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The Bulldozed Demolition of MGNREGA

Context

- The **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)**, enacted in 2005 during Prime Minister Dr. Manmohan Singh's first tenure, marked a watershed in India's welfare policy.
- Rooted in **Article 41 of the Constitution**, which directs the State to secure the right to work, MGNREGA was designed as a **rights-based legislation**, not a discretionary scheme.
- Shaped through extensive public consultations and passed unanimously by Parliament, it evolved into **the world's largest social security programme** and one of the most rigorously studied.
- Recent policy changes, however, represent a systematic dismantling of its legal, financial, and democratic foundations, threatening rural livelihoods and India's constitutional ethos.

MGNREGA: A Rights-Based and Transformative Intervention

- MGNREGA was conceived as a **demand-driven guarantee of employment**, obligating the State to provide work when demanded. This legal entitlement **empowered rural households**, particularly landless labourers, by **enhancing bargaining power and raising agricultural wages**.
- Its decentralised framework, aligned with the **73rd Constitutional Amendment**, entrusted **Gram Sabhas with planning, implementation, and social audits**, fostering transparency, accountability, and grassroots democracy.
- Over two decades, MGNREGA **reduced distress migration, strengthened wage security, and empowered panchayati raj institutions**.
- Its significance was most evident during the **COVID-19 pandemic**, when it served as a crucial lifeline alongside the National Food Security Act.
- Persistently high demand for work continues to underline its indispensability for sustaining rural livelihoods.

Demolition of MGNREGA in Stages

- **Undermining the Legal Guarantee**
 - The most damaging shift has been the **elimination of the legal guarantee of work**.
 - Employment is no longer an enforceable right but a **bureaucratic provision** controlled by the Union government.

- The scheme's coverage is now restricted to rural areas **as notified at the Centre's discretion**, weakening its universal applicability.
- Equally damaging is the replacement of **uncapped, demand-based funding** with pre-determined budgetary allocations.
- This change **caps employment days at the State level**, subordinating people's needs to central fiscal priorities and effectively nullifying the guarantee of work.

• Financial Centralisation and the Burden on States

- The revision of the **cost-sharing ratio from 90:10 to 60:40** has transferred a significant financial burden to States.
- Previously, strong central funding encouraged States to respond to demand without fiscal hesitation.
- Under the new arrangement, **any expenditure beyond the Union's capped allocation must be borne entirely by States**, many of which already face acute financial stress.
- This discourages States from providing employment, hollowing out the scheme from within.
- The removal of **year-round employment**, through the identification of **60 no-work days during peak agricultural seasons**, further undermines labour security.
- By weakening alternative employment options, these changes **erode workers' bargaining power and suppress wage growth**, particularly troubling at a time when **agricultural employment has risen for the first time since Independence**.

• From Decentralisation to Centralised Control

- MGNREGA's decentralised architecture was central to its success. **Gram Sabhas played a pivotal role in identifying, planning, and executing works**, embodying the constitutional vision of local self-governance.
- This has now been replaced by a **top-down framework under the PM GatiShakti National Master Plan**, which prioritises Union-level objectives over local needs.
- This shift represents **centralisation with a vengeance**, undermining federalism and democratic participation.
- Claims of increasing guaranteed employment from **100 to 125 days** ring hollow. **Capped budgets, reduced State incentives, delayed payments, and technological barriers** make such expansion implausible.
- These changes are consistent with a **decade-long strategy of weakening MGNREGA** through stagnant allocations and administrative throttling.

MGNREGA and the Broader Assault on Rights

- The dismantling of MGNREGA forms part of a **broader rollback of India's rights-based framework**.
- The weakening of the **Right to Information**, dilution of **land acquisition and forest rights**, erosion of the **National Green Tribunal**, undermining of the **Right to Education**, and attempts to deny farmers **minimum support price protections** reflect a consistent pattern.

- Together, these measures signal a **retreat from constitutional commitments to social justice, accountability, and democratic rights**.
- In this context, the erosion of the **right to work** is not merely administrative reform but a **fundamental departure from the Constitution's welfare vision**, with severe implications for inequality and rural distress.

Conclusion

- MGNREGA embodied **Mahatma Gandhi's vision of Sarvodaya, the welfare of all**, and translated constitutional ideals into lived realities for millions.
- Its effective dismantling constitutes a **collective moral and constitutional failure**, with profound human and economic consequences.
- Defending MGNREGA is inseparable from **defending India's rights-based democracy**, federalism, and social justice.
- At stake is not merely a programme, but the **constitutional promise of dignity, work, and welfare for all citizens**.

The Bulldozed Demolition of MGNREGA FAQs

Q1. What constitutional principle inspired MGNREGA?

Ans. MGNREGA was inspired by Article 41 of the Indian Constitution, which calls upon the State to secure the right to work.

Q2. How did MGNREGA empower rural workers?

Ans. MGNREGA empowered rural workers by guaranteeing employment and increasing their bargaining power, leading to higher rural wages.

Q3. What major change undermined the legal guarantee of MGNREGA?

Ans. The legal guarantee was undermined by replacing demand-based employment with capped, discretionary budget allocations.

Q4. How did the change in cost-sharing affect State governments?

Ans. The shift to a 60:40 cost-sharing ratio increased the financial burden on States and discouraged them from providing employment.

Q5. Why is the dismantling of MGNREGA seen as a constitutional failure?

Ans. The dismantling of MGNREGA is seen as a constitutional failure because it weakens the right to work and undermines India's rights-based welfare framework.

Source: **The Hindu**

Unlocking the Potential of India-Africa Economic Ties

Context

- India's engagement with Africa has entered a **renewed and strategically significant phase**, shaped by global economic uncertainty and changing geopolitical realities.
- Prime Minister Narendra Modi's visits to African countries in 2025 underscore Africa's growing importance in India's foreign economic policy.
- While India and Africa share long-standing cultural and political ties, their relationship is now increasingly driven by economics.
- Amid restructuring global supply chains and the emergence of a multipolar world order, **Africa has become central to India's long-term economic aspirations**.

The Global Context: Uncertainty in Traditional Markets

- A key driver of India's intensified focus on Africa is **rising uncertainty in traditional Western markets**.
- In FY24, around **40% of India's exports were directed to the United States and the European Union**, exposing India to risks from economic slowdowns, protectionism, and policy volatility. Diversifying export destinations has therefore become imperative.
- **Africa, with its expanding population**, growing consumer markets, and industrial potential, **offers a viable alternative** for reducing dependence on the West.

Current Trade Dynamics and Comparative Disadvantages

- India is **Africa's fourth-largest trading partner**, with bilateral trade nearing **\$100 billion**, yet its presence remains limited compared to China.
- **China's trade with Africa exceeds \$200 billion**, accounting for over **21% of Africa's imports**, with a strong concentration in high-value industrial goods such as machinery, electrical equipment, and semiconductors.
- In contrast, **India's exports remain dominated by petroleum products, pharmaceuticals, rice, and textiles**, reflecting a lower degree of industrial integration.
- This imbalance highlights the need for India to move beyond traditional exports and strengthen its manufacturing and technology footprint.

A Five-Pillar Strategy for Deeper Engagement

• Reducing Trade Barriers

- The **first pillar** focuses on **reducing trade barriers** through preferential trade agreements and comprehensive economic partnerships, particularly with African regional economic communities.
- **Deeper engagement with the African Continental Free Trade Area (AfCFTA)** can provide Indian exporters access to a more integrated continental market.

• Value Added Manufacturing and Joint Ventures

- The **second pillar** emphasises **transitioning from low-value commodity exports to value-added manufacturing and joint ventures**.

- Establishing manufacturing units in Africa offers Indian firms **dual advantages**: preferential access to Western markets through favourable tariff regimes and direct participation in
- Africa's growing industrial base. **Better utilisation of incentives offered by African governments remains critical** to achieving this shift.

• Scaling Up Trade Finance

- The **third pillar** prioritises **scaling up trade finance and Lines of Credit**, especially to support micro, small, and medium enterprises (MSMEs).
- African markets present **greater entry opportunities for MSMEs** than highly competitive Western economies.
- However, **limited access to finance, high perceived risk, and insufficient policy focus** constrain their participation.
- Measures such as **local currency trade, joint insurance pools, and improved credit access** could significantly enhance MSME engagement.

• Infrastructure, Services, and Connectivity

- The **fourth pillar** focuses on **reducing freight and logistics costs** through investments in **port modernisation, hinterland connectivity, and India-Africa maritime corridors**. Improved infrastructure is essential to making trade competitive and sustainable.

• Digital Co-Operation and People to People Connect

- The **fifth pillar** stresses the importance of **services trade, digital connectivity, and people-to-people ties**.
- India's strengths in **information technology, healthcare, professional services, and skill development** position it as a valuable partner for African economies.
- **Expanding services exports can generate high value and stimulate goods trade**, though existing policy frameworks require substantial improvement to realise this potential.

Investment and the Role of the Public Sector

- Sustained engagement with Africa also depends on **stronger investment ties**.
- Currently, Indian investments are **distorted by financial flows routed through Mauritius**, often aimed at tax optimisation rather than productive investment.
- **Bureaucratic hurdles, political instability, and high financing costs** further deter private firms.
- In this context, **Indian public sector units can play a catalytic role**, particularly in **mining, mineral exploration, infrastructure, renewable energy, and critical technologies**, helping de-risk markets and attract private investment.

Conclusion

- India's engagement with Africa must move **beyond transactional trade toward long-term, sustainable partnerships.**
- As global supply chains realign and economic power becomes more distributed, **Africa will remain central to India's global ambitions.**
- The moment is ripe for India to **recalibrate its economic diplomacy, strengthen institutional mechanisms, and deepen its economic footprint across the continent.**
- Achieving this will require not only ambition but also **effective execution, policy coherence, and sustained political commitment.**

Unlocking the Potential of India-Africa Economic Ties FAQs

Q1. Why has Africa become strategically important for India's economic policy?

Ans. Africa has become strategically important because uncertainty in Western markets and shifting global supply chains make export diversification essential for India.

Q2. How does India's trade presence in Africa compare with China's?

Ans. India is Africa's fourth-largest trading partner, but its trade volume and industrial exports remain significantly lower than China's.

Q3. What is the objective of India's five-pillar strategy toward Africa?

Ans. The objective of the five-pillar strategy is to double India-Africa trade by 2030 while deepening industrial, financial, and services engagement.

Q4. Why are MSMEs important in India-Africa trade relations?

Ans. MSMEs are important because African markets offer them easier entry opportunities compared to Western economies if adequate trade finance is provided.

Q5. What role should Indian public sector units play in Africa?

Ans. Indian public sector units should lead investments in sectors such as mining, infrastructure, renewable energy, and critical technologies to strengthen long-term partnerships.

Source: **The Hindu**

IndiGo Meltdown and Regulatory Capture in Indian Aviation

Context

- The Directorate General of Civil Aviation (DGCA) proposed new Flight Duty Time Limitations (**FDTL**) in January 2024 to ensure adequate rest for pilots and enhance passenger safety.
- However, repeated delays, selective regulatory relaxations, and alleged political influence culminated in a massive operational crisis at IndiGo in December 2025, when over **1,000 flights were cancelled**, stranding thousands of passengers.
- The episode has raised serious concerns about **regulatory capture** (when regulators act in favour of the industry they regulate rather than the public), monopoly abuse, aviation safety, and governance failures in

Background – FDTL and IndiGo's Dominance

- FDTL norms aim to **prevent pilot fatigue**, a globally recognised aviation safety risk.
- IndiGo allegedly ignored DGCA notifications, failed to recruit or train pilots, and continued aggressive scheduling.
- Pilot complaints were disregarded, and court cases were filed.
- DGCA repeatedly postponed implementation, allegedly favouring IndiGo.
- Final implementation was ordered only under court directions, effective July 1 and November 1 (in phased manner), nearly two years after proposal.

The IndiGo Meltdown

- On December 5, over 1,000 IndiGo flights were **cancelled**. Thousands of passengers were stranded nationwide.
- The crisis exposed **operational fragility**, poor workforce planning, and regulatory complacency.

Market Structure and Monopoly Concerns

- **Market capture:** IndiGo controls about **65%** of India's aviation market. Tata Group airlines (Air India) hold less than 30% market share.
- **Passenger volume:** It grew from 4 crore (2004) to 40 crore (2025), but airlines reduced from 8 to 2 major players.
- **Concerns:** This reflects **monopolisation** and regulatory capture, where regulators protect private profit over public interest.

Political Economy Angle

- **Political donations:** Rs 58 crore by InterGlobe Aviation via electoral bonds (mainly to the ruling party).
- **Alleged nexus:** Between donations, regulatory leniency, and delayed safety compliance.
- **Control over the pilot training:** Acquisition of Flight Simulation Technique Centre (FSTC) by Adani Group raised concerns about control over the pilot training ecosystem, especially given India's need for 30,000 pilots in 15 years.

Global Comparison – Southwest Airlines Crisis (USA)

- **What happened:** December 2022 winter storm triggered cancellations. Over 16,000 flights cancelled, 2 million passengers stranded.
- **Root causes:** Outdated, inflexible rostering and IT systems. Ignored internal warnings from pilots' union.
- **Regulatory response:**
 - US Senate investigation – \$140 million fine by US Department of Transportation (DOT), \$600 million reimbursement to passengers.
 - The airline estimated total losses, both direct and indirect, to be nearly \$1 billion.

- Southwest re-evaluated its systems and committed to major resilience-focused upgrades.
- **Outcome:** By early 2025, Southwest regained operational reliability.
- **Lesson for India:** Strong, independent regulation ensures accountability and system resilience.

Key Issues Highlighted Amid Indigo Meltdown

- **Regulatory failure:** Selective enforcement of safety norms. Weak accountability of DGCA leadership.
- **Monopoly abuse:** Dominant market share enabling fare manipulation and safety compromises.
- **Passenger exploitation:** Removal of fare cap led to exorbitant prices (e.g., after the Odisha train accident, airlines reportedly charged as much as Rs 1,00,000 for a Chennai-Bhubaneswar ticket). Fare cap reimposed only after crisis (December 5).
- **Governance deficit:** Lack of an independent aviation regulator. Executive-controlled DGCA under Aircraft Act, 1934.

Way Forward

- **Immediate measures:** Accountability of political and bureaucratic leadership. Independent DGCA inquiry with time-bound reporting. Financial penalties on IndiGo to fund passenger compensation.
- **Legal and regulatory actions:**
 - **The Competition Act:** It empowers the government to impose penalties of up to 10% of the company's average turnover over the last three years. It empowers the government to impose a structural remedy to break up a monopoly.
 - **The Consumer Protection Act:** Initiate suo motu action to impose penalties.
 - **Redistribution** of airport slots to promote competition.
- **Structural reforms:**
 - Establish an autonomous **Civil Aviation Authority (CAA)** through an Act of Parliament (as proposed in 2012), on the lines of the US FAA.
 - Parliamentary oversight via a **Joint Parliamentary Committee (JPC)** to examine regulatory lapses and political funding nexus.
- **Fare regulation:** Introduce price bands or permanent fare caps in monopolistic or emergency situations to protect consumers.

Conclusion

- The IndiGo meltdown is not merely an operational failure but a **systemic governance crisis** rooted in regulatory capture, monopoly dominance, and weak institutional accountability.
- **Global experience** shows that strong, independent regulators and stringent penalties are essential to safeguard passenger interest and aviation safety.
- For India, restructuring aviation regulation and restoring public trust must become immediate policy priorities to ensure that rapid growth does not come at the cost of **safety and equity**.

Indigo Meltdown FAQs

Q1. How regulatory capture has manifested in India's civil aviation sector?

Ans: It is evident in repeated postponement of FDTL safety norms, selective regulatory relaxations, etc.

Q2. How does the delay in implementing Flight Duty Time Limitations (FDTL) impact aviation safety?

Ans: It increases pilot fatigue, compromises flight safety, and violates international best practices on crew welfare.

Q3. How is the regulatory response to the IndiGo crisis in India compared with the Southwest Airlines crisis?

Ans: While US regulators ensured systemic reforms, Indian regulators showed regulatory forbearance and delayed accountability.

Q4. What are the implications of market concentration in the Indian aviation sector?

Ans: It enables fare manipulation, weakens service quality, reduces competition, and necessitates price regulation to protect consumers.

Q5. Why is there a need to replace the DGCA with an autonomous Civil Aviation Authority (CAA) in India?

Ans: It would ensure independent regulation, technical competence, and accountability, reducing political and corporate influence over aviation safety.

Source: IE

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