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The Constitution 130th Amendment Bill 2025 and the Future of Indian Democracy: Ethics, Law, and Politics

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Scanned by Camera Scanner

9) Beyond Resignation Politics: Building a Ministerial Integrity System in India through South African Constitutional Design
Pranav Patil
Madhuri Dadage **99**

10) Reappointment After Custody Release: Constitutional Paradox and Accountability Design in India .....
Tejashree Satish Daunde
Arundhati Kumbharikar **109**

11) Balancing Justice and Digital Transparency: Implications of the 130th Constitutional Amendment Bill, 2025 for Ethical E-Governance.....
Mayuri Shinde-Raut **118**

12) The Digital Scaffold of Crisis: Social Media's Role in Shaping Political Narratives and Challenging Judicial Integrity during Ministerial Detentions .....
Madhuri Dadage
Pranav Patil **128**

13) Detention, Democracy, and Development: A Political-Economy Analysis of India's 130th Constitutional Amendment Bill (2025) .....
Rohan Bavadekar
Ashutosh Naik **145**

14) Media Trials vs. Rule of Law: The Risk of Public Prejudgment in Ministerial Custody Cases
Siddha Kulkarni-Deshmukh
Dr. Shubhangi Bhaid **165**

15) Politicising Morality : A Socio-Legal Analysis of The 130th Constitutional Amendment Bill, 2025 .....
Palak Srivastava **185**

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Detention, Democracy, and Development: A Political-Economy Analysis of India's 130th Constitutional Amendment Bill (2025)

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Abstract.

The Constitution (One Hundred and Thirtieth Amendment) Bill, 2025 proposes that the Prime Minister, Chief Ministers, and other Union/State/Delhi Ministers shall cease to hold office if they are arrested and detained for thirty consecutive days on specified "serious" criminal charges (punishable by five years or more). Proponents frame the Bill as restoring constitutional morality and strengthening governance; critics warn it substitutes arrest for conviction and risks politicizing law enforcement, with important consequences for political stability, fiscal governance, investor confidence, and institutional integrity. This article outlines the Bill's key mechanics, situates the reform in constitutional and institutional context, and analyses likely short- and medium-term economic effects from an applied political-economy perspective

Introduction

The 130th Constitutional Amendment redefines the conditions under which a person may continue to serve in ministerial office by directly linking executive tenure to a minister's custodial status within the criminal justice process. As introduced, the Bill establishes that any member of the Council of

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Ministers at either the Union or State level expressly including the Prime Minister and Chief Ministers must vacate office when two cumulative criteria are satisfied. First, the individual must face formal charges for an offence carrying a maximum statutory punishment of not less than five years' imprisonment. Second, the individual must remain in uninterrupted judicial or police custody for a continuous period of thirty days. Upon the completion of this period, the officeholder is obligated to resign or be removed, and in the absence of such action, the constitutional amendment provides for automatic termination of the ministerial appointment on the thirty-first day.

The ambit of the provision is deliberately expansive. It applies to senior executive positions across both tiers of the federal structure and is designed to be replicated, through associated legislation, for ministers serving in specified Union Territories. In doing so, the Bill converts a procedural stage of criminal investigation custodial detention during ongoing proceedings into a constitutional basis for loss of executive authority. This marks a departure from earlier conventions, under which ministers typically remained in office unless they were formally convicted, disqualified by law, or removed through political processes.

In operational terms, the amendment introduces a compressed and self-executing timeline. Once the statutory period of detention has elapsed, the officeholder may either step down voluntarily or be removed through the constitutionally designated appointing authority namely, the President at the national level acting on ministerial advice, or the Governor at the state level acting on the advice of the Chief Minister. If neither course is pursued within the prescribed timeframe, the amendment itself triggers cessation of office, thereby narrowing the space for political negotiation or discretionary delay and placing substantial institutional weight on investigative and remand decisions made at the early stages of criminal proceedings.

The Bill's design also gives rise to several immediate administrative and constitutional uncertainties. It does not clearly address the method for filling temporary vacancies, the status of the affected individual's legislative membership after cessation of ministerial office, or the availability of fast-track judicial remedies in cases where detention is later deemed unlawful, procedurally flawed, or politically motivated. By making detention rather than judicial conviction the operative standard for executive disqualification, the amendment forges a direct connection between the timing of criminal procedures and the continuity of government leadership.

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This feature represents a notable institutional departure. Traditionally, isterial removal has flowed either from political accountability mechanisms, ch as loss of legislative support, or from legal consequences following final judication. The 130th Amendment, by contrast, introduces a pre-adjudicatory nchmark, allowing the preliminary phases of the criminal process to influce the composition and stability of the executive.

From an administrative perspective, the amendment places formal sponsibility on constitutional authorities the President and Governors hile simultaneously limiting the practical scope of their discretion. The provin for automatic termination in the absence of timely action effectively duces the role of advisory judgment and constrains opportunities for political ediation or institutional buffering.

Finally, by embedding the timelines of law enforcement and judicial stody into the constitutional framework governing executive tenure, the nendment establishes a structural linkage between criminal justice institutions nd political leadership stability. This integration has broader systemic conseuences: the pace of investigation, remand, and judicial oversight becomes a ariable shaping cabinet composition, intergovernmental coordination, and conuity of executive authority. In this sense, the Bill extends beyond an ethical r procedural reform and constitutes a substantive reconfiguration of the relaionship between the criminal justice system and the executive branch within ndia's constitutional order.

Legislative history and immediate politics

The Constitution (One Hundred and Thirtieth Amendment) Bill, 2025 was placed before the Lok Sabha in August 2025 as part of a broader legislative initiative that the Union Government presented as an effort to reinforce standards of accountability in public office. The Bill was formally introduced on 20 August 2025 and was accompanied by two related legislative proposals designed to extend comparable ministerial removal provisions to selected Union Territories, including Puducherry and Jammu & Kashmir. Rather than proceeding through the ordinary legislative sequence, the measure was treated as one of constitutional significance: its text and Statement of Objects and Reasons were formally recorded in parliamentary proceedings, and it was referred to a Joint Parliamentary Committee (JPC) for in-depth examination prior to detailed consideration by the House.

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From an administrative perspective, the sponsoring authorities characterised the amendment as a narrowly tailored corrective intervention. The Ministry of Home Affairs and ministers representing the government emphasised that the proposal applies only to "serious offences," defined in statutory terms as offences carrying a maximum punishment of five years' imprisonment or more. Official explanations framed the measure as a means of preventing individuals who remain in extended custody from continuing to exercise executive authority, thereby seeking to reinforce public confidence in the integrity of governance. The government further underscored the objective of regulatory and ethical uniformity across the federal structure, arguing that the amendment establishes a consistent accountability standard for the Union, the States, and designated Union Territories without diminishing existing legal protections.

The decision to refer the Bill to a Joint Parliamentary Committee initiated a phase of structured consultation and evidentiary review. According to parliamentary schedules and committee records, the JPC invited submissions and testimony from the sponsoring ministries, as well as from academic institutions, legal research organisations, and civil-society groups. The committee's cross-party composition and publicly stated mandate reflected an intention to evaluate both constitutional questions such as compatibility with the separation of powers and the principle of presumption of innocence and practical concerns, including procedures for filling ministerial vacancies and the interaction of the amendment with state-level constitutional arrangements. The use of the JPC mechanism thus signalled legislative recognition of the amendment's far-reaching institutional implications and the need for expert scrutiny before final enactment.

Public and political responses were immediate and sharply divided. Opposition leaders and several state chief ministers condemned the proposal as excessive and constitutionally problematic. High-profile figures, including the Chief Ministers of West Bengal and Tamil Nadu, described the amendment as a potential threat to federal balance and democratic practice. Critics warned that by treating detention as a basis for removal, the Bill could enable the strategic use of investigative and custodial processes to displace political rivals, effectively transforming law enforcement tools into instruments of political competition. These objections combined legal arguments emphasising the distinction between investigation and adjudication with broader political-economy concerns about centralisation of authority and the marginalisation of regional parties. National media reporting and public statements amplified these critiques and positioned them at the centre of the legislative debate.

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Supporters and opponents also diverged in their assessment of the amendment's practical consequences. Advocates maintained that individuals under prolonged detention should not continue to exercise control over public finances, policy direction, or administrative machinery, framing the measure as a governance safeguard. Detractors countered that reliance on detention as the decisive threshold risks replacing judicial determination with prosecutorial discretion, thereby increasing the scope for partisan influence over executive composition. Legal commentators and civil-liberties scholars cautioned that, in the absence of explicit safeguards such as accelerated judicial review, formal restoration mechanisms for ministers later found to have been unlawfully detained, and clear protocols for interim allocation of ministerial portfolios the amendment could undermine institutional credibility and disrupt administrative continuity. Early analyses in legal periodicals and policy forums urged the JPC to prioritise these concerns in its deliberations.

Because the amendment directly affects the most senior executive offices within the federal system, its implications extend beyond routine partisan disagreement to questions of institutional balance and intergovernmental relations. Several state leaders argued that increased vulnerability of chief ministers to removal through custodial processes could alter centre–state bargaining dynamics and raise the political and administrative costs of federal coordination. Analysts in political-economy literature observed that the amendment's ultimate impact will depend less on its formal provisions than on patterns of implementation: selective or uneven enforcement could intensify asymmetries between the central government and politically weaker states, whereas consistent and procedurally fair application could enhance public confidence in executive accountability. These contingencies, in turn, formed a central focus of the JPC's consultative and evaluative mandate.

Constitutional concerns with economic implications

Legal scholars, civil-society groups, and constitutional commentators have raised three interlocking objections to the 130th Amendment each of which has direct and measurable economic consequences when translated into policy risk, investor behavior, and public finance.

(a) Presumption of innocence and market confidence

A central legal objection is that the amendment substitutes pre-trial detention for judicial conviction as the constitutional trigger for removal.

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Critics argue this reverses a foundational criminal-law safeguard the presumption of innocence by making an investigatory event (remand or custody) the decisive criterion for political disqualification. That shift matters economically because reputational and policy risks follow far faster from arrest than from conviction: markets, bureaucrats, and foreign investors respond to news of arrest and prolonged custody well before courts render any verdict. Empirical political-economy work shows that perceptions of rule-of-law erosion and increased prosecutorial discretion raise risk premia, depress investment, and lengthen the time horizon required for project approvals. In sum, using detention (rather than conviction) as the disqualifying event amplifies the informational shock to markets and can lead to an outsized and premature economic response when the political consequences of an arrest are constitutional and automatic.

(b) Separation of powers and the politicization of enforcement

A second constitutional concern is that the amendment effectively hands part of the political-disqualification function to the machinery of criminal investigation and prosecution. Where investigative agencies are perceived as politically influenced, the amendment converts arrests into instruments of political contestation: if detention can unseat a Prime Minister, Chief Minister, or other minister after thirty days, then those who control or can influence investigators gain an indirect lever over the composition of government.

Economically, this creates two distinct harms. First, it increases the expected incidence of "selective enforcement" risk firms and investors price the possibility that regulatory and criminal-enforcement tools may be used strategically against rivals or dissenting regions. Second, it raises policy volatility: ministries facing sudden leadership vacancies (or the threat thereof) may delay regulatory action, freeze long-term projects, or defer contracts until tenure is stabilised. Both channels are shown in cross-country studies: higher perceived political-legal risk reduces FDI and alters firm behaviour in supply-chain and contract decisions. The constitutional literature therefore links a formal empowerment of investigative outcomes to tangible economic costs via politicisation and uncertainty.

(c) Automatic removal and executive continuity fiscal and macroeconomic channels

The amendment's automaticity a hard thirty-day clock after which

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office is vacated if detention continues generates a credibility problem for fiscal and macroeconomic management. Frequent or credible threats of sudden executive turnover raise borrowing costs for governments and private-sector partners, since large projects and multi-year budgets rely on continuity at the top. Empirical literature dating back to Alesina et al. and subsequent studies demonstrates a robust negative relationship between political instability and economic growth indicators such as investment, credit spreads, and fiscal balance. Practical implications include: (i) higher risk premia on state-level borrowing if chief ministers face removal risk; (ii) slower or more conservative public-capital deployment; and (iii) a tendency for private investors to demand stronger contractual protections or exit options, increasing the effective price of capital. In federal systems like India, these effects may differ across states depending on political strength and institutional insulation, so the amendment could exacerbate inter-state divergences in creditworthiness and investment inflows.

Complementary pathways and distributional effects

In addition to the primary constitutional and economic concerns, there are several indirect but economically significant channels through which the amendment may shape institutional performance and resource allocation. If the provision results in an increased use of arrest and detention for strategic or political purposes, the volume of legal challenges and fast-track judicial proceedings is likely to expand. This, in turn, can absorb judicial and prosecutorial capacity that would otherwise be devoted to routine criminal adjudication and civil dispute resolution, thereby reducing the overall efficiency of contract enforcement and increasing transaction costs within the economy.

By contrast, where the amendment operates as a credible and impartial deterrent to misconduct, the longer-term benefits may be substantial. Improved integrity in executive decision-making can enhance the quality of public expenditure, strengthen the provision of public goods, and support more disciplined fiscal management. These gains, however, are not automatic and depend fundamentally on the neutrality of enforcement.

The distributional consequences are therefore central to evaluating aggregate welfare effects. Evenly applied, rights-based implementation has the potential to generate broad governance improvements across regions and political constituencies. Selective or biased application, on the other hand, may impose disproportionate economic costs on particular states or political group-

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ings, particularly those led by opposition parties, by discouraging private investment and distorting the geographic and sectoral allocation of capital. Both empirical evidence and normative institutional theory point toward a common conclusion: the overall economic and social value of the amendment is contingent on the presence of robust procedural safeguards. Independent prosecutorial standards, timely and accessible judicial review, and transparent mechanisms for reinstatement or remedy are critical in determining whether the reform functions primarily as a tool for reducing malfeasance or, alternatively, as an instrument that enables the strategic use of criminal law for political advantage.

Political-economy pathways to economic outcomes
Governance and corruption incentives

A principal argument advanced by proponents of the 130th Amendment Bill is that it increases the political and legal cost of misconduct by rendering extended custodial detention incompatible with continued participation in the executive. In economic terms, the amendment seeks to heighten the expected penalty attached to unlawful or corrupt behavior by converting detention from a temporary reputational signal into a decisive institutional consequence. Within a conventional deterrence framework, where political actors compare the anticipated gains from misconduct with the likelihood and severity of sanction, such a design is expected at least in theory to reduce equilibrium levels of rent-seeking and abuse of public authority (Becker, 1968; Rose-Ackerman & Palifka, 2016).

Viewed through this lens, the reform may enhance the efficiency of public-sector resource allocation by discouraging high-discretion practices that are especially vulnerable to legal challenge, including preferential procurement, regulatory favoritism, and politically motivated fiscal transfers. Over time, these behavioral adjustments could translate into improved transparency in contracting, higher quality of public expenditure, and more reliable delivery of collective goods. Comparative empirical studies associate lower political corruption with stronger tax compliance, more effective infrastructure provision, and improved development outcomes, suggesting that credible accountability mechanisms at the apex of the executive can generate positive institutional spillovers throughout the administrative hierarchy (Mauro, 1995; World Bank, 2020).

The effectiveness of this deterrent, however, is contingent on the perceived neutrality and reliability of enforcement institutions. Where the likeli-

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hood of detention is uniform across political affiliations and policy positions, the expected cost of misconduct rises evenly for all officeholders, allowing the amendment to function as a system-wide governance reform that aligns political incentives more closely with legal compliance and constrains the capture of public resources.

This logic is fundamentally altered when enforcement is viewed as politically conditioned. Scholars of governance and constitutional law caution that if investigative agencies operate under partisan influence, the probability of arrest and extended custody may vary more by political alignment than by the gravity of alleged wrongdoing. Under such circumstances, the amendment can give rise to what political economists describe as "asymmetric" or "selective" deterrence: politically marginal or opposition figures face elevated risks of sanction, while dominant actors effectively enjoy lower exposure. The consequence is not a uniform reduction in corruption, but a reallocation of political and economic advantage toward those with greater leverage over legal and prosecutorial institutions (Acemoglu & Robinson, 2012; Khwaja & Mian, 2005).

From an institutional perspective, selective deterrence can distort policymaking incentives. Politically exposed ministers may adopt an overly cautious posture, avoiding policy experimentation or high-discretion reforms that could attract scrutiny. This behavioral response can delay regulatory reform, slow infrastructure development, and discourage engagement in politically sensitive sectors such as land policy, environmental regulation, and public–private partnerships. Conversely, actors operating within more secure political environments may face weaker constraints, allowing entrenched patronage networks to persist.

There is also a dynamic channel through which the amendment may reshape the nature of political competition. If custodial processes become an effective means of displacing political rivals, competing factions may devote greater resources to legal and investigative strategies rather than to electoral mobilization or public-goods provision. The literature on the strategic use of legal institutions in political conflict suggests that such shifts can erode institutional trust and weaken democratic accountability, with secondary effects on bureaucratic performance and investor confidence (Levitsky & Ziblatt, 2018; Ginsburg & Huq, 2018).

Distributional effects are therefore central to assessing aggregate gover-

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nance outcomes. If enforcement pressures fall unevenly across regions, parties, or social coalitions, potential gains from reduced corruption may be offset by localized investment slowdowns, fiscal stress in politically vulnerable states, or unequal access to discretionary transfers and central programs. In a federal setting, such asymmetries can widen regional differences in growth trajectories, borrowing capacity, and infrastructure quality, even if headline national indicators of integrity show improvement.

Finally, the credibility of the deterrent mechanism depends on the presence of strong procedural protections. Empirical research on anti-corruption reforms indicates that sanction-based systems perform best when combined with transparent investigative criteria, independent oversight bodies, and timely judicial review. In the absence of these institutional complements, severe formal rules can undermine trust and encourage reliance on informal protection networks, thereby weakening rather than strengthening governance performance (Persson, Rothstein, & Teorell, 2013).

In sum, the amendment's influence on governance incentives is analytically indeterminate and highly dependent on institutional context. Where enforcement is impartial and procedurally robust, it has the potential to raise the expected cost of misconduct and enhance administrative efficiency. Where enforcement is politicized, it risks producing selective deterrence, discouraging legitimate policymaking, and redirecting political competition toward control of legal institutions rather than the provision of public goods. The overall economic effect thus depends less on the formal severity of the provision and more on the integrity of the institutional environment in which it operates.

Political stability and policy continuity

The amendment's provision for automatic cessation of office introduces a new source of uncertainty into executive tenure by linking political leadership directly to the length of custodial detention rather than to legislative support or the outcome of judicial proceedings. From a political-economy perspective, this converts what is ordinarily an open-ended legal process into a clearly bounded political event, thereby increasing the likelihood of sudden changes in leadership during periods of intensified investigation or heightened partisan competition.

Extensive empirical research demonstrates a strong association between political instability and adverse economic outcomes, including lower private

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investment, elevated sovereign and subnational borrowing costs, and delays in policy execution. Participants in sectors characterized by high capital intensity and long planning horizons such as infrastructure, energy, and manufacturing are especially responsive to changes at the top of government, as leadership turnover often signals potential renegotiation of agreements, shifts in regulatory orientation, or interruptions in administrative clearance processes. Even in the absence of formal policy reversals, the exit of senior political decision-makers can increase expectations of discretionary reinterpretation by successors or interim authorities (Alesina et al., 1996; Henisz, 2000).

Within a federal system, these dynamics can be magnified. The displacement of a chief minister or senior state official can disrupt fiscal coordination between levels of government, delay budget approvals, and slow the rollout of centrally supported programs. Jurisdictions perceived as facing elevated political turnover risk may encounter less favorable conditions in subnational debt markets, such as wider bond spreads or tighter borrowing constraints, where investor assessments are influenced by the credibility and continuity of fiscal leadership. This interaction can generate a reinforcing cycle in which political uncertainty intensifies fiscal pressure, constraining public investment and service delivery and, in turn, further undermining political stability.

The amendment also intersects with longer-term fiscal and investment planning. Medium-term budget frameworks, national and state infrastructure programs, and public–private partnership arrangements typically depend on sustained political sponsorship and administrative continuity. Recurrent or unpredictable leadership change can weaken the reliability of government commitments, encouraging private partners to seek more stringent contractual protections, higher guaranteed returns, or explicit sovereign assurances. These adjustments increase the implicit price of public capital and may result in lower levels of infrastructure provision than would be socially efficient (Guasch, 2004; Engel, Fischer, & Galetovic, 2014).

At the macroeconomic level, the amendment effectively adds a further dimension of political risk to the discount rates employed by domestic and international investors. Such risk is reflected in country and subnational risk premia, with implications for exchange-rate movements, equity market valuations, and the scale and composition of foreign direct investment. Empirical analyses indicate that relatively small increases in perceived executive instability can produce meaningful declines in capital inflows and domestic investment, particularly in emerging economies where institutional safeguards are less

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robust (Busse & Hefeker, 2007; Julio & Yook, 2012).

Crucially, these effects are contingent rather than automatic. If the detention-based mechanism is applied infrequently and in a transparent, procedurally fair manner, its influence on political and economic stability may remain limited. By contrast, in environments marked by frequent investigative interventions or intense political rivalry, the likelihood of repeated leadership disruptions is higher. In such contexts, the amendment may contribute to a sustained rise in policy uncertainty, encouraging shorter investment horizons and more cautious fiscal strategies across both public and private sectors.

Institutional capture and rule-of-law credibility

One of the principal economic arguments in favor of the amendment is that it could strengthen the rule of law by preventing individuals accused of serious crimes from exercising executive authority. Strong rule-of-law institutions are widely associated with higher investment, more efficient contract enforcement, and stronger protection of property rights, all of which support long-term economic growth (North, 1990; Acemoglu, Johnson, & Robinson, 2001).

However, critics argue that the amendment risks weakening these same institutional foundations if it creates incentives for the strategic use of law enforcement as a political instrument. By making prolonged detention a constitutionally decisive event, the amendment increases the political value of arrest and custodial decisions. Where investigative agencies lack sufficient operational independence, this can encourage what institutional economists describe as "institutional capture," in which formal legal mechanisms are repurposed to serve partisan or factional interests rather than neutral law enforcement.

From an economic standpoint, institutional capture undermines the credibility of property rights and contract enforcement. Firms and investors respond not only to the existence of formal legal rules, but to their perceived predictability and impartial application. If arrest, prosecution, or detention is believed to be influenced by political alignment, economic actors may infer that regulatory and judicial outcomes are similarly contingent. This perception raises transaction costs, encourages reliance on informal networks or political patronage, and reduces the attractiveness of formal dispute-resolution mechanisms (Frye & Shleifer, 1997; World Justice Project, 2023).

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Empirical evidence from comparative political economy supports this channel. Economies in which law-enforcement and judicial institutions are perceived as politicized tend to exhibit persistent underinvestment, lower firm entry rates, and greater capital flight, even when formal anti-corruption statutes are stringent. The disconnect arises because formal rules without credible, neutral enforcement do not reduce uncertainty; in some cases, they increase it by creating additional instruments through which political power can be exercised selectively (Djankov et al., 2003; Kaufmann, Kraay, & Mastruzzi, 2010).

There is also a reputational and signaling dimension. High-profile removals of executive leaders following detention may be interpreted internationally as evidence of either strong accountability or political instrumentalization, depending on the broader institutional context. Credit rating agencies, multilateral lenders, and foreign investors often assess not only the presence of anti-corruption measures, but also the independence of courts, police, and prosecutors. If the amendment is perceived as eroding judicial autonomy or blurring the line between legal process and political competition, it may negatively affect sovereign risk assessments and the terms on which governments and firms can access international capital markets.

The economic literature therefore emphasizes the importance of complementary safeguards. Insulated appointment and tenure protections for investigative officials, transparent criteria for arrest and remand, and rapid, accessible judicial review mechanisms can reduce the probability that detention decisions are perceived as politically motivated. Such safeguards help preserve the credibility of the rule of law while allowing accountability mechanisms to function. Without them, even well-intentioned anti-corruption reforms risk reinforcing informal power structures and weakening institutional trust, thereby offsetting potential economic gains.

In this sense, the amendment's net social value depends less on its formal severity and more on its institutional embedding. When embedded within a framework of independent enforcement and strong judicial oversight, it may enhance accountability and investor confidence. When embedded within a politically contested or weakly insulated enforcement environment, it may contribute to institutional capture, heightened risk premia, and a contraction of long-term investment.

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Policy design reducing economic downside while preserving accountability objectives

If the guiding purpose of the 130th Amendment Bill is to enhance political accountability while preserving the stability of executive institutions, the primary design task is to reconcile strong disincentives for misconduct with safeguards against arbitrary or politically driven interference. From the standpoint of institutional economics, accountability regimes that are imprecisely structured can produce a high incidence of "false positives," in which actors who have not engaged in wrongdoing nonetheless face sanctions. Such errors can generate social and economic costs that exceed the harms associated with the misconduct the policy is intended to prevent. Consequently, sound policy architecture requires situating the amendment within an institutional framework that increases the expected penalty for genuine violations while reducing both the likelihood and the systemic impact of mistaken or strategically motivated enforcement (North, 1990; Persson, Rothstein, & Teorell, 2013).

Raising the evidentiary trigger: aligning political sanction with judicial thresholds

One approach to reducing false positives is to recalibrate the legal threshold that activates mandatory removal. Rather than relying solely on detention an early-stage, investigatory outcome the trigger could be tied to a higher point in the judicial process, such as a reasoned remand order by a higher court, formal framing of charges by a trial court, or a judicial certification that the prosecution meets a prima facie evidentiary standard. This would preserve the accountability signal of the amendment while anchoring political consequences more firmly to adjudicatory, rather than purely investigative, determinations.

Comparative constitutional practice suggests that political disqualification mechanisms are most legitimate and economically efficient when they track judicial findings rather than prosecutorial actions. By reducing the variance in enforcement risk across political actors, higher evidentiary thresholds lower uncertainty for investors and administrators, who can then condition expectations on formal legal milestones rather than discretionary law-enforcement actions (Ginsburg & Huq, 2018; Dicey, 1959). Economically, this reduces the volatility premium associated with political risk and improves the credibility of long-term public and private commitments.

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Time-limited and reviewable removal: preserving continuity through procedural safeguards

A second design feature is the incorporation of automatic, expedited judicial review of any removal triggered under the amendment. This could take the form of mandatory review by a constitutional or high court within a fixed time frame, with authority to confirm, suspend, or reverse the cessation of office based on procedural fairness and evidentiary sufficiency.

From an economic perspective, such a mechanism functions as an institutional "shock absorber." It limits the duration of potentially erroneous political disruption and signals to markets that leadership change is subject to legal correction rather than irreversible administrative fiat. The literature on regulatory and political risk shows that reversible and reviewable policy actions generate smaller negative investment responses than irreversible ones, even when the initial action is adverse (Henisz, 2000; Julio & Yook, 2012).

A complementary mechanism is a clearly articulated restoration process: if detention is subsequently ruled unlawful or mala fide, the affected officeholder should be eligible for reinstatement or formal political rehabilitation. While restoration does not eliminate all reputational or political costs, it reduces the long-term governance and fiscal consequences of erroneous removal and strengthens the perceived fairness of the institutional framework.

Independent oversight of investigative triggers: insulating enforcement from political incentives

A further element of institutional design involves establishing an autonomous review authority to assess whether the circumstances leading to removal stem from legitimate legal procedures or from enforcement actions shaped by political considerations. Such an authority could be constituted of retired members of the judiciary, constitutional scholars, and independent legal professionals, supported by fixed-term appointments and transparent, rule-based selection processes to safeguard its autonomy.

Research in institutional economics highlights that systems of accountability function most effectively when those responsible for enforcement are themselves constrained by credible and impartial oversight. In the absence of such limits, the costs and consequences of enforcement may be distributed unevenly across political actors, giving rise to selective rather than universal

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deterrence (Acemoglu & Robinson, 2012). Oversight mechanisms help counteract this imbalance by increasing the likelihood that politically driven interventions are identified, formally evaluated, and subjected to public scrutiny.

For participants in financial and real-sector markets, the existence of a well-insulated review framework serves as an important signal of the reliability of the rule-of-law environment. International investors, sovereign risk analysts, and multilateral lending institutions routinely evaluate not only the substance of legal provisions but also the independence, transparency, and procedural integrity of enforcement bodies. Effective oversight can therefore moderate the risk premium associated with politically sensitive legal reforms and contribute to more predictable capital flows and financing conditions.

Transitional fiscal and administrative safeguards: protecting policy and contract continuity

The compulsory exit of senior officeholders has the potential to create temporary administrative gaps that interrupt fiscal management, slow regulatory clearances, and place contractual commitments at risk. To prevent such short-term disruptions from evolving into wider economic inefficiencies, the amendment may be paired with clearly articulated transitional arrangements designed to preserve continuity in budgetary authority and executive decision-making.

These arrangements could take several institutional forms, including: (a) the automatic transfer of ministerial responsibilities to a formally designated interim officeholder or senior civil servant; (b) statutory provisions that shield existing contracts and public–private partnership agreements from suspension or renegotiation solely on the basis of leadership change; and (c) continuity mechanisms within medium-term fiscal frameworks and centrally funded programs to ensure uninterrupted implementation. Research in infrastructure economics and public finance indicates that uncertainty surrounding political sponsorship is a key factor behind renegotiation, delay, and cost overruns in long-horizon public projects (Guasch, 2004; Engel, Fischer, & Galetovic, 2014).

By reducing the likelihood that leadership turnover precipitates funding interruptions or contractual instability, such safeguards can lower the effective price of public investment and sustain private-sector engagement in infrastructure and development initiatives, particularly within state and local jurisdictions where political and fiscal capacity is more sensitive to administrative disruption.

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Considered collectively, these design features reflect a central insight from institutional analysis: the effectiveness and social benefit of accountability reforms are shaped not only by the stringency of their formal penalties, but also by the strength and coherence of the procedures that govern their application. Systems characterized by harsh sanctions but weak safeguards often generate strong deterrent signals alongside highly uneven and unpredictable outcomes, a pattern that can erode institutional trust and introduce economically significant uncertainty. In contrast, regimes that combine moderate sanctions with well-developed procedural protections tend to produce more consistent and predictable governance results, which are generally more conducive to economic efficiency (North, 1990; World Justice Project, 2023).

From this perspective, the amendment's prospective welfare benefits are greatest when it is situated within an institutional framework that aligns legal determinations more closely with political consequences, limits the scope for discretionary or selective enforcement, and ensures continuity in administrative operations. Such a configuration maintains the fundamental objective of discouraging misconduct while reducing the ancillary economic costs associated with erroneous sanctions, executive instability, and diminished confidence in public institutions.

Conclusion balancing moral demand with institutional risk

The 130th Amendment Bill responds to a widely held public concern that the continued presence of ministers facing serious criminal allegations can undermine the perceived legitimacy of governance. From an economic standpoint, however, the proposal constitutes a consequential redesign of institutional arrangements, in which relatively small variations in enforcement practices or the strength of legal safeguards can shift outcomes from efficiency-enhancing deterrence to economically damaging political instrumentalization. An effective policy trajectory is therefore contingent rather than absolute: accountability mechanisms should be reinforced in tandem with strong protections for investigative independence and swift, credible judicial review to preserve executive stability. In the absence of such institutional complements, the amendment carries a substantial risk of generating adverse economic effects, including elevated policy uncertainty, reduced investment activity, and increased fiscal vulnerability.

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