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Expected EDITORIAL EXPLAINED

for

IAS Mains Examination

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Prelims Test Series

1.1. POLITY & GOVERNANCE

1.1.1. SUPREME COURT JUDGMENT ON SEX WORK (2026)

Context

On **29 May 2026**, the **Supreme Court of India**, exercising its powers under **Article 142**, delivered a landmark judgment on sex work. The judgment marks a shift from a welfare-oriented and paternalistic approach to a **constitutional rights-based approach**, recognising the dignity, agency and autonomy of consenting adult sex workers while addressing trafficking separately.



Introduction

The Supreme Court's judgment represents an important evolution in India's constitutional jurisprudence by affirming that **sex workers are entitled to the same constitutional protections as every other citizen**. It separates **consensual adult sex work from trafficking**, recognises that **agency and vulnerability can coexist**, and reinforces that **constitutional morality must prevail over social morality**.

Key Constitutional Principles Recognised by the Supreme Court

1. Recognition of Agency and Consent

- Adult individuals can voluntarily choose sex work.
- Vulnerability does not automatically negate individual agency.
- Any state intervention must begin with determining **free and informed consent**.

2. Distinction Between Trafficking and Sex Work

- Migration or engagement in sex work cannot automatically be equated with trafficking.
- Trafficking involves coercion, deception or exploitation.
- Consensual adult sex work falls outside this category.

3. Protection of Fundamental Rights

The Court reaffirmed that sex workers enjoy the same constitutional rights as other citizens:

- **Article 14** – Equality before law.
- **Article 19(1)(g)** – Freedom to practise any occupation (subject to reasonable restrictions).
- **Article 21** – Right to life, dignity, privacy and personal liberty.

4. Protection Against Forced Rescue

- Consenting adult sex workers cannot be forcibly rescued.
- Rescue without consent amounts to violation of personal liberty.

5. Article 142

- The Court invoked **Article 142** to issue binding directions ensuring complete justice until legislative reforms are undertaken.

Why is the Judgment Significant?

1. Shift from Welfare to Rights-Based Approach

- Treats sex workers as rights-bearing citizens rather than passive victims.
- Prioritises dignity and autonomy over paternalistic protection.

2. Constitutional Morality over Social Morality

- Legal rights cannot be denied merely because society disapproves of sex work.
- Reinforces constitutional values of liberty, equality and dignity.

3. Recognition of Consent

- Consent becomes the central legal test before any intervention.
- Protects adults from arbitrary detention and forced rehabilitation.

4. Separation of Trafficking from Voluntary Sex Work

- Enables more focused anti-trafficking efforts against actual exploitation.
- Prevents misuse of anti-trafficking laws against consenting adults.

Challenges in Effective Implementation of the Supreme Court Judgment

1. **Weak Institutional Capacity:** Police, judiciary and administrative authorities continue to suffer from bias, procedural delays and inconsistent implementation of rights.
2. **Persistent Social Stigma and Moral Policing:** Deep-rooted societal prejudice often overrides constitutional morality, resulting in discrimination and harassment of sex workers.
3. **Caste-Based Structural Discrimination:** Caste inequalities continue to shape access to justice, policing, welfare delivery and administrative decision-making.
4. **Lack of Accountability in the Anti-Trafficking Ecosystem:** Inadequate oversight of NGOs, shelter homes and rescue mechanisms allows coercive and rights-violating practices to persist.
5. **Poor Access to Justice and Welfare:** Weak legal aid, low legal awareness and barriers to social welfare schemes prevent sex workers from fully exercising their constitutional rights.
6. **Limited Community Participation:** Insufficient involvement of sex worker collectives in policymaking and implementation undermines a truly rights-based and participatory governance framework.

Way Forward

1. **Ensure Community-Led Governance:** Involve sex worker collectives in policymaking, implementation, police training and monitoring to ensure rights-based and inclusive governance.
2. **Reform the Anti-Trafficking Framework:** Make shelter homes and rescue operations transparent, accountable and focused on voluntary, human rights-based rehabilitation.
3. **Guarantee Access to Social Welfare:** Ensure sex workers receive healthcare, housing, education, social security, financial inclusion and other welfare benefits without discrimination.
4. **Strengthen Institutional Sensitisation:** Train police, judiciary, magistrates and administrative officials to uphold constitutional morality, dignity and informed consent.
5. **Improve Access to Justice:** Provide effective legal aid, fast-track cases and ensure accountability for illegal detention and rights violations.

6. **Protect Autonomy and Informed Consent:** Make consent the cornerstone of all interventions by prohibiting forced rescue and involuntary institutionalisation of consenting adults.
7. **Promote Dignity and Social Inclusion:** Reduce stigma through public awareness, anti-discrimination measures and recognition of sex workers as equal rights-bearing citizens.

Conclusion

The Supreme Court's 2026 judgment marks a constitutional shift from a paternalistic to a rights-based approach by recognising the dignity, autonomy and equality of consenting adult sex workers. Its success, however, will depend on rights-based implementation, institutional accountability, and meaningful inclusion of sex workers in policymaking to ensure that constitutional guarantees become a lived reality.

Q. *Constitutional morality must prevail over social morality in protecting the rights of marginalised communities. Discuss this statement in the context of the Supreme Court's 2026 judgment on sex work. 15 Marks*

1.1.2. PROOF OF LIFE: REGISTRATION OF BIRTHS AND DEATHS (AMENDMENT) BILL, 2026

Context

The **Registration of Births and Deaths (Amendment) Bill, 2026** amends **Section 13(3)** of the **Registration of Births and Deaths Act, 1969**, requiring **Judicial Magistrate approval** for birth registrations delayed by more than **two years**. The amendment follows the **2023 reforms**, which made birth certificates the primary proof of identity for accessing key public services.



Introduction

Birth registration is the foundation of **legal identity**, enabling access to education, welfare schemes, voting rights and public services. While the 2026 amendment aims to curb fraudulent registrations and strengthen document credibility, it also raises concerns regarding accessibility, administrative burden and the exclusion of vulnerable citizens.

Constitutional and Governance Dimensions

- **Article 14 – Equality Before Law:** Administrative procedures must be fair, reasonable and non-discriminatory, ensuring equal treatment of all citizens, especially vulnerable groups.
- **Article 21 – Right to Life and Personal Liberty:** Access to legal identity documents is increasingly recognised as essential for securing dignity, livelihood and access to basic rights and public services.
- **Accessibility:** Public services should be easy to access without imposing unnecessary procedural or financial barriers.
- **Transparency:** Registration procedures should be clear, predictable and based on objective criteria to promote public trust.
- **Accountability:** Authorities must be answerable for registration decisions and provide effective mechanisms for appeal and grievance redressal.

- **Citizen-Centric Service Delivery:** Governance should prioritise citizens' needs by making identity registration simple, inclusive and responsive.
- **Ease of Access to Public Services:** Identity verification systems should facilitate, rather than hinder, timely access to welfare schemes and essential government services.

Why is the Amendment Significant?

1. Strengthens Authenticity of Birth Registration

- The amendment requires **Judicial Magistrate approval** for birth registrations delayed beyond two years, introducing a higher level of legal scrutiny.
- It aims to curb fraudulent or fabricated registrations and enhance the credibility and reliability of India's civil registration system.

2. Birth Certificate has Become the Core Identity Document

- Since the **2023 amendment**, the birth certificate has become the primary proof of date and place of birth for school admissions, passports, Aadhaar, driving licences, electoral rolls and government jobs.
- As a gateway to essential rights and public services, stricter verification directly impacts citizens' access to welfare, education and employment.

3. Supports Digital Governance

- The amendment complements the development of integrated **national and state-level digital birth registries**, enabling seamless data sharing with the Registrar General.
- A robust digital registration system improves administrative efficiency, reduces duplication and strengthens evidence-based governance and service delivery.

Why Did the Government Introduce Judicial Scrutiny?

- **Prevent identity fraud:** To curb the creation of fake or fraudulent birth records used to obtain identity documents and government benefits.
- **Ensure stronger legal verification:** To subject delayed registrations to independent judicial scrutiny for greater legal credibility.
- **Increase public confidence in civil registration:** To strengthen trust in the authenticity and reliability of birth registration records.
- **Reduce allegations of arbitrary executive decisions:** To shift decision-making from the executive to the judiciary, ensuring greater neutrality and transparency.
- **Maintain integrity of digital identity databases:** To protect national digital identity systems by ensuring that only verified records are entered into official databases.

Key Concerns associated with Amendment Bill

1. Greater Burden on Vulnerable Citizens

- Many genuine birth registrations are delayed due to **remote locations, lack of awareness, migration, poverty, illiteracy and gaps in institutional deliveries** rather than fraudulent intent.
- Requiring approval from a Judicial Magistrate may increase procedural hurdles, discouraging legitimate applicants from obtaining legal identity.

2. Increased Cost and Delay

- Judicial verification involves legal formalities, repeated visits to courts and longer processing timelines, making registration more time-consuming.
- The additional financial and administrative burden is likely to fall disproportionately on economically weaker and socially marginalised sections.

3. Risk of Exclusion

- Birth certificates are now essential for accessing **education, welfare schemes, employment, voting rights and other identity documents**, making them critical to citizenship benefits.
- Delays or inability to obtain a certificate can result in exclusion from public services and denial of socio-economic opportunities.

4. Lack of Evidence-Based Policy

- The government has not provided empirical evidence explaining why registrations delayed beyond two years pose a significantly higher fraud risk.
- The absence of a clear rationale for the two-year threshold or consideration of less restrictive alternatives raises concerns about the proportionality of the amendment.

5. Evidentiary Standards Remain Unchanged

- The amendment changes the **approving authority** from an Executive Magistrate to a Judicial Magistrate but retains the same evidentiary requirements.
- Without strengthening documentation or verification standards, the amendment may increase procedural complexity without effectively reducing fraud.

6. Judicial Workload

- Assigning delayed birth registration cases to Judicial Magistrates could add to the already high pendency of cases in subordinate courts.
- This may divert judicial time and resources from core adjudicatory functions, affecting the overall efficiency of the justice delivery system.

7. Balancing Inclusion and Integrity (Wider Governance Debate)

- The amendment highlights the governance challenge of balancing **preventing fraudulent inclusion** with **avoiding the wrongful exclusion of genuine citizens**. A welfare state must ensure robust identity verification without creating procedural barriers that deny deserving individuals access to rights and public services.

Way Forward

1. **Strengthen evidentiary standards:** Prescribe clear and robust documentation requirements to improve verification without relying solely on judicial approval.
2. **Adopt risk-based verification:** Subject only suspicious or high-risk applications to enhanced scrutiny instead of applying uniform procedures to all delayed registrations.
3. **Simplify registration for vulnerable groups:** Introduce citizen-friendly procedures and relax procedural barriers for genuine applicants facing socio-economic disadvantages.
4. **Enhance awareness and outreach:** Conduct awareness campaigns and strengthen registration infrastructure in remote and underserved areas to reduce delays.
5. **Promote digital governance with grievance redressal:** Digitise registration systems while ensuring accessible, transparent and time-bound mechanisms for appeals and corrections.

- 6. Undertake evidence-based policy review:** Periodically assess the effectiveness of the two-year judicial threshold using empirical data and stakeholder feedback.
- 7. Balance security with inclusion:** Ensure that efforts to prevent fraud do not undermine the constitutional commitment to inclusive governance and universal access to legal identity.

Conclusion

The **Registration of Births and Deaths (Amendment) Bill, 2026** seeks to strengthen the integrity of India's identity system through greater judicial oversight. However, fraud prevention must be balanced with **inclusive access**, ensuring that genuine citizens are not denied legal identity and welfare due to procedural barriers.

***Q.** The Registration of Births and Deaths (Amendment) Bill, 2026 seeks to strengthen the integrity of birth registration, but may also create barriers to inclusion. Critically examine. 15 Marks*

1.1.3. JAMMU & KASHMIR STATEHOOD

Context

Nearly seven years after the abrogation of Article 370 and Article 35A (5 August 2019), the demand for restoring statehood to Jammu & Kashmir has resurfaced. Despite Assembly elections, its continued Union Territory status has reignited debates on federalism, democratic representation, and constitutional governance.



Introduction

- Since Independence, Jammu & Kashmir enjoyed special constitutional status under **Article 370**, which was revoked by the **Jammu and Kashmir Reorganisation Act, 2019**, bifurcating the erstwhile state into the Union Territories of Jammu & Kashmir and Ladakh.
- **In Re: Article 370 (2023)**, the Supreme Court upheld the abrogation while directing the Union Government to restore statehood at the earliest, keeping the debate on federalism, democratic representation, and regional autonomy alive.

Historical Background

1. Accession to India (1947)

- Maharaja Hari Singh signed the **Instrument of Accession** on **26 October 1947**, making Jammu & Kashmir a part of India amid the tribal invasion backed by Pakistan.
- The accession initially covered **Defence, Foreign Affairs, and Communications**, while internal autonomy was largely retained.

2. Article 370

- Article 370 granted Jammu & Kashmir a **special constitutional status**, reflecting its unique historical and political circumstances.
- It enabled the State to have its **own Constitution, separate flag, and greater legislative autonomy**, with many Union laws requiring the State's concurrence.

3. Article 35A (1954 Presidential Order)

- Introduced through a Presidential Order, Article 35A empowered the J&K Legislature to define '**permanent residents**' of the State.
- It granted them exclusive rights over **land ownership, government employment, scholarships, and settlement**, aiming to protect the region's demographic and socio-cultural identity.

Present Status

1. **Constitutional Reorganisation (2019):** On **5 August 2019**, the Union Government abrogated **Article 370**, removed **Article 35A**, and enacted the **Jammu and Kashmir Reorganisation Act, 2019**.
2. **Creation of Two Union Territories:** The erstwhile State was bifurcated into the **Union Territory of Jammu & Kashmir (with a Legislature)** and the **Union Territory of Ladakh (without a Legislature)**.
3. **Restoration of Electoral Process:** Legislative Assembly elections have been conducted, restoring an elected government after several years of Central rule.
4. **Limited Powers of the Elected Government:** Key subjects such as **Public Order, Police, and Land** remain under the **Lieutenant Governor**, limiting the autonomy of the elected government.
5. **Pending Restoration of Statehood:** Despite repeated assurances and the Supreme Court's direction to restore statehood "**at the earliest**," Jammu & Kashmir continues as a Union Territory, fuelling debates on **federalism and democratic governance**.

Why is Statehood Restoration Important?

1. **Strengthening Democratic Governance:** Statehood ensures that elected representatives exercise real executive authority, making governance more democratic and accountable.
2. **Upholding Constitutional Federalism:** Restoring statehood reinforces India's federal structure, recognised as part of the Constitution's Basic Structure by the Supreme Court.
3. **Promoting Constitutional Morality:** It reflects the constitutional values of representative government, democratic participation, and the rule of law.
4. **Enhancing Democratic Accountability:** A full-fledged state government is directly answerable to the legislature and citizens, ensuring greater public oversight.
5. **Improving Administrative Efficiency:** Statehood enables locally elected governments to respond more effectively to regional needs, development priorities, and governance challenges.
6. **Fostering Political Stability:** Restoration of statehood can strengthen public trust, encourage political participation, and improve Centre–State relations.

Challenges Delaying Statehood

1. **Security Concerns:** The Union Government cites the need to maintain effective control over **law and order and counter-terrorism** before restoring full statehood.
2. **Pakistan-Sponsored Terrorism:** Persistent challenges such as **cross-border infiltration, hybrid terrorism, drone-based smuggling, and the narcotics-terror nexus** continue to threaten regional stability.
3. **Strategic Border Management:** Jammu & Kashmir's proximity to **Pakistan and China** makes national security and border management a key consideration in governance.

4. **Political and Constitutional Issues:** Differences over **delimitation, regional representation, and the post-2019 constitutional framework** continue to delay political consensus.
5. **Stable Governance and Institutional Readiness:** The Centre argues that restoring statehood requires a **stable security environment, effective institutions, and sustained democratic functioning** to ensure long-term peace and governance.

Constitutional and Legal Dimensions

Article 1: J&K remains an integral part of India.

Article 3: Parliament has power to

- Create States
- Alter boundaries
- Change names
- Convert Union Territories into States

Article 239: Union Territories are administered by the President through the Lieutenant Governor.

Jammu & Kashmir Reorganisation Act, 2019

Provides legal framework for:

- Creation of two UTs
- Distribution of powers

Supreme Court Judgment (2023)

In Re: Article 370 (2023), the Supreme Court:

- Upheld the constitutional validity of the abrogation of Article 370.
- Held that Article 370 was a temporary provision.
- Directed the Union Government to restore **statehood to Jammu & Kashmir at the earliest** (excluding Ladakh).
- Directed timely conduct of elections to the Legislative Assembly.

Government Initiatives in Jammu & Kashmir

1. **Prime Minister's Development Package (PMDP):** Focuses on improving **infrastructure, connectivity, healthcare, education, and power** to accelerate socio-economic development.
2. **Industrial Development and Investment:** The **Industrial Development Scheme, 2021** provides incentives to attract private investment, promote industries, and create employment.
3. **Digital and Basic Infrastructure:** Expansion of **BharatNet** and implementation of the **Jal Jeevan Mission** aim to improve digital connectivity and ensure safe drinking water.
4. **Grassroots Governance:** The Government has strengthened **Panchayati Raj Institutions** to deepen decentralisation and improve local participation in governance.
5. **Tourism and Border Area Development:** Through the **Swadesh Darshan Scheme, Border Area Development Programme (BADP), and Smart City Mission (Srinagar)**, the Centre seeks to boost tourism, modernise urban infrastructure, and promote balanced regional development.

Way Forward

1. **Time-bound Restoration of Statehood:** Implement the Supreme Court's direction by announcing a clear roadmap for restoring full statehood to Jammu & Kashmir.
2. **Balance Security with Democratic Governance:** Adopt a calibrated approach that safeguards national security while progressively transferring powers to the elected government.
3. **Strengthen Cooperative Federalism:** Foster regular consultation between the Union and the J&K government through institutional mechanisms and the Inter-State Council framework.
4. **Deepen Grassroots Democracy:** Empower Panchayati Raj Institutions and Urban Local Bodies with greater financial and functional autonomy.
5. **Promote Inclusive Development;** Focus on employment generation, tourism, horticulture, handicrafts, MSMEs, education, healthcare, and digital infrastructure to address socio-economic grievances.

Conclusion

Statehood restoration for Jammu & Kashmir is not merely an administrative decision but a constitutional commitment to **federalism, democracy, and accountable governance**. A balanced approach that combines **strong security, timely restoration of statehood, inclusive development, and cooperative federalism** will strengthen both **national unity and democratic values**

Q. The restoration of statehood to Jammu & Kashmir is not merely a political demand but a constitutional imperative rooted in the principles of federalism, democratic accountability, and representative governance. Discuss in the light of recent developments and the Supreme Court's judgment on Article 370. 15 Marks

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2.1. ECONOMY

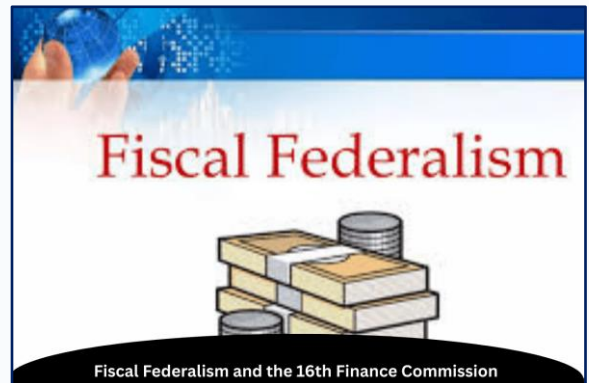
2.1.1. BALANCING EFFICIENCY AND EQUITY UNDER THE 16TH FINANCE COMMISSION

Context

The **16th Finance Commission (FC-16)**, chaired by Dr. Arvind Panagariya, submitted its award recommendations for **2026–31**. While keeping vertical tax devolution at **41%**, the Commission drastically restructured grants-in-aid by discontinuing Revenue Deficit Grants (RDGs) to prioritize fiscal discipline.

Introduction

The **16th Finance Commission** re-engineers India's fiscal federal transfers by prioritizing economic efficiency over horizontal equalisation. By eliminating Revenue Deficit Grants and reducing total grants-in-aid to **8.3%** of transfers, the report aims to incentivize fiscal prudence, but risks deepening regional economic disparities among States.



What is Fiscal Federalism?

- It defines the financial framework and resource distribution between the Union and sub-national State governments in a federal setup.
- The system aims to balance state financial autonomy with national economic coherence, ensuring equitable regional development.
- It addresses both vertical fiscal imbalances (between Union and States) and horizontal imbalances (among different States).

Legislative Basis & Key Provisions

- **Article 280:** Mandates the President to constitute a quasi-judicial **Finance Commission** every five years to recommend revenue distribution.
- **Article 270:** Governs the distribution of net proceeds of Union taxes between the Union and the States (vertical devolution).
- **Article 275:** Empowers Parliament to provide statutory **Grants-in-Aid** to States in need of financial assistance (horizontal equalisation).
- **Article 293:** Regulates State borrowing powers and enforces central consent requirements for States with outstanding Union loans.

Significance of the 16th Finance Commission Framework

1. Incentivising Economic Performance

- Introduces a **10% weight for contribution to GDP** in the horizontal distribution formula, directly rewarding high-performing States.
- Encourages States to boost industrial output and expand their regional economic footprint.

2. Eliminating Moral Hazard in State Finances

- Discontinues **Revenue Deficit Grants (RDGs)** to prevent States from underperforming in tax collection while relying on central gap-filling transfers.
- Promotes long-term fiscal discipline and self-reliance across sub-national governments.

3. **Empowering Third-Tier Governance**

- Allocates **₹7.2 lakh crore** specifically to urban and rural local bodies to strengthen grassroots democratic decentralized development.
- Ties funding releases to mandatory water, sanitation, revenue mobilization, and auditing targets to enhance administrative accountability.

4. **Streamlining Financial Transfer Mechanisms**

- Restricts grants-in-aid exclusively to local bodies and disaster management, eliminating overlapping sector-specific and State-specific grants.
- Reduces administrative complexity and creates a more predictable, transparent fiscal transfer architecture.

5. **Preserving Union Fiscal Stability**

- Retains vertical tax devolution at **41%**, providing the Union government with adequate fiscal room for national defense, security, and macro-infrastructure.
- Prevents excessive central revenue dilution in an era of global economic uncertainty.

Challenges Associated with the 16th Finance Commission Framework

1. **Exacerbating Regional Economic Disparities**

- Reducing the weight for **Income Distance (from 45% to 42.5%)** and abolishing RDGs severely reduces transfers to structurally disadvantaged States.
- Ignores historical, geographical, and demographic constraints that prevent low-income States from self-equalizing.

2. **Asymmetric Stringency on Union vs. States**

- Enforces strict fiscal discipline on States via RDG removal, but fails to mandate a binding rollback of non-shareable central **cesses and surcharges**.
- Preserves Union fiscal flexibility while shifting the primary burden of macroeconomic adjustment onto State budgets.

3. **Erosion of State Fiscal Autonomy**

- Replacing untied equalisation grants with strict, compliance-linked conditional transfers restricts the spending flexibility of elected State governments.
- Forces States to realign local developmental priorities with central compliance metrics.

4. **Double Burden on Structurally Stressed States**

- Disadvantaged States face a simultaneous decline in tax devolution shares and the complete absence of compensatory gap-filling grants.
- Limits the capacity of fiscally stressed States to fund essential social sector commitments like health and education.

5. **Growing Centralization of Fiscal Resources**

- Non-shareable cesses and surcharges have expanded to over **10% of Union tax revenues**, continuously shrinking the effective divisible tax pool.

- Compounds State revenue shortfalls already exacerbated by reduced tax rate-setting autonomy post-GST implementation.

Global Best Practices

1. Canada – Equalisation Grants System

- Utilizes unconditional equalisation transfers funded by the federal government to ensure all provinces can provide reasonably comparable public services at comparable taxation levels.

2. Australia – Commonwealth Grants Commission

- Implements Horizontal Fiscal Equalisation (HFE) based on comprehensive assessment of provincial revenue capacities and expenditure needs, ensuring high fiscal equity.

Way Forward

1. Reintroduce Need-Based Equalisation Instruments

- Restore targeted compensatory grants to support States facing severe structural, geographical, or demographic handicaps.

2. Statutory Cap on Cesses and Surcharges

- Enact a binding ceiling on non-shareable cesses and surcharges or progressively merge them into the divisible pool under Article 270.

3. Harmonize Efficiency with Fiscal Justice

- Balance GDP contribution incentives with adequate equalisation weights to prevent widening economic divides between advanced and lagging States.

4. Expand Untied Grants for Local Bodies

- Increase the proportion of unconditioned funds to third-tier governments, empowering local bodies to address context-specific developmental priorities.

5. Restructure Centrally Sponsored Schemes (CSS)

- Rationalize CSS funding ratios and grant greater operational flexibility to States to prevent forced diversion of state matching revenues.

6. Institutionalize Consensus via Inter-State Council

- Leverage constitutional bodies like the Inter-State Council to build consensus between the Union and States on long-term fiscal federal reforms.

7. Relax Borrowing Restrictions During Crises

- Provide calibrated relaxation of state borrowing caps under Article 293 during external economic shocks or natural disasters.

Conclusion

The **16th Finance Commission** represents a shift toward performance-driven fiscal federalism. However, long-term national stability requires balancing economic efficiency with fiscal justice to protect sub-national autonomy and support structurally constrained States.

Q. *The 16th Finance Commission report marks a shift from need-based transfers to performance-linked fiscal federalism. Discuss its significance, associated challenges, and impact on Union-State fiscal relations. 15 Marks*

2.2. INTERNAL SECURITY

2.2.1. ADDRESSING THE "DIGITAL ARREST" MENACE

Context

The **Supreme Court** recently directed swift action against the "**digital arrest**" cybercrime menace. Despite a drop in complaints on the **National Cyber Crime Reporting Portal**, **transnational scam syndicates** remain a critical threat requiring robust intervention.



Introduction

"**Digital arrests**" represent a highly sophisticated form of **cyber extortion** orchestrated by **transnational syndicates**. Exploiting **psychological vulnerabilities** and **technological loopholes**, these scams require a comprehensive framework of legal, technological, and geopolitical countermeasures to dismantle.

What is 'Digital Arrest'?

- It is an **extortion tactic** where scammers impersonate law enforcement via audio/video calls to extort money.
- Fraudsters use **deepfakes** and **SIM boxes** to create a false sense of authority and panic.
- Stolen funds are rapidly routed through a complex web of **interstate mule accounts**.

Institutional and Legal Basis

- The **Supreme Court** mandated the **RBI** to circulate **Standard Operating Procedures (SOPs)** for **temporary debit holds** on mule accounts.
- States have been directed to operationalize **e-Zero FIRs** and **state-level cyber coordination centers**.
- The **Indian Cybercrime Coordination Centre (I4C)** monitors these trends through the **National Cyber Crime Reporting Portal**.

Significance of Interventions

1. Protection of Vulnerable Demographics

- Safeguards the financial integrity of **isolated senior citizens** and **unsuspecting professionals**.
- Mitigates the severe **psychological trauma** associated with sophisticated extortion tactics.

2. Enhanced Institutional Synergy

- Fosters real-time coordination between the **RBI**, **telecom operators**, and **state cyber centers**.
- Enables rapid tracking and freezing of **illicit financial flows** across borders.

3. Swift Wealth Restitution

- Prioritizes the **recovery of defrauded funds** to minimize economic damage.
- Recent judicial mechanisms facilitated the successful restoration of **₹18.05 crore** across **36,290 cases**.

4. Technological Integration

- Accelerates the deployment of advanced AI frameworks like **MuleHunter.AI** within the banking sector.
- Shifts the cybersecurity approach from reactive investigation to **proactive threat detection**.

5. Geopolitical Accountability

- Transforms a domestic policing issue into a pressing **foreign policy priority**.
- Demands robust **international cooperation** against organized crime and human trafficking.

Challenges Associated with Digital Arrests

1. Rapid Technological Evolution

- Fraudsters continuously adopt **deepfakes** and **advanced SIM boxes** to mask their origins.
- This rapid technological agility consistently outpaces traditional **investigative capabilities**.

2. Cross-Border Jurisdictional Complexities

- The **transnational nature** of these crimes severely limits successful prosecution and **extradition**.
- **Abysmal conviction rates** embolden overseas syndicates to expand their operations.

3. State Patronage in Host Nations

- **Scam compounds** often thrive due to official patronage in conflict-ridden **Southeast Asian states** (e.g., Myanmar, Cambodia).
- Superficial local raids allow these centers to easily relocate and resume operations.

4. Complex Human Trafficking Webs

- Indian citizens are increasingly **trafficked** and coerced into executing cybercrimes abroad.
- This **dual victimization** creates intricate legal and moral hurdles for enforcement agencies.

5. Information Asymmetry

- Institutional advisories often fail to achieve universal penetration across all demographics.
- **Digitally illiterate populations** remain highly susceptible to extortion.

Global Best Practices

1. China – Targeted Transnational Crackdowns

- Conducted aggressive **diplomatic and enforcement operations** to shut down scam centers targeting its citizens.
- Leveraged **bilateral pressure** to dismantle operations in neighboring Southeast Asian countries.

2. United States – AI-Driven Financial Monitoring

- Employs highly advanced **predictive AI algorithms** across federal and banking networks to flag anomalous transactions.
- Maintains strong **inter-agency task forces** to disrupt international cyber-extortion rings.

Way Forward

1. Enforce Standardized Banking Protocols

- Mandate the immediate implementation of the **RBI's SOP** for **temporary debit holds** on mule accounts.

- This will effectively sever the **illicit financial supply chain** utilized by scammers.

2. Operationalize e-Zero FIRs

- Require all States to fully activate **e-Zero FIR frameworks** to eliminate jurisdictional delays.
- Ensure seamless integration with **state-level cybercrime coordination centers**.

3. Scale AI-Driven Financial Defenses

- Expand the mandatory deployment of algorithmic systems like **MuleHunter.AI** across all banks.
- Ensure **real-time threat detection** and proactive blocking of suspicious transactions.

4. Formulate Compensation Mechanisms

- Establish an inter-departmental committee to design a robust **victim compensation framework**.
- Ensure transparent and **timely restitution** for defrauded citizens.

5. Apply Strategic Diplomatic Leverage

- Exercise intense diplomatic pressure in coordination with **ASEAN**, the **U.S.**, and **China**.
- Compel host nations to dismantle illicit networks and **rescue trafficked citizens**.

6. Accelerate Judicial Disposal

- Enhance the capacity of domestic law enforcement to move faster on **digital trails**.
- Ensure the rapid judicial resolution of **account-freeze litigation** to restore funds quickly.

Conclusion

Neutralizing the "**digital arrest**" menace requires transcending conventional policing. By converging **proactive AI defenses**, **inter-agency coordination**, and **assertive diplomacy**, India can successfully dismantle these transnational syndicates.

Q. The "digital arrest" menace highlights the complexities of transnational cybercrime. Discuss the modus operandi of these syndicates and suggest measures to strengthen India's cybersecurity architecture. 15 Marks

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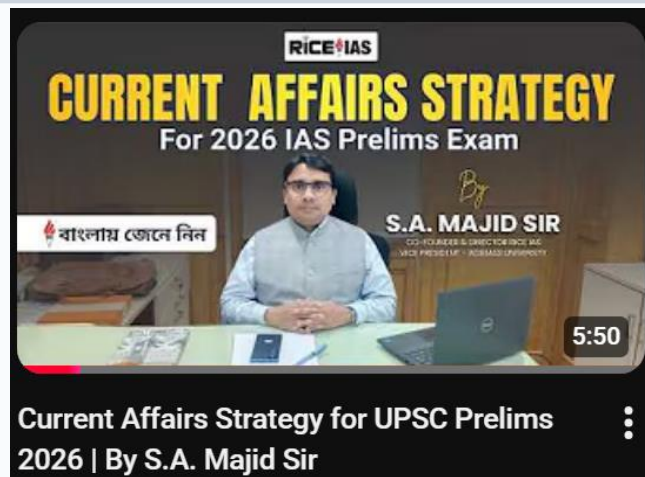
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