery (TN-Karnataka) and Yamuna (Haryana-Delhi) remain unresolved.
 - This causes water shortages harming farmers (e.g., Tamil Nadu's delta) and escalates political tensions (e.g., <u>Punjab's Sutlej-Yamuna Link</u> canal protest).

What Measures Can Be Implemented to Strengthen Cooperative Federalism?

- Strengthen Institutional Mechanisms: Regularizing NITI Aayog and GST Council meetings, and reviving the Inter-State Council will ensure ongoing dialogue and timely dispute resolution.
 - This will reduce policy paralysis in areas like GST reforms and improve conflict management over water, border, and fiscal issues
- Fairer Resource Sharing: Increasing tax devolution to states, advocating introduction of a performance-based grants system. This will incentivize reforms in lagging states (Bihar, UP) through conditional funding.
- State-to-State Partnerships: Developed states should mentor poorer states through industrial corridors, skill development, and PPP investments to reduce regional disparities and ease migration pressure on major cities.
- Enhance Inter-State Water Coordination: A <u>National Water Policy</u> 2.0 with binding river-sharing agreements, joint task forces, and central funding for inter-state projects will improve water management and infrastructure.
 - This will reduce water disputes (e.g., Cauvery) and enhance regional connectivity, boosting trade and tourism.
- Long-Term Strategic Planning: Align State and Centre plans with the shared vision of Viksit
 Rajya for Viksit Bharat@2047, using measurable targets and periodic reviews, with NITI
 Aayog facilitating progress while respecting State priorities.

Conclusion

The 10th NITI Aayog meeting highlighted both progress and persistent challenges in India's federalism. While initiatives like state partnerships and investment reforms are promising, genuine "Team India" collaboration requires fairer fiscal devolution, regular dialogue, and depoliticized governance. Addressing these gaps is crucial to achieving Viksit Bharat by 2047.

Drishti Mains Question:

Q.Examine the role of states in making India a developed country. Suggest measures to foster inter-state collaboration for Viksit Bharat@2047.

UPSC Civil Services Examination Previous Year's Question (PYQs)

Mains

- **Q.** How far do you think cooperation, competition and confrontation have shaped the nature of federation in India? Cite some recent examples to validate your answer. (2020)
- **Q.** From the resolution of contentious issues regarding distribution of legislative powers by the courts, 'Principle of Federal Supremacy' and 'Harmonious Construction' have emerged. Explain. (2019)

China's Dams and Their Effect on Brahmaputra in India

Source: IE

Why in News?

The <u>Brahmaputra River</u> has garnered attention due to concerns over <u>China's hydroelectric projects</u> on the river. With the potential impact of Chinese dams on the river's flow in India, this issue has raised questions about India's water security.

How could Chinese Dams Affect the Flow of the Brahmaputra in India?

- Alteration of Water Flow: China has been constructing major hydroelectric projects like the Medog Hydro Project in Medog County (Tibet), near the 'Great Bend' where the river makes a U-turn and plunges into a canyon before entering Arunachal Pradesh, potentially affecting Brahmaputra flow and course.
 - This intervention could alter water flow into India and Bangladesh, exacerbating potential water scarcity.
- **Ecological Disruptions:** China's hydroelectric projects in the region have **minimal water storage capacity**, any major changes in water retention could lead to reduced flow downstream, affecting flood cycles and water availability for irrigation and domestic use.
 - Changes in the water flow could also affect the river's ecosystems in India, including **vital wildlife habitats.**
 - The Brahmaputra supports rich biodiversity, including protected areas like Kaziranga National Park, home to the <u>one-horned rhinoceros</u>. Altered water flow might disrupt fish migration patterns and the natural <u>habitat</u> of other species.

Note: The planned Medog project is expected to have a generation capacity three times that of the **Three Gorges Dam on the Yangtze,** currently the world's largest hydropower station.

What are the Key Facts About the Brahmaputra River System?



- Origin and Course: The Brahmaputra River originates from the Chemayungdung Glacier in the Kailash range near Mansarovar Lake, where it is known as the Yarlung Tsangpo in Tibet.
 Upon entering India through Arunachal Pradesh, it is called the Siang or Dihang.
- Drainage: The Brahmaputra basin spans Tibet (China), Bhutan, India, and Bangladesh.
 - It enters India west of Sadiya town in Arunachal Pradesh, with its catchment area across Arunachal Pradesh, Assam, West Bengal, Meghalaya, Nagaland, and Sikkim.
 - In India Brahmaputra is bounded by the **Himalayas (north and west)**, **Patkari hills** (east), and **Assam hills (south)**.
 - Brahmaputra River is known as the Jamuna River after it is joined by the Teesta
 River. From there, it flows south and eventually joins the Ganges (which is known as the
 Padma in Bangladesh) near Goalundo Ghat (Bangladesh), creating a combined stream
 called the Padma.
 - The Padma eventually joins the **Meghna River**, and flows into the Bay of Bengal.
 - The Sunderbans Delta is primarily formed by the combined sediment deposition of the **Ganges and Brahmaputra** rivers, along with contributions from the Meghna River
 - The Brahmaputra is 2,900 km long, with only 916 km flowing through India. (The Ganges is the longest river entirely within India).
- Tributaries:
 - **Right Bank Tributaries:** Lohit, Dibang, Subansiri, Jiabharali, Dhansiri, Manas, Torsa, Sankosh and the Teesta.
 - Left Bank Tributaries: Burhidihing, Desang, Dikhow, Dhansiri and the Kopili.
- **Geographical and Ecological Significance:** Brahmaputra holds over 30% of India's total water resource potential and it contributes 41% of India's hydropower potential.
 - Brahmaputra river valleys are home to important wildlife sanctuaries and national parks (e.g., <u>Kaziranga</u>, <u>Manas</u>).
 - The Brahmaputra valley and nearby low hills mostly have deciduous forests.
- Unique Features: Majuli, the world's largest river island, is located in the Brahmaputra in Assam.

- **Umananda**, the smallest river island in the world, is also in the Brahmaputra in Assam.
- India's Monitoring Efforts Along Brahmaputra: India covers about 34% of the Brahmaputra basin but contributes over 80% of its water due to heavy rainfall (2,371 mm) and snowmelt, unlike the dry Tibetan Plateau (low rainfall ~300 mm annually).
 - Tributaries within India further boost the river's flow. The basin holds 30% of India's water resources and 41% of its hydropower potential, with Arunachal Pradesh leading development despite challenges.
 - The proposed river-linking projects Manas-Sankosh-Teesta-Ganga Link, joining the Manas, a tributary of the Brahmaputra, to the Ganga via the Sankosh and Teesta; and the Jogighopa-Teesta-Farakka Link, joining the Brahmaputra at the planned Jogighopa Barrage to the Ganga at the Farakka Barrage aim to transfer surplus water to dry areas and are unlikely to be affected by Chinese upstream activities.
- Hydro Electric Projects in Brahmaputra Basin (India):

Name	State	River
Chuzachen Hydroelectric	Sikkim	Rangpo & Rongli
Project		
Doyang Hydroelectric Project	Nagaland	Doyang
Karbi Langpi Hydroelectric	Assam	Borpani
Project		
Kopili Hydroelectric Project	Assam	Kopili
Myntdu Leshka Stage-I	Meghalaya	Myntdu
Pagladia (Kamrup)	Assam	Pagladia
Ranganadi Hydroelectric	Arunachal Pradesh	Ranganadi
Project		
Rangit - III Hydroelectric	Sikkim	Greater Rangit
Project		2010
Subansiri Lower Hydroelectric	Assam	Subansiri
Project		4.0
Teesta - V Hydroelectric	Sikkim	Teesta
Project		<u> </u>
Teesta Low Dam III	West Bengal	Teesta
Hydroelectric Project		
Teesta Low Dam IV	West Bengal	Teesta
Hydroelectric Project		
Umiam Hydroelectric Project	Meghalaya	Umiam
Umiam-Umtru Hydroelectric	Meghalaya	Umtru
Project		
Umtru Hydroelectric Project	Meghalaya	Umtru

UPSC Civil Services Examination Previous Year Question (PYQ)

Prelims

- Q. With reference to river Teesta, consider the following statements: (2017)
 - 1. The source of river Teesta is the same as that of Brahmaputra but it flows through Sikkim.
 - 2. River Rangeet originates in Sikkim and it is a tributary of river Teesta.
 - 3. River Teesta flows into Bay of Bengal on the border of India and Bangladesh.

Which of the statements given above is/are correct?

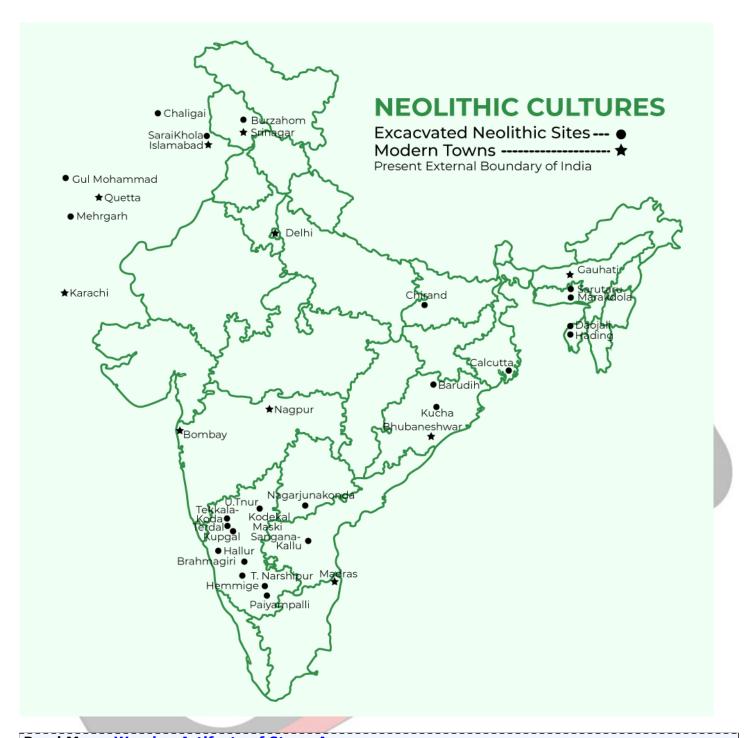
- (a) 1 and 3 only
- (b) 2 only
- (c) 2 and 3 only
- (d) 1, 2 and 3

Neolithic Site Daojali Hading in Assam

Source: TH

Recent archaeological findings at **Daojali Hading, Dima Hasao district in Assam,** have reaffirmed its status as a **Neolithic habitation site over 2,700 years old**, revealing both **domestic artefacts and early metallurgical activity.**

- Daojali Hading, located in the Langting-Mupa Reserve Forest, was first uncovered in the 1960s, by T.C. Sharma and M.C. Goswami (1962-64).
- Artefacts recovered include:
 - Polished double-shouldered celts (a chiselled stone tool), cord-marked pottery, mortars, pestles
 - Grinding stones, low-fired potsherds, charcoal samples
 - The presence of jadeite stones, also found in China and unique to Daojali Hading, suggests ancient trade links with East and Southeast Asia.
- About Neolithic Age: The Neolithic Age, or New Stone Age, was the final stage of the Stone Age, beginning around 9000 BCE (varying by region) and lasting until the advent of metal tools around 3000 BCE. Its key features are:
 - Agriculture (wheat, barley, rice, millet) & domestication (cattle, sheep, goats)
 - **Permanent settlements** (mud-brick or stone houses e.g., Mehrgarh in Baluchistan)
 - Polished stone tools (e.g., axes, sickles, grinding stones)
 - Potter's wheel became known after 4500 BC.
 - Complex social structures emerged, evidenced by burials, rituals, and early religious symbols.
- Prominent Neolithic Sites:
 - Northwest India: Mehrgarh (now in Pakistan), Burzahom & Gufkral (Kashmir).
 - Northern & Central India: Senuwar (Bihar), Koldihwa & Mahagara (Uttar Pradesh), Bagor (Rajasthan), Adamgarh (Madhya Pradesh).
 - Northeastern India: Daojali Hading & Sarutaru (Assam), Napachik and Laimanai (Manipur).
 - Southern India: Brahmagiri & Maski (Karnataka), Paiyampalli (Tamil Nadu).



Read More: Wooden Artifacts of Stone Age

Scheme to Promote Manufacturing of Electric Passenger Cars in India

Source: TH

The **Center** has issued detailed guidelines for the **Scheme to Promote Manufacturing of Electric Passenger Cars in India (SPMEPCI)** to boost domestic <u>electric vehicle (EV)</u> production and establish India as a **global EV manufacturing hub**.

SPMEPCI

- About: It is an initiative launched by the Ministry of Heavy Industries (MHI) with the objective to boost domestic manufacturing of electric passenger cars (e-4W).
 - The scheme aligns with India's broader goals of achieving net-zero emissions by
 2070 and fostering sustainable mobility.
- Eligibility Criteria: It is limited to companies/groups with minimum automotive revenue of Rs 10,000 crore from automotive manufacturing, and with a minimum investment of Rs 3,000 crore in fixed assets.
- Key Features of SPMEPCI:
 - Customs Duty Concession: Approved applicants can import Completely Built-in Units (CBUs) of electric passenger cars with a minimum cost of USD 35,000 at a reduced customs duty of 15%.
 - This benefit will be available for **five years** from the approval date, with a cap on imports **set at 8,000 units per year.**
 - Investment Commitment: Applicants must invest a minimum of Rs 4,150 crore within 3 years, establish manufacturing units, and commence production in that timeframe.
 - Domestic Value Addition (DVA): Applicants must achieve at least 25% DVA within 3 years and 50% within 5 years, aligned with the Production Linked Incentive (PLI)
 Scheme for Automobile and Auto Components.

India's Automotive Sector

- India is the 3rd largest automobile market in the world, with a current market size of Rs 12.5 lakh crore.
 - India aims to become the world's largest automobile market by 2030, with a focus on electric and alternative fuel vehicles.
 - This market is expected to grow to Rs 24.9 lakh crore by 2030, reflecting a 50% growth.
- The automobile sector contributes 7.1% to India's GDP.
- Growth Drivers of India's Auto Sector: <u>PLI Scheme for Automobile and Auto Components</u> (<u>PLI-Auto</u>), <u>PLI Scheme for Advanced Chemistry Cells (<u>PLI-ACC</u>), <u>PM E-DRIVE Scheme</u>.
 </u>

Read More: PM E-DRIVE Scheme

Cancer Care Gaps in India

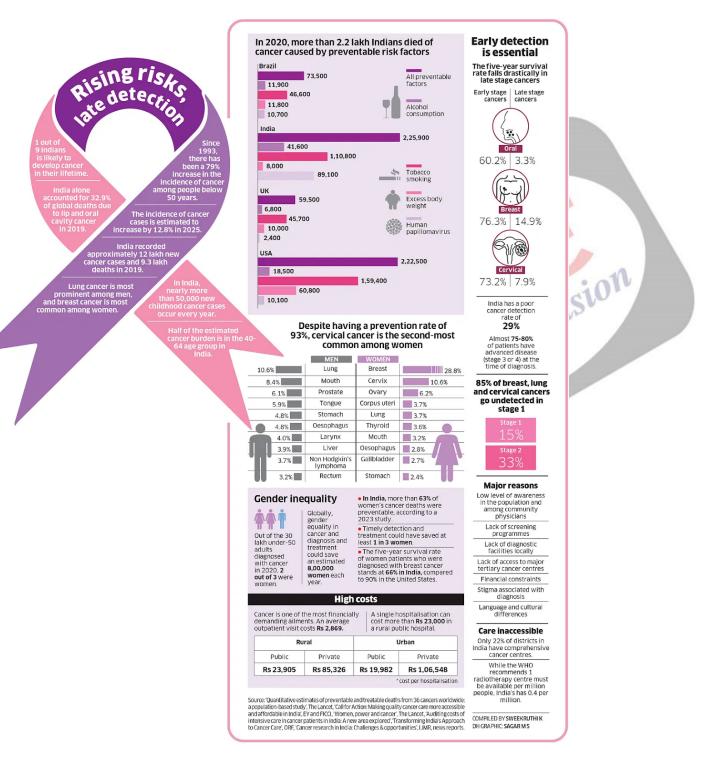
Source: TH

The National Academy of Medical Sciences (NAMS) report on <u>breast cancer</u> in India highlighted major gaps in <u>cancer care</u>, particularly in the early diagnosis and timely treatment of breast cancer, which is widespread among women.

- Over 60% of patients present with Stage 3 or 4 disease, whereas 60% in the US are diagnosed in situ or at Stage 1. Over 50% of Indian patients delay consultation by over 3 months.
- India ranks **3rd globally in cancer cases**, after China and the US, with a **projected burden of 2.08 million cases by 2040**. a 57.5% rise from 2020.
 - India, along with other middle-income countries, is expected to **drive the global rise in cancer incidence** over the next 50 years.
- By 2023, over 1.63 lakh <u>Ayushman Arogya Mandirs (AAM)</u> conducted 10.04 crore breast cancer screenings.
 - AAM, an upgraded version of <u>Ayushman Bharat Health and Wellness Centres (AB-</u>

<u>HWCs</u>), aims to strengthen <u>primary healthcare</u> by offering universal, free, and accessible services, especially for underserved communities.

- It offers a wide range of services beyond maternal and child care, including treatment for non-communicable diseases, palliative and rehabilitative care, oral, eye, and ENT care, mental health support, emergency and trauma care, along with free essential medicines and diagnostic services.
- About NAMS: The NAMS (under the Ministry of Health & Family Welfare) fosters academic
 excellence, advises on National Health Policy, and is recognized as a Nodal Agency for
 Continuing Education for medical and allied health professionals.



Read More: Global Burden of Cancer: WHO

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