THE HINDU

INDIA'S NATIONAL NEWSPAPER SINCE 1878

With Practice Questions

By Prashant Tiwari

STUDY IQ IAS

5 August, 2022


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THE HINDU

Kerala stares at repeat of 2018 floods as rain fury continues

22 dead; swollen rivers inundate many areas; thousands shifted to relief camps

Pg no. 1 GS 3

SPECIAL CORRESPONDENT
THIRUVANANTHAPURAM

Heading to safety: Residents leaving their flood-hit homes near Chalakudy in Thrissur district on Thursday. ▪K.K. NAJEEB

Kerala once again stares at a flood situation with high-intensity rain triggered by strong monsoon winds lashing central Kerala. In addition, a low-pressure system is expected to form over the Bay of Bengal by Sunday, which is likely to intensify the rain.

The situation is precarious in the State, especially in central Kerala where swollen rivers have started inundating low-level areas. Haunted by the bitter experience of the 2018 floods, the State administration in central districts swung into action on Thursday afternoon, starting evacuation of people from flood-prone areas to relief camps.

Three persons were killed in various rain-related incidents on Thursday, taking the total deaths to 22 in five days.

A total of 6,411 people were shifted to 221 relief camps after a combination of intense rain and overflowing rivers, with several reservoirs reaching full levels, created a worrying scenario.

The release of water from the Parambikulam and Thoonakkadavu dams to the Peringalkuthu dam has resulted in the Chalakudy river breaching the banks in many places, forcing the administrations of Thrissur and Ernakulam district to evacuate people from the banks of the river.

Water inflow from T.N.

The inflow of water into the Chalakudy river will gain strength by night as authorities had announced the opening of Kerala Sholayar after inflow from Tamil Nadu Sholayar to Kerala Sholayar increased.

Kerala Minister for Water Resources Roshy Augustine has written to his counterpart in Tamil Nadu S. Duraimurugan requesting steps to regulate water discharge from the Mullaperiyar dam following heavy rain in the catchment area.

The rivers in Central Travancore, including the Meenachil, Pampa, Manimala, Achencoil, and Pullakayar, and Manali, Kurumali and Karuvannur in Thrissur, are in spate, and evacuation of people began by Thursday afternoon.

Landslips were reported from Kodunga near Koottickal, Vagamon and Aranamudi along the Angamoozhi-Vandiperiyar route in Pathanamthitta.

The floodwaters gushing through the Pampa took over the causeway at Arayanjilimon for the second time in just a few days, while the causeway to Kurubanmuzhi on the upstream of the Perumthenaruvi waterfalls has remained submerged for days on end.

CM's appeal

Considering the grave situation, the devotees who reached the Pampa-Triveni base camp to attend the Niraputhari celebrations in Sabarimala were banned from trekking up the holy hill after 3 p.m.

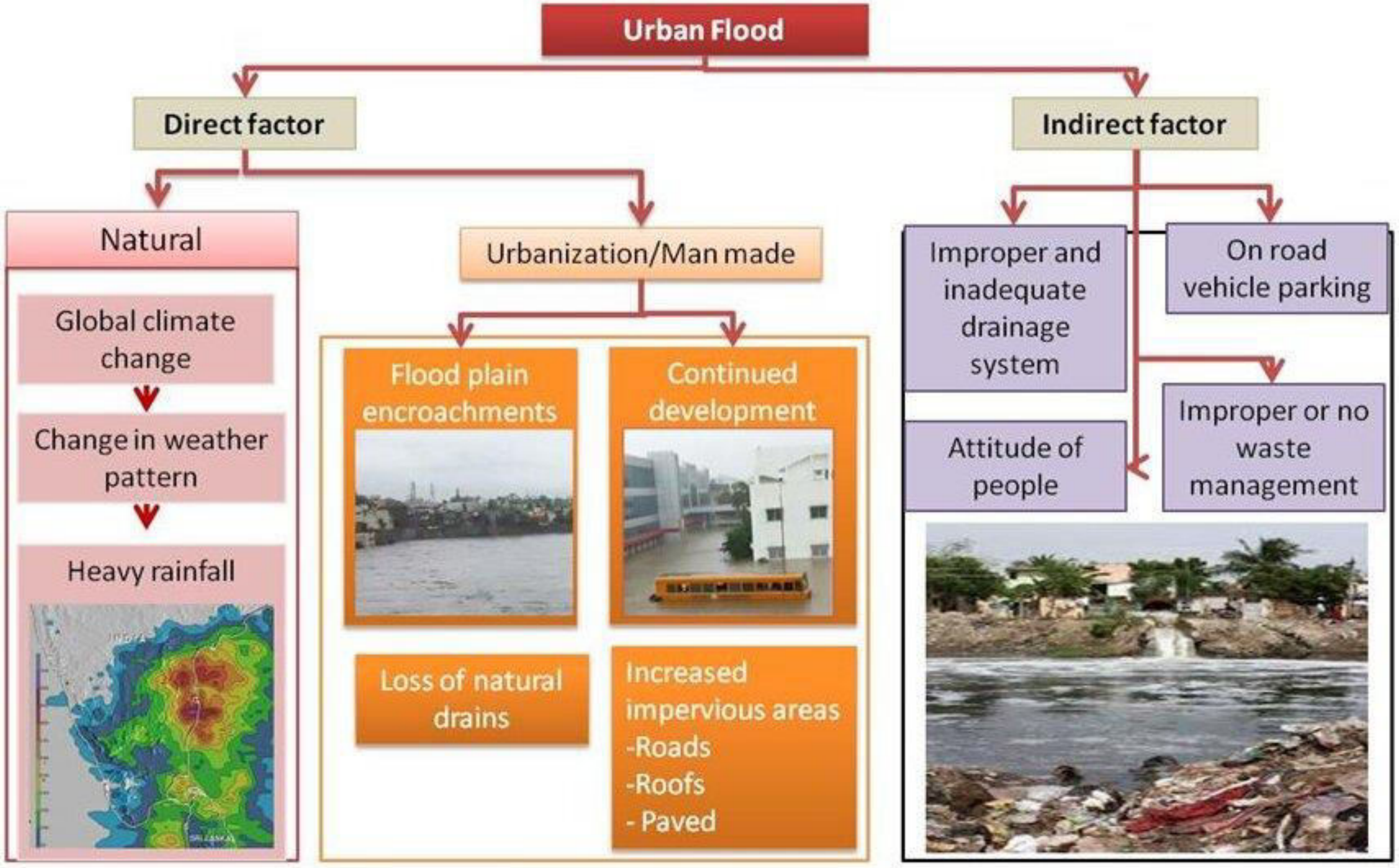
Chief Minister Pinarayi Vijayan appealed to people in vulnerable areas to move to safer locations on the instructions of the authorities.

CONTINUED ON ▸ PAGE 14

Inadequate Drainage Infrastructure

- **Terrain Alteration:** Lasting irreversible damage has been done to the city by property builders, property owners, and public agencies by flattening terrain and altering natural drainage routes.
- **Reducing Seepage:** Indian cities are becoming increasingly impervious to water, not just because of increasing built up but also because of the nature of materials used (hard, non-porous construction material that makes the soil impervious).

Causes of Urban Floods



THE HINDU e-Paper

Pg no. 10 GS 2

Waiting for democracy in Jammu and Kashmir

The long haul back to stabilisation from a dangerous situation needs to begin; the first step is Assembly elections

RADHA KUMAR

It has been three years since then President Ram Nath Kovind issued the fateful orders that read down Article 370 of the Indian constitution, allowing the Narendra Modi administration to divide the State of Jammu and Kashmir and demote its two new units to Union Territory status. These measures, Prime Minister Modi said, would extend the rights and benefits of Indian democracy to the people of the State. The irony of the fact that his administration felt compelled to simultaneously arrest more than 5,000 political leaders, activists and mediapersons in order to achieve this laudable goal appeared to escape him.

Draconian actions

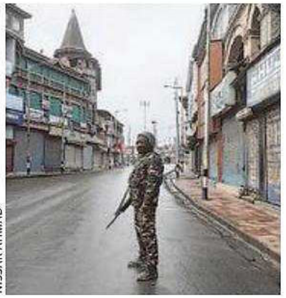
Three years later, the promise of democracy seems as far away as it was on August 5, 2019. Several hundred of those arrested in 2019 are still in jail without trial. Fresh arrests of dissidents and human rights defenders have become routine. The media continues to be muzzled, and the few journalists who brave a silent censorship suffer from the 'vicious circle' of repeated arrests that the Supreme Court of India criticised in the case of Mohammed Zubair. Despite the completion of the delimitation commission's exercise, Legislative Assembly elections have still to be announced. Jammu and Kashmir has been under President's rule and then Lieutenant-Governor's rule for four years now.

The Modi administration's initial rationale for the draconian actions of 2019 was that security would improve and militancy would be eradicated; that the former State would integrate with the Indian economy and its people would prosper; that Kashmiri Pandits who have been internal refugees for over three decades would be able to return; and that a new era of non-dynastic politics would emerge.

How far have any of these stated goals met with success, if at all? The answer is dispiriting. Security has clearly not improved. According to Home Ministry figures, the number of civilians killed between 2019 and 2021 was higher than in Mr. Modi's first term (2014-19) – 87 in two years as against 177 in five years. Civilian fatalities did decline between 2021 and 2022, as did the number of security personnel killed, partly because India and Pakistan agreed to a ceasefire in February 2021. The numbers have, however, begun to rise again, and suggest a worrying pattern of targeting Kashmiri Pandits, elected officials of local government (*panches*) and the Jammu and Kashmir police.

Alienation and insurgency

Military and police experts talk about 'hybrid militants' – and, more recently, 'faceless militants' – which are, in current conditions, meaningless euphemisms for the fact that Valley alienation from the Indian Union is such that public support for insurgency is touching the heights of the 1990s. According to the South Asia Terrorism Portal, 437 Kashmiri youth joined insurgent ranks between 2019 and 2021. While counter-insurgency operations have eliminated the known militant leadership, i.e., those that had been identified by 2016, they have not been able to interdict the small arms that are in circulation or identify those in possession of them. The Union Home Ministry's distrust of local police – while putting them on the front line of conflict – has disabled a key source of intelligence.



NISSAR AHMAD

Economic decline

Between 2019 and 2021, the former State's economy tanked, first due to a security lockdown and then a year-and-a-half of COVID-19 lockdowns. From being in the top performing States of the Indian Union, according to the NITI Aayog, Jammu and Kashmir was ranked among the bottom last year. A record tourist inflow this year might help some recovery, but has to be set off against losses in the fruit, manufacturing, carpet and handicrafts industries. Local supplier complaints abound: that government agencies commission them on projects but do not pay the agreed amount.

Kashmiri Pandits have once again become targets of militant attack, as they were during the 1990s. Four Kashmiri Pandits were shot in 2021, along with 10 Hindus, including migrant workers, and one this year, allegedly in retaliation for the film Kashmir Files's portrayal of Pandit killings by armed groups during the 1990s insurgency. According to the Kashmiri Pandit Sangharsh Samiti, around 100 Pandit teachers who had returned to the Valley under the 2008 Prime Minister's Reconstruction Plan fled. The rest demanded relocation to safer areas, a demand that the administration refused. According to the soon-to-be released report of the Forum for Human Rights in Jammu and Kashmir (I am a member), they now live in such tight security that they cannot even go out to buy groceries.

Recently-elected *panches* suffer the same fate. With his customary hyperbole, Home Minister Amit Shah claimed that a new political leadership would emerge from panchayat ranks to replace the dynasts of the National Conference and People's Democratic Party. But 12 panches have been shot since 2019, according to the Jammu and Kashmir Panchayat Conference. Most have since been lodged under tight security in Srinagar hotels from where it is difficult for them to attend duties in their constituencies.

There is a chasm

The delimitation commission's report is equally worrying. The new constituencies it has carved out appear to consolidate Hindu and Muslim-majority constituencies. The most likely result will be to cement the chasm that already yawns between the two communities. That, incidentally, is a goal that terrorist organisations such as the Lashkar-e-Toiba and the Jaish-e-Mohammed have long worked towards.

Admittedly, the implementation of the Modi administration's stated goals was always going to be difficult. Bringing security or prosperity to a State that had been conflict-ridden for decades was, as Atal Bihari Vajpayee or Manmohan Singh could have told Mr. Modi, a long-term task. Yet, each achieved a certain degree of success. A.B. Vajpayee broke the peacemaking ground and Dr. Manmohan Singh continued A.B. Vajpayee's policy, adding a tightened security grid that sharply reduced both casualties among civilian and security forces, and opened the State's economy to cross-border trade, an initiative that benefited Jammu as much as the Valley. There was a peace dividend for the economy. Five thousand Kashmiri Pandits returned, albeit somewhat uncertainly. Independent media proliferated, even if its quality was uneven.

Parliament can act

The Modi administration has thus far chosen another way, of unilateralism over electoral democracy and freedom of expression. In doing so, it has dissipated the gains made by A.B. Vajpayee and Dr. Singh between 2000 and 2014. But it can still begin the long haul back to stabilisation of what is today a miserably dangerous situation. Assembly elections are a first step which should be taken immediately. If they could be held under the earlier delimitation and the commission's present report be put to the new Assembly for consultation, it would be in the spirit of 'cooperative federalism' (an oxymoronic formulation that applies to India's partially federal structure).

Home Minister Shah has repeatedly promised the restoration of statehood. Three years is a long time to hold up that promise without implementing it. Parliament is currently in session and could easily amend the Jammu and Kashmir Reorganisation Act, 2019. What could be a more fitting conclusion to the 75th year of Independence than the return to basic elements of electoral democracy in Jammu and Kashmir, which alone would lead to an improvement in human rights on the ground?

Radha Kumar is a writer and policy analyst

Despite the completion of the delimitation commission's exercise, Legislative Assembly elections have still to be announced. Jammu and Kashmir has been under President's rule and then Lieutenant-Governor's rule for four years now.

THE HINDU e-Paper

Pg no. 10 GS 2,3

Sop or welfare debate

Steps to limit freebies or to discourage populism should come through Parliament

A general concern over 'freebies' pushing the economy to ruin or unviable pre-election promises adversely affecting informed decision-making by voters seems reasonable. However, few will disagree that what constitutes 'freebies' and what are legitimate welfare measures to protect the vulnerable sections are essentially political questions for which a court of law may have no answer. In this backdrop, the Supreme Court's decision to form a body of stakeholders to examine the issue raises the question whether the legislature can be bypassed on such a far-reaching exercise. The Chief Justice of India, N.V. Ramana, heading a Bench hearing a petition filed in public interest against the distribution or promise of 'freebies' ahead of elections, has made it clear that the Court is not going to issue guidelines, but only ensure that suggestions are taken from stakeholders such as the NITI Aayog, Finance Commission, Law Commission, RBI and political parties. All these institutions, he has said, can submit a report to the Election Commission of India (ECI) and Government. A suggestion that Parliament could discuss this issue was met with scepticism by the Bench, which felt that no party would want a debate on this, as all of them support such sops. The Bench also disfavoured the ECI preparing a 'model manifesto' as it would be an empty formality. The Court's concern over populist measures seems to resonate with the Government too, as the Solicitor-General submitted that these distorted the voter's informed decision-making; and that unregulated populism may lead to an economic disaster.

The Supreme Court, in *S. Subramaniam Balaji vs Government of Tamil Nadu* (2013) addressed these questions and took the position that these concerned law and policy. Further, it upheld the distribution of television sets or consumer goods on the ground that schemes targeted at women, farmers and the poorer sections were in furtherance of Directive Principles; and as long as public funds were spent based on appropriations cleared by the legislature, they could neither be declared illegal, nor the promise of such items be termed a 'corrupt practice'. It had, however, directed the ECI to frame guidelines to regulate the content of manifestos. The ECI subsequently included in its Model Code of Conduct a stipulation that parties should avoid promises "that vitiate the purity of the election process or exert undue influence on the voters". It added that only promises which were possible to be fulfilled should be made and that manifestos should contain the rationale for a promised welfare measure and indicate the means of funding it. Any further step, such as distinguishing welfare measures from populist sops and pre-election inducements, or adding to the obligations of fiscal responsibility and fiscal prudence ought to come from the legislature. That politicians invariably back 'freebies' should be no reason to bypass Parliament.

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- The MCC is a set of guidelines issued by the Election Commission (EC) to regulate political parties and candidates prior to elections. Basically, the code spells out the do's and don’ts for elections.
- This is in keeping with Article 324 of the Constitution, which mandates EC to conduct free and fair elections to the Parliament and State Legislatures.
- It is not statutory but Political Parties, Candidates and Polling Agents are expected to observe the norms, on matters ranging from the content of election manifestos, speeches and processions, to general conduct etc.
- The code comes into force on the announcement of the poll schedule and remains operational till the process is concluded.

THE HINDU
e-Paper

Pg no. 10 GS 3

Dialling right

Government should ensure that exchequer and the public benefit from spectrum sale

India's latest auction of telecommunications spectrum, including of bands ideally suited for offering fifth generation (5G) technology services, drew bids exceeding a record ₹1.5 lakh crore in a clear sign that the industry is on the path to recovery. As expected, Reliance Jio emerged as the top bidder, cornering 48% of the airwaves that were acquired by offering more than ₹88,000 crore in total. Bharti Airtel bid just under half that amount for 39% of the spectrum sold, while the most debt-laden Vodafone Idea came in a distant third by committing close to ₹19,000 crore for about 12% spectrum. And in an interesting development that will need close watching, the deep-pocketed, and aggressively expanding Adani Group made its first foray into the telecom space by successfully bidding for a very small but targeted quantum of spectrum – ostensibly for captive use – in the highly sought after 26 GHz band that is considered ideal for 5G services. While the Government has netted just over a third of the ₹4.3 lakh crore reserve price it had set for the spectrum on offer, the fact that 71% of the airwaves on the block won bids is testament to the improvement in the industry's health. The Centre's move last year to ease regulatory norms around payment of dues, including a four-year

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moratorium on outstanding payments and the redefinition of adjusted gross revenues to prospectively exclude non-telecom earnings, allowed service providers a breather and helped them attract investor interest as also spread liabilities over a staggered period.

Separately, industrywide increases in tariffs also helped lift average revenue per user at the telecom service providers, boosting margins. The Government's policy decision to return bank guarantees to telcos must have helped improve their eligibility for debt - crucial for capital expenditure. And with spectrum usage charges also binned, the enhanced flexibility likely allowed enthusiastic participation from all three private players, a far cry from when the very survival of Vodafone Idea was in doubt. However, the auction also offers crucial lessons. The high reserve price likely dampened enthusiasm for certain spectrum bands. While the 3.3 GHz and 26 GHz were snapped up at the reserve price in several service areas, the 600 MHz was left untouched, and 60% of the 700 MHz spectrum remained unsold. The latter is ideal for rural connectivity as well as signal penetration inside buildings in urban areas. If spectrum is seen as a precious national resource, the Government would do well to not let it lie unused and instead price it in an optimal manner so as to ensure that both the exchequer and the public at large, including in remote rural corners, benefit.

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THE HINDU e-Paper

Is the declining rupee a crisis or an opportunity?

Pg no. 11 GS 3

PARLEY

There is an expectation of further depreciation, which can lead to further capital outflows

REUTERS

The rupee's steep slide to the 79-to-a-dollar range is bound to impact importers, widen the current account deficit (CAD) and increase India's external debt burden. But how much of a problem is this going to be for the Indian economy, given that the rest of the world is facing economic challenges as well? Zico Dasgupta and Indranil Pan discuss whether the declining rupee presents a crisis or an opportunity, in a conversation moderated by **Bharat Kumar K.** *Edited excerpts:*

The declining rupee has several consequences. In sum, is it a crisis or an opportunity?

Zico Dasgupta: This is a matter of concern because the question of opportunity arises when one talks about the positive impact of the declining rupee on trade balance and net exports. That seems to be limited for two reasons. First, despite depreciation in the nominal exchange rate, the real exchange rate has not really depreciated in recent times and that is what matters for questions of trade balance and exports. Second, in the last two-three decades, the sensitivity of exports has been weak as far as changes in the real exchange rate is concerned. The depreciation is concerning – not exactly on the lines of the instability we have seen in Sri Lanka or other developing countries, but because it adds to the inflationary pressure and squeezes the purchasing power of those whose incomes are not linked to the crisis.

Some predict CAD could rise to 4% of the GDP in the first half of this fiscal. Is this unhealthy or can we live with it?

Indranil Pan: A broad indication that we are working with at this time is 3% CAD as a proportion of GDP with the assumption that oil is at about $110 per barrel. If oil is at $120, the CAD goes up to 3.3%. From the RBI (Reserve Bank of India)'s perspective, the moment CAD crosses 2.5%, red flags come up. More importantly, rather than only looking at the CAD, we need to find out whether we have adequate flows on the capital side to bridge the CAD. And if we do, then even if the CAD is at 3%, it might not be very strenuous for the economy. Currently, because of the changing landscape in terms of the monetary policy cycle globally, emerging market inflows have dried up. There are more outflows from emerging markets. So, the RBI has to sell dollars in the spot market to contain the depreciation. Depreciation pressures are relatively more contained than in 2013. I don't mean it's time to sleep over it; definitely, you need to see in what ways the capital flow can be improved – RBI has come out with certain policies on that – or determine how the current account gap can be closed by reducing imports. There can be a natural adjustment: the higher inflation and tighter monetary policy domestically would dampen local demand. So, non-oil, non-gold imports are expected to be softer. Fears of a global recession could also lead to a downward bias in crude oil prices; that could be positive for the current account. But global slowdown may also pull down exports and that is worrying from the CAD perspective.

ZD: Right now, it's not a crisis as serious as Sri Lanka's, but it's a matter of concern. Whenever the rupee or any currency starts depreciating, there is always an expectation of further depreciation, which can lead to further capital outflows. In that context, the central bank needs to keep an eye on the situation.

The RBI is said to be prepared to spend another $100 billion, if needed, to defend the rupee. If that happens, are we still in a healthy position?

IP: In terms of how much reserves you need, there is no thumb rule to indicate that this is enough. Earlier, flows were adequate, the CAD was low and the RBI actually managed to mop up a lot of forex and built up reserves to about $635 billion. On the downside, again, there is no maximum extent to which you can reduce your forex reserves. But the RBI must watch the import cover of forex reserves; that has now fallen sharply as the import bill remains high and forex resources have depleted. The consequent impact on the rupee liquidity is another factor the RBI needs to watch.

The critical issue for the rupee is not the level, it's the volatility. If the depreciation pressure is gradual, in line with the fact that global monetary policy is tightening and other emerging market currencies are also weakening, the RBI shouldn't mind allowing the rupee to also depreciate. We probably need to tell the corporates that they need a better hedging strategy when the currency is more or less stable or slightly appreciating. Currency depreciation is per se not bad, because it helps maintain the competitive advantage. Also, it helps keep a check on imports, because the moment currency depreciates, the prices of imported goods go up and that dampens the demand for imports. Of course, the demand for oil is relatively inelastic.

ZD: There is hardly any way to say that if you spend X amount of dollars, one is safe... think about the East Asian experience in the mid-1990s. Those countries were doing pretty well on the external sector or the economy. When the crisis hit and the capital started flowing out, it was not only a question of depletion of forex reserves; it was the expectation of depletion of the reserves combined with currency depreciation which led to the instability. So, as long as the capital doesn't stop flowing out, it will always be a matter of concern for us, no matter to what extent the forex reserve is depleted.

With a declining rupee, the value of our external debt has risen. Is that a concern?

IP: It's a tricky question. The point should be whether the ECB (external commercial borrowing) flows are hedged or not for currency depreciation. If they have been hedged, there is no problem. But if they have not, the amount to be repaid in terms of the rupee will have surely gone up. Companies will have to adjust it into the balance sheets and hence, we can see some squeeze in the balance sheets of some companies. Some companies may still look at hedging their near-term payables. In the Indian context, the bigger worry is short-term debt with residual maturity of three-six months. Depreciation next year may be slower, because the global atmosphere could have changed by then. And who knows? If the recession hits larger parts of the world, there can be a faster reversal of the current tightening than what we anticipate now.

> **The question of opportunity arises when one talks about the positive impact of the declining rupee on trade balance and net exports. That seems to be limited.**
>
> ZICO DASGUPTA

I'm not worried about the longer-term ECBs. Because if you take the average, the last 10 years have given a currency depreciation of only about 3.5-3.8%. The RBI has been trying to push ECBs by relaxing end-use and also increasing the interest rate cap for the ECBs. This will enable relatively lower rated companies to attempt to raise funds abroad.

Given the recent moves by the government and the RBI, have we exhausted policy options?

ZD: No. Of course, it is an exogenous shock, but it's not that there hardly exists any policy instrument to deal with that, at least for damage control. First, why is the falling rupee a problem? It could result in instability, which is not the case at this juncture, but there is also a question of inflationary pressure. If we look at the nominal exchange rate and the real exchange rate, the latter has remained stable in India in the last two years or so, despite the nominal exchange rate depreciating. This means domestic prices are rising faster than international prices. As there are domestic factors related to the question of prices, policy actions might come in there. For example, how to ease inflationary pressure in the agricultural [sector], how to compensate those whose incomes are getting squeezed due to higher prices because their incomes are not linked to the prices... The RBI needs to ensure a mix of exchange rate adjustment and depletion of forex reserves to maintain some stability in exchange rates.

What could the government or the RBI do differently if they could do it all over again?

ZD: Till now, the policy measure has been exclusively dependent on monetary policy. That has its own limitations. The interest rate is expected to stabilise the inflation rate primarily. But the trend in the Indian economy would suggest that the relationship between output and inflation rate, termed the Phillips Curve in literature, has been flat, in that the inflation rate changes for reasons other than demand factors. Those factors cannot be combated by interest rate charges. On the other hand, higher interest rates or higher repo rates have an adverse impact on output, which affects GDP growth. And that's the reason why the RBI has predicted a fall in GDP growth in the coming days. What is needed is greater dependence on the fiscal instrument. There are only two ways to do that. The first is to increase corporate tax in some form, to finance additional government expenditures, particularly in compensating labour's income. The second is to rethink fiscal policy rules - review to what extent rules we follow are relevant and useful in the current context.

Historically, corporate tax rate changes have hardly had an impact on corporate investment rates over time. For example, in 2018-19 when there was a huge corporate tax concession, there was hardly any impact on the corporate investment rates. The other option would be to do away with different corporate tax concessions. At this point, such concessions amount to around ₹5 lakh crore. So, even if one squeezes that amount of concessions, there would be a lot of fiscal space available.

IP: I would have been happier seeing [recent] policies coming through in the monetary policy commentary rather than a knee-jerk announcement in the middle of a month, for it affects the sentiment of the market and raises doubts on whether the RBI is running out of resources to defend the currency, which is not the case. These policies forming a part of the monetary policy statement might have led to a more balanced view by the market. The critical areas the government needs to look at are how to prevent inflationary pressures from getting more widespread. Today's twin deficit problem in India, which was also there in 2013, is coming more from the fiscal side rather than the current account side. If you cumulate the fiscal deficit as a proportion of GDP and the CAD together, we are as wide today on the twin deficits as we were in 2013. Now, we are expecting CAD at around 3%; in 2013, it was around 4.5%. The critical action we need is more on how to manage government finances and have a course chalked out on how to bring the deficit and government debt down. The government's outstanding debt is large and increases in interest rates will raise the interest bill. Correcting for fiscal imbalances will also improve the overall macro atmosphere and offer a positive signal to the external world, providing comfort to investors.

What did you mean by rethinking policy rules?

ZD: Fiscal policy targets a specific level of debt to GDP ratio, i.e., it targets debt stability, and the job of the monetary policy is to target the output gap and thereby control inflation. Now, the intensity of the slowdown is such that the interest rate is unable to compensate for either the output growth rate or labour income, and now there is the added pressure of increasing interest rates. Fiscal policy needs to play a role in helping boost demand, but that is not exactly consistent with the present policy framework. By its very design, fiscal policy is meant to stabilise debt to GDP ratio, it is not meant to boost aggregate output growth rate or labour income. So, we need to think about the purpose of the fiscal policy rule given the crisis we're facing.

Indranil Pan
is Chief Economist at Yes Bank

Zico Dasgupta
teaches Economics at Azim Premji University

Scan the QR code to listen to the full interview online

The depreciation is concerning — not exactly on the lines of the instability we have seen in Sri Lanka or other developing countries, but because it adds to the inflationary pressure and squeezes the purchasing power of those whose incomes are not linked to the crisis.

Whenever the rupee or any currency starts depreciating, there is always an expectation of further depreciation, which can lead to further capital outflows. In that context, the central bank needs to keep an eye on the situation.

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Pg no. 15 GS 2

CJI proposes Justice U.U. Lalit as successor

Chief Justice N.V. Ramana is retiring on August 26

SPECIAL CORRESPONDENT
NEW DELHI

Chief Justice of India N.V. Ramana on Thursday recommended to the government the name of Justice Uday Umesh Lalit as his successor and the 49th Chief Justice of India.

CJI Ramana personally handed over a copy of his letter of recommendation dated August 3 to Justice Lalit when they met for tea in the Supreme Court in the morning before court.

At 9.30 p.m. on Wednesday, Chief Justice Ramana had received a communication from Law Minister Kiren Rijiju seeking his recommendation for the appointment of the next top judge.

Sources said CJI Ramana recommended Justice Lalit's name in a matter of minutes after receiving Mr. Rijiju's letter.

Chief Justice Ramana is retiring on August 26, 2022. Justice Lalit is the seniormost judge in the Supreme Court now.

The 'Memorandum of Procedure of Appointment of Supreme Court Judges' says "appointment to the office of the Chief Justice of India should be of the seniormost judge of the Supreme Court considered fit to hold the office". The process, according to the Memorandum, begins with the Union Law Minister seeking the recommendation of the outgoing CJI about the next appointment.

Justice Lalit, if appointed, would have a tenure of hardly three months.

He is set to retire on November 8.

Legal doyens: Chief Justice of India N.V. Ramana, right, with Justice U.U. Lalit on Thursday. ▪SPECIAL ARRANGEMENT

Appointment of Judges

- The other judges are **appointed by the President** after consultation with the CJI and other judges of the SC and the HCs as he deems necessary.
- The **consultation with the CJI is obligatory** in the case of the appointment of a judge other than CJI.

Qualifications of Judges

- Should be a **citizen** of India.
- Should have been a **judge of an HC** (or HCs in succession) for **five years**.
- Should have been an a**dvocate of an HC** (or HCs in succession) for **ten years**.
- Should be a **distinguished jurist** in the **opinion of the President**.
- The Constitution has **not prescribed minimum age for appointment** as a judge of the SC.

Tenure of Judges

- The Constitution has **not fixed the tenure of a judge** of the SC.
- However, it makes the following **three provisions** in this regard:
  - Holds office until he/she attains the **age of 65 years**.
    - Any question regarding the age is to be determined by such authority and in such manner as provided by Parliament.
  - Can **resign the office by writing to the President**.
  - Can be **removed from his office by the President** on the recommendation of the Parliament.

THE HINDU

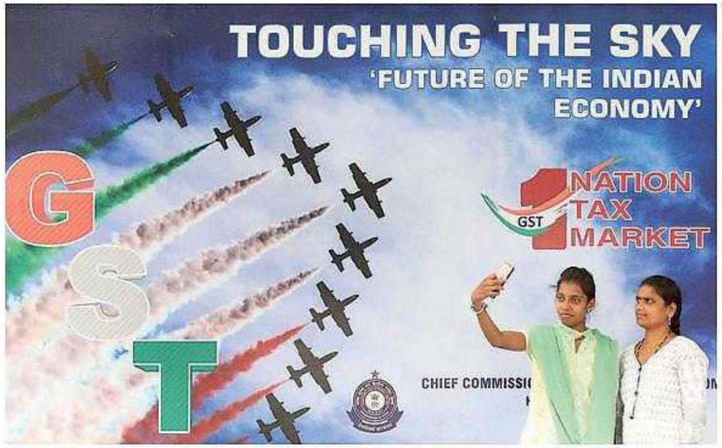
'Inflation driving 8% of GST revenue rise'

SBI Research sees current account deficit widening to 3.7% of GDP, pegs trade deficit at 8.5% in 2022-23

SPECIAL CORRESPONDENT
NEW DELHI

High inflation is driving about 8% of the current surge in Goods and Services Tax revenues, and inflation-adjusted GST collections so far this year are 26% higher than pre-COVID levels, SBI Research said in a report on Thursday, suggesting this rise could be driven by higher consumption.

SBI Research also raised its current account deficit target for this year to 3.7% of GDP, projecting the trade deficit to widen to 8.5% of GDP in 2022-23. The bank's researchers attributed the entire expansion in India's trade deficit in July over June, to the dip in exports caused by government measures to control inflation, such as the windfall tax on petroleum products.



Feeding through: Even after accounting for higher inflation, GST collections remain robust, says Ghosh. ▪ NAGARA GOPAL

GST collections have clocked over ₹1.4 lakh crore for five successive months, with July recording the second-highest revenues since the indirect tax regime's introduction at almost ₹1.49 lakh crore, 28% higher than a year earlier.

"Various reasons, including better compliance, economic recovery and higher inflation are considered as some of the factors leading to higher GST revenue," Soumya Kanti Ghosh, SBI group chief economic advisor, wrote in the report.

SBI sought to estimate inflation-adjusted revenue by deflating actual revenue with the Consumer Price Index used to measure retail inflation while excluding fuel.

"The gap between the two (actual GST revenue versus inflation-adjusted revenue) started increasing since May 2020 with a significant difference between the two since mid-2021. Currently, nearly 8% of the increase in GST revenues can be attributed to higher inflation," Mr. Ghosh noted. SBI's estimates peg inflation-adjusted GST revenue for the first four months of 2022-23 at an average of ₹1.2 lakh crore.

"This is a 26% jump in inflation adjusted GST from the pre-pandemic level at ₹95,000 crore. In simple terminology, this shows that even after accounting for higher inflation, GST collections have remained robust and this increase could be the pure consumption impact," he concluded.

'Lower than the peak'

With the record goods trade deficit of $31 billion in July, compared with the previous high of $26.2 billion in June, taking the deficit past $100 billion for the year already, the bank's researchers estimated the full-year deficit at 8.5% of GDP.

"Interestingly, this is much lower than the peak deficit of 10.7% of GDP achieved in 2012-13," Mr. Ghosh observed. "Thus, the current situation is much better than that in 2012-13," he added.

High inflation is driving about 8% of the current surge in Goods and Services Tax revenues, and inflation-adjusted GST collections so far this year are 26% higher than pre-COVID levels, SBI Research said in a report on Thursday, suggesting this rise could be driven by higher consumption.

SBI Research also raised its current account deficit target for this year to 3.7% of GDP, projecting the trade deficit to widen to 8.5% of GDP in 2022-23.

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Mains Practice Question:

Most welfare schemes contribute to improving human development outcomes, also resulting in higher growth. Explain (150 words)

अधिकांश कल्याणकारी योजनाएं मानव विकास परिणामों में सुधार करने में योगदान करती हैं, जिसके परिणामस्वरूप उच्च विकास भी होता है। समझाएं (150 शब्द)

Have you written today's answer at - https://www.upsciq.com/upsc-answer-writing/

Introduction:

- **The discussion on the demerits of 'freebies' distributed to the public as a result of election promises is not new in India.**
- **However, there is often confusion on what constitutes 'freebies', with a number of services that the Government provides to meet its constitutional obligations towards citizens also being clubbed in this category.**

Body:

- **The basic argument is that these are a waste of resources and place a burden on already stressed fiscal resources.**
- **In such discussions, 'freebies' not only include the free distribution of what may be considered 'club goods' such as televisions and gold chains but also welfare schemes such as free or subsidized rations under the Public Distribution System (PDS), cooked meals under the midday meal scheme, supplementary nutrition through anganwadis, and work provided through the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).**

- **Welfare schemes that are repeatedly berated as adding to the 'subsidy' burden of the state also contribute to human development and protection of the basic rights of the people to nutrition, work, etc., essentially the right to life with dignity.**
- **A number of other schemes such as old age, single women and disabled pensions, community kitchens in urban areas, free uniforms and textbooks for children in government schools, and free health care services play a critical role in providing social security and access to basic entitlements in our country.**

Conclusion:

- **It is important to recognise that most welfare schemes contribute to improving human development outcomes, which also results in higher economic growth in future.**

Mains Practice Question:

India needs to invest in quality schools and higher education as well as healthcare. Explain (150 words)

भारत को गुणवत्तापूर्ण स्कूलों और उच्च शिक्षा के साथ-साथ स्वास्थ्य सेवा में निवेश करने की आवश्यकता है। समझाएं (150 शब्द)

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