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Analysing India's Cycle of Deprivation and Affluence

Context

- It was the best of times; it was the worst of times," wrote Charles Dickens in A Tale of Two Cities.
- The phrase captures India's economic trajectory between 2014 and 2025, a period marked by visible prosperity alongside deepening distress.
- While narratives of growth and declining inequality dominate public discourse, patterns of **income mobility**, **vulnerability**, and **distributional change** reveal a more complex reality.
- The dominant trend over the decade points toward rising **downward mobility**, uneven **upward mobility**, and persistent **structural inequality** shaped by caste, religion, and geography.

Understanding Income Mobility: Concept and Method

- **Defining Mobility**
 - Households are grouped into three categories based on 2014 per capita income: top 10 percent, next 40 percent, and bottom 50 percent.

- Mobility is measured relative to this benchmark: movement upward, downward, or remaining unchanged. This framework captures shifts in **economic position** rather than isolated income levels.

- **Data and Periodisation**

- The analysis relies on real per capita income data from the Consumer Pyramids Household Survey (2014–2025), structured as a balanced panel.
- The decade is divided into two phases, 2014–19 and 2019–24, to assess shifts around the 2019 general election.
- This approach enables assessment of **longitudinal trends**, **election cycles**, and structural shifts.

National Trends: A Tilt Toward Decline

- Downward mobility nearly doubled from 14 percent in 2015 to 26.8 percent in 2025. Meanwhile, the proportion of households remaining in the same income group fell from over 70 percent to below half.
- Although upward mobility rose from 14.1 percent to 23.5 percent, it consistently lagged behind decline. By 2025, more than one in four households were worse off relative to 2014.
- The balance of movement increasingly favoured descent rather than ascent, reflecting growing **economic insecurity**, fragile **household resilience**, and widening **income dispersion**.
- The pattern suggests that aggregate growth has not translated into broad-based progress.

Rural-Urban Divide: Uneven Gains

- **Rural India: Persistent Vulnerability**

- Rural areas experienced sharper deterioration. By 2025, nearly 29 percent of rural households had slipped below their 2014 income rank.
- The steepest fall occurred during 2014–19, with continued instability thereafter. Limited diversification, dependence on agriculture, and stress in the **informal sector** intensified rural fragility.

- **Urban India: Relative Advantage, Limited Assurance**

- Urban households fared relatively better, with stronger upward mobility and slower increases in decline.
- Yet downward mobility rose steadily even in cities. Gains were concentrated in specific sectors and regions, reinforcing **regional disparities**.
- Urban advantage did not eliminate volatility; it merely moderated it.

Caste as a Structural Determinant of Mobility

- Downward mobility increased across all caste groups, with sharper rises among OBC and SC households.
- By 2025, roughly a quarter or more of these households were worse off than in 2014.
- Upward mobility improved for Unreserved groups and OBCs but remained limited for SC households, reflecting constrained **social mobility** and reduced access to **asset ownership** and **quality education**.
- Scheduled Tribes displayed comparatively lower downward mobility and occasional stronger upward gains, possibly linked to targeted interventions.

Religious Inequalities in Mobility

- Downward mobility rose among all major religious groups, with pronounced increases among Hindu and Muslim households.
- Upward mobility grew more steadily for Sikh and Christian households in earlier years, though momentum weakened later.
- Muslim households exhibited weaker upward mobility relative to Hindus, indicating barriers to economic ascent.
- The pattern reflects constraints rooted in **discrimination**, limited **opportunity expansion**, and uneven access to employment networks.

Political and Economic Turning Points and The Broader Implications

• Political and Economic Turning Points

- The 2019 general election consolidated power for the Bharatiya Janata Party, marking a decisive political moment. Soon after, the COVID-19 crisis generated widespread humanitarian and economic disruption.
- Prolonged stress in agriculture and informal employment weakened recovery, exposing limited **policy responsiveness** and gaps in **social protection**.
- The absence of a coherent strategy to revive employment-intensive sectors slowed upward income shifts.

• The Broader Implications: Mobility and Social Stability

- An economy where downward mobility outpaces upward movement risks eroding **social stability**. When inequality solidifies into reduced mobility, **aspiration** yields to frustration.
- Visible affluence among a minority contrasts sharply with expanding precarity among vulnerable groups.
- Static poverty metrics fail to capture this churn; mobility analysis reveals lived volatility and growing **distributional stress**.

Conclusion

- Between 2014 and 2025, India's economic landscape combined expansion with regression. Downward mobility rose more sharply than upward mobility, particularly in rural areas and among historically marginalised communities.
- Caste, religion, geography, and local inequality continue to shape economic life chances.
- Sustainable progress requires strengthening **public health**, expanding **employment-intensive growth**, investing in education, and reinforcing social protection.
- Addressing discrimination is integral to restoring mobility and renewing faith in economic progress.
- Without reversing entrenched inequality, the promise of upward mobility will remain uneven, fragile, and uncertain.

Analysing India's Cycle of Deprivation and Affluence FAQs

Q1. What was the main economic trend observed between 2014 and 2025?

Ans. The main trend was a significant rise in downward mobility, with more households slipping down the income

ladder than moving upward.

Q2. How did rural and urban mobility patterns differ?

Ans. Rural households experienced sharper economic decline and greater vulnerability, while urban households showed relatively better but still uneven mobility outcomes.

Q3. How did caste influence income mobility during this period?

Ans. Caste remained a structural determinant of mobility, with Scheduled Castes and Other Backward Classes facing higher downward mobility and weaker upward movement.

Q4. What role did inequality at the district level play in mobility?

Ans. Higher district-level inequality increased the likelihood of households experiencing downward mobility rather than upward progress.

Q5. Why is income mobility analysis important for understanding inequality?

Ans. Income mobility analysis is important because it captures dynamic shifts in economic position that static poverty or inequality measures cannot fully reveal.

Source: **The Hindu**

The Shift of Critical Minerals to India's Strategic Centre

Context

- Three years ago, at the start of India's G20 presidency, **critical minerals** were not central to strategic policy.
- Minerals such as **lithium** remained classified as atomic minerals, restricting private participation.
- Recent policy reforms and the Union Budget mark a decisive transformation: critical minerals are now integral to India's **industrial strategy**, **energy transition**, and **geopolitical positioning**.
- The national focus has shifted from policy formulation to **large-scale execution**, emphasising speed, depth, and technological capability.

The Policy Shift: From Peripheral Concern to Strategic Priority

- **Emergence of a Comprehensive Framework**
 - India has established a structured framework to strengthen **mineral security**.
 - A list of 30 critical minerals has been identified, royalty rates rationalised, and private exploration liberalised.
 - In January 2025, the government launched the National Critical Mineral Mission (NCMM) with a ₹16,300 crore outlay, signalling long-term commitment.
 - This framework places India among countries pursuing **resource resilience** through coordinated planning and investment.
- **The Execution Challenge**

- Despite policy clarity, execution remains complex. Mineral discovery and development require sustained capital and long gestation periods.
- More critically, global **processing capacity** is highly concentrated, with China controlling up to 90% for several key minerals.
- This dominance creates vulnerabilities in global **supply chains**.
- Therefore, India's strategy must extend beyond mining to strengthening domestic refining, value addition, and downstream integration.

India's Existing Capabilities and Industrial Potential

- According to the Council on Energy, Environment and Water, domestic industries already produce high-purity copper, graphite, rare earth oxides, tin, and titanium, often exceeding 99.9% purity.
- These capabilities demonstrate technical competence in **high-purity processing**.
- However, production volumes remain limited and largely oriented toward conventional industries.
- Meeting the demands of **clean technologies, defence manufacturing**, and advanced electronics requires **technological upgrading**, capacity expansion, and deeper refining.
- Established strengths in chemicals, pharmaceuticals, and textiles provide transferable skills for scaling complex mineral processing.

Priority Areas for Effective Implementation

- **Creating Domestic Demand for Processed Minerals**
 - Budget 2026 advances implementation by removing import duties on capital goods used in mineral processing, easing the burden of **high capex**
 - Yet investor confidence depends primarily on assured domestic demand.
 - Government initiatives promoting **electric vehicles**, batteries, solar modules, and wind turbines create an opportunity for **backward integration**, but delays increase uncertainty for midstream processors.
 - Expanding the deployment of domestically manufactured clean technologies would stimulate demand for processed minerals, strengthen upstream mining, and deepen industrial ecosystems.
- **Adopting an AI-First Approach to Exploration**
 - The NCMM targets 1,200 exploration projects by FY2031, supported by tax deductions for exploration expenditure on nine critical minerals, including previously restricted elements such as beryllium, tantalum, lithium, and niobium.
 - Exploration, however, remains inherently risky and capital-intensive.
 - An **AI-first approach** can significantly enhance **prospectivity analysis** and reduce uncertainty.
 - Aligning the IndiaAI Mission, the National Geospatial Policy, and Mission Anveshan can strengthen the use of **geospatial analytics** and seismic AI tools.
- **Leveraging Geopolitical Disruption for Technological Sovereignty**
 - The weaponisation of rare earth magnets and battery supply chains in 2025 exposed systemic fragility in global industrial networks.

- India's initiatives, including rare earth corridors and reduced import duties on monazite sands, reflect efforts to build **technological sovereignty**.
- To succeed, states must utilise existing infrastructure and skilled manpower to serve global markets, generate employment, and strengthen regional economies.

The Importance of International Partnerships

- Domestic reforms must be complemented by strategic global engagement.
- India should deepen partnerships with technologically advanced countries such as Australia, Japan, the United Kingdom, the United States, and European nations.
- These countries possess advanced mineral processing and component manufacturing expertise.
- Encouraging firms from these regions to establish operations in India will require **regulatory certainty**, strong legal safeguards, research collaboration, and predictable market access.
- Institutional mechanisms such as the India-European Union Free Trade Agreement provide a framework for structured cooperation.
- Financial incentives, including the ₹7,280 crore scheme for rare earth permanent magnets, must be supported by long-term stability and transparent governance to foster durable **international collaboration**.

Conclusion

- India's repositioning of critical minerals marks a structural shift in its development strategy.
- By prioritising **mineral security**, expanding domestic processing, encouraging **demand creation**, adopting **AI-driven exploration**, and strengthening **global partnerships**, India aims to build a resilient and integrated ecosystem.
- Sustained **inter-ministerial coordination**, proactive state leadership, and technological advancement will determine success.
- In a volatile global environment, leadership in critical minerals will depend not only on resource availability but on coherent execution, innovation, and strategic foresight.

The Shift of Critical Minerals to India's Strategic Centre FAQs

Q1. Why have critical minerals become strategically important for India?

Ans. Critical minerals have become strategically important because they are essential for India's industrial growth, clean energy transition, and geopolitical security.

Q2. What is the objective of the National Critical Mineral Mission?

Ans. The objective of the National Critical Mineral Mission is to strengthen mineral exploration, processing capacity, and long-term mineral security in India.

Q3. Why is mineral processing a major challenge globally?

Ans. Mineral processing is a major challenge because China controls a dominant share of global processing capacity for several critical minerals.

Q4. How can Artificial Intelligence improve mineral exploration?

Ans. Artificial Intelligence can improve mineral exploration by enhancing data analysis, increasing prospectivity accuracy, and reducing financial risks.

Q5. Why are international partnerships important for India's critical minerals strategy?

Ans. International partnerships are important because they provide access to advanced technology, strengthen supply chains, and promote global collaboration.

Source: **The Hindu**

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