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Weekly Current Affairs Compilations

A holistic magazine for UPSC Prelims, Mains and Interview Preparation

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- e. Sociology
- f. Philosophy

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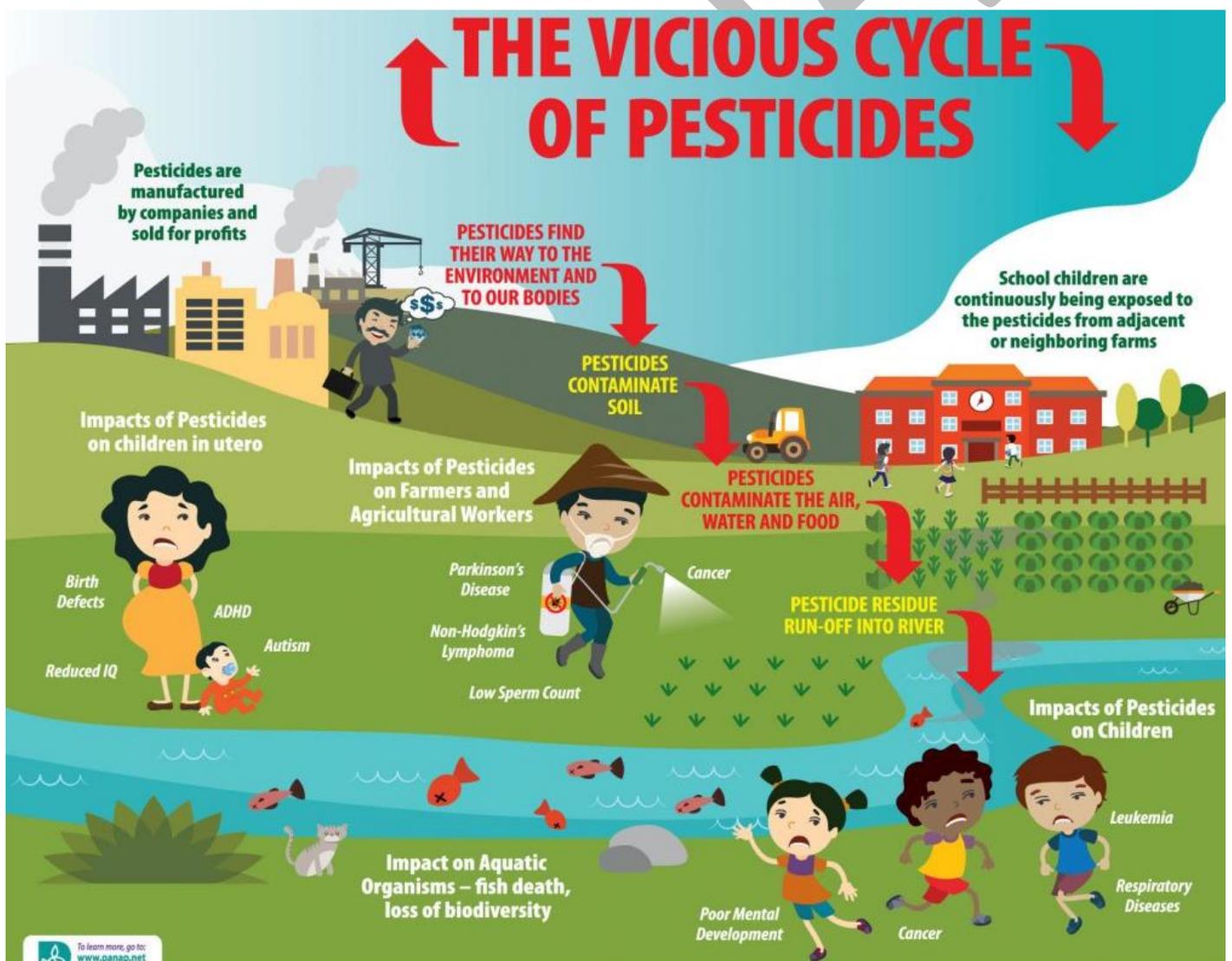
MODEL ANSWER

1. JAMMU and KASHMIR

PRELIMS and MAINS TOPICS

TOPIC 1. PESTICIDES MANAGEMENT BILL, 2020

1. Union Cabinet approved Pesticides Management Bill, 2020, which, government claims will **regulate the business of pesticides and compensate farmers in case of losses from use of spurious agro chemicals.**
2. "Today, pesticide business is regulated by 1968 rules which have become age-old and need immediate rewriting,"
3. **farmers would also be empowered to get all information as data would be in open source and in all languages.**
4. In February 2018, Centre released a draft of pesticides Bill that aims to replace existing Insecticides Act of 1968.
5. A key proposal in the 2018 version was to raise penalties on the sale of prohibited or spurious pesticides to ₹50 lakh and up to five years' imprisonment, from the current ₹2,000 and up to three years' imprisonment. It is unclear if these provisions have been retained in the latest version of Bill that was cleared by the Union Cabinet.
6. "If there is any loss because of spurious or low quality of pesticides then there is a provision for compensations , If required government will form a central fund which will take care of compensation"
7. Centre for Science and Environment in 2018 had criticized Bill. **"The existing draft provides inadequate representation to States ... The States should have a say in final decision making on pesticide, as they have best understanding on agro-ecological climate, environment and soil conditions,"**.



IMPACTS OF PESTICIDES

Pesticides are used in our countryside, urban areas, homes and gardens



IMPACTS HEALTH

Exposure can cause fertility and reproductive issues, diabetes, obesity, degenerative diseases e.g. Parkinson's, cancers, asthma, depression, anxiety, ADHD etc.



PREGNANT MOTHERS AND CHILDREN

This group is particularly sensitive as exposure can cause disruption to endocrine systems, childhood cancers, neuro-developmental issues and other disorders.



DRAINS ECONOMIES

Pesticides cause illness and injury resulting in lost work days. Exploitative markets keep farmers on the pesticide treadmill, crops develop resistance, and incorrect use affects yields.



DECREASES BIODIVERSITY

Pesticides have been linked to declines in bees and pollinators, beneficial insects, birds, mammals, aquatic animals and non-target plants etc.



IMPACTS ON WATER, SOIL AND AIR

Run-off contaminates surface and ground water. Soil microorganisms and earthworms are poisoned, affecting soil fertility, and drift and volatilisation contaminates air, rain, fog and snow.



MONOPOLISATION OF AGRICULTURAL SYSTEMS & CORRUPTION OF SCIENCE

LINKS TO SUICIDES: 15-20% OF SUICIDES ARE A RESULT OF PESTICIDE SELF-POISONING DUE TO EASE OF ACCESSIBILITY AND HIGH TOXICITY

TOPIC 2. MAJOR PORTS AUTHORITY BILL

1. The Union Cabinet approved the Major Ports Authority Bill 2020, which will be introduced in the ongoing session of Parliament.
2. The Bill, approved by the Cabinet, will replace the existing regulations under a 1963 law.
3. The **12 major ports** in India would get a boost through the new law, adding that disputes with private companies and PPP operators had been cropping up, but the existing law had no provisions to deal with them.
4. The new law would also help in **improving infrastructure**.



TOPIC 3. CHILDREN

1. Supreme Court has made it clear that police have no right to detain children in conflict with law in a lockup or a jail.
2. **A juvenile in conflict with law, if apprehended, has to be placed immediately under care of special juvenile police unit or a designated child welfare officer. The child has to be produced before Juvenile Justice Board (JJB).**
3. "Once a child is produced before a JJB, bail is the rule," a Bench of Justices Deepak Gupta and Aniruddha Bose declared. If for some reason bail is not granted, a child cannot be put behind bars.
4. He has to be lodged either in an observation home or in a place of safety.
5. **The law is meant to protect children and not detain them in jail or keep them in police custody**
6. The eight-page order on February 10 came after the court's attention was drawn by the recent media reports about "children being detained in police custody and tortured in Delhi and Uttar Pradesh". The order sends a significant message to the authorities in the light of reports about children detained in connection with the protests against the Citizenship (Amendments) Act.
7. The Bench has issued notice to the Uttar Pradesh and Delhi Commissions for Protection of Child Rights and directed them to file their responses within three weeks.

TOPIC 4. EBOLA

1. UN health agency experts meet to decide whether Ebola outbreak in Democratic Republic of Congo should still be considered a **global health emergency**, following a sharp decline in reported cases.
2. World Health Organization last July declared it a **"public health emergency of international concern" — a designation that gives the WHO greater powers to restrict travel and boost funding.**
3. The outbreak was first identified in August 2018 and has since killed more than 2,300 people in eastern DR Congo.
4. WHO chief Tedros Adhanom Ghebreyesus said he was "encouraged" by an improvement in situation, with only three cases reported in past week. But he added: "It's not over. Any single case could reignite epidemic."
5. **For epidemic to be declared over, there have to be no new cases reported for 42 days — double incubation period.**
6. "We cannot and must not forget Ebola," Mr. Tedros said, adding that he would travel to DR Congo on to meet President Felix Tshisekedi.
7. The decision is ultimately up to the WHO's Emergency Committee that meets every three months once an emergency has been declared.

Ebola hemorrhagic fever

Ebola is a severe, often-fatal disease that affects people, as well as monkeys, gorillas and chimpanzees.

Origins of the disease
■ Infection with Ebola virus, named after river in Congo, where disease was first recognized in 1976

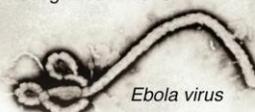
Symptoms
1 Fever, headache, joint and muscle pain, sore throat, weakness
2 Followed by diarrhea, vomiting
3 Rash, internal and external bleeding

Confirmed human cases Since 1976
Liberia, Sudan, Gabon, Democratic Republic of Congo
*Person had infection, but did not become ill

How it spreads
■ Direct contact with blood, secretions of infected person
■ Contact with contaminated objects, such as needles
■ Contact with infected animal; possibly eating contaminated meat

Treatment
■ No standard treatment; sick person isolated, given fluids, oxygen; treatment for secondary infections

Source: U.S. Centers for Disease Control and Prevention
Graphic: Pat Carr



Ebola Virus Disease

Ebola is most feared for the internal and external bleeding it can cause in victims owing to damage done to blood vessels.

It was discovered in 1976, and since then the majority of the outbreaks have appeared in parts of Africa.

At least 12,800 deaths have occurred globally since 1976.

POSSIBLE ROUTES

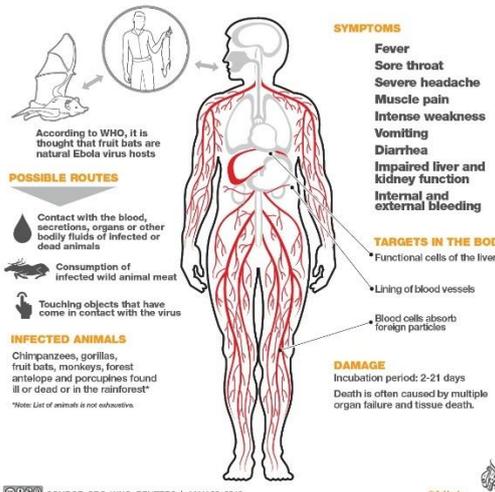
- Contact with the blood, secretions, organs or other bodily fluids of infected or dead animals
- Consumption of infected wild animal meat
- Touching objects that have come in contact with the virus

INFECTED ANIMALS
Chimpanzees, gorillas, fruit bats, monkeys, forest antelope and porcupines found ill or dead or in the rainforest
*Note: List of animals is not exhaustive.

SYMPTOMS
Fever
Sore throat
Severe headache
Muscle pain
Intense weakness
Vomiting
Diarrhea
Impaired liver and kidney function
Internal and external bleeding

TARGETS IN THE BODY
*Functional cells of the liver
Lining of blood vessels
Blood cells absorb foreign particles

DAMAGE
Incubation period: 2-21 days
Death is often caused by multiple organ failure and tissue death.



TOPIC 5. DIRECT TAX VIVAD SE VISHWAS BILL

1. The Union Cabinet approved changes in the 'Direct Tax Vivad se Vishwas Bill, 2020' with a view to increase its scope to cover litigation pending in various debt recovery tribunals (DRTs). The Bill was introduced in Lok Sabha earlier this month with **aim of reducing litigation related to direct taxes**.
2. It was proposed to cover tax disputes pending at level of commissioner (appeals), Income Tax Appellate Tribunals, High courts and Supreme Court.
3. It had been decided to cover disputes pending in DRTs also. He said cases involving over ₹9 lakh crore of direct taxes were pending across various fora.
4. **What is The Direct Tax Vivad se Vishwas Bill, 2020?**
 - a. In essence, the Bill is aimed at resolving direct tax related disputes in a speedy manner.
 - b. In the last budget, **Sabka Vishwas Scheme** was brought in to reduce litigation in indirect taxes.
 - c. According to the Finance Minister, at present there are as many as **"4,83,000 direct tax cases pending in various appellate forums i.e. Commissioner (Appeals), ITAT, High Court and Supreme Court"**. The idea behind the scheme is to reduce litigation in the direct tax arena.
5. **Vivad se Vishwas Bill: What are the specifics of the scheme?**
 - a. The Finance Minister had clarified that "under the proposed Vivad Se Vishwas scheme, a taxpayer would be required to pay only the amount of the disputed taxes and will get complete waiver of interest and penalty provided he pays by March 31, 2020.
 - b. Those who avail this scheme after March 31, 2020 will have to pay some additional amount". However, the scheme will remain open only till June 30, 2020.
 - c. The scheme also applies to all case appeals that are pending at any level.
6. **How much money is at stake?**
 - a. According to reports, over Rs 9 lakh crore worth of direct tax disputes are pending in the courts. The government hopes to recover a big chunk of this in a swift and simple way, while offering the taxpayers the relief of not having to fight the case endlessly. For a government that is staring at a big shortfall in revenues, especially tax revenues, the scheme makes a lot of sense.
7. **What was the response to the Sabka Vishwas scheme?**
 - a. At last count, the government expected to have raised Rs 39,500 crore from the Sabka Vishwas scheme, which was only about indirect tax disputes. The amnesty window for Sabka Vishwas closed on January 15 and close to 1.90 lakh crore applications, in relation to taxes worth Rs 90,000 crore were received.
 - b. One of the standout successes of this scheme was Mondelez India Foods Pvt Ltd (which was earlier known as Cadbury India) settled one of its most controversial tax disputes, pertaining to its alleged plant in Baddi, Himachal Pradesh, with the government under this scheme. The firm was accused of evading taxes to the tune of Rs 580 crore (excluding taxes and penalties). In the end, Mondelez paid Rs 439 crore on January 20 under the amnesty scheme.

TOPIC 6. SCHEDULED TRIBES

1. The Lok Sabha passed Constitution (Scheduled Tribes) Order (Amendment) Bill by voice vote.
2. It seeks to include **Parivara and Talawara** communities in ST category.
3. The **Siddi** tribes of Belagavi and Dharwad in Karnataka would also be included in the category, apart from those living in Uttar Kannada.
4. Tribal Affairs Minister Arjun Munda assured members that government would take cognizance of their demands for inclusion of communities from their States.

TOPIC 7. SC / ST ATROCITIES LAW

1. Supreme Court on upheld a 2018 amendment **which barred persons accused of committing atrocities against those belonging to Scheduled Castes and Scheduled Tribes from getting anticipatory bail.**
2. But 2 of judges on Bench, Justices Arun Mishra and Vineet Saran, held in their joint opinion that a High Court would also have an “inherent power” to grant anticipatory bail in cases in which prima facie an offence under anti-atrocities law is not made out.
3. The 2 judges held that a High Court, in “exceptional cases”, could quash cases to prevent misuse of anti-atrocities law.
4. The 3rd judge on Bench, Justice S. Ravindra Bhat, in his separate opinion, however, added a caveat to what his two companion judges on Bench said about use of this “inherent power” by High Courts.
5. Justice Bhat stressed that courts should take care to use this power to grant anticipatory bail “only sparingly and in very exceptional cases”.
6. It should not become a norm lest it leads to miscarriage of justice and abuse of the process of law.
7. The intention of Parliament to protect oppressed classes would suffer a defeat, “I consider such stringent terms, otherwise contrary to philosophy of bail, absolutely essential, because a liberal use of power to grant pre-arrest bail would defeat intention of Parliament.”.
8. “It is important to reiterate and emphasise that unless provisions of Act (anti-atrocities law) are enforced in their true letter and spirit, with utmost earnestness and dispatch, dream and ideal of a casteless society will remain only a dream, a mirage. The marginalization of Scheduled Caste and Scheduled Tribe communities is an enduring exclusion and is based almost solely on caste identities,” Justice Bhat.
9. The judge said express provisions of Constitution and statutes like Act, meant to protect oppressed classes, underline social or collective resolve to ensure that “all humans are treated as humans, that their innate genius is allowed outlets through equal opportunities and each of them is fearless in the pursuit of her or his dreams”.
10. Despite Justice Bhat’s caveat, all 3 judges on Bench have upheld **constitutionality of Section 18A of Scheduled Castes and Scheduled Tribes (Prevention of Atrocities) Amendment Act of 2018. The sole purpose of Section 18A was to nullify a controversial March 20, 2018, judgment of Supreme Court diluting stringent anti-bail provisions of original Scheduled Castes and Scheduled Tribes (Prevention of Atrocities) Act of 1989.**
11. A 2 judge Bench of Supreme Court had on March 20, 2018, held that there was no “absolute bar” on accused person obtaining anticipatory bail under Section 438 CrPC, **“if no prima facie is made out or if judicial scrutiny reveals complaint to be prima facie malafide”.**
12. March 20, 2018 judgment was a response to court’s belief that law was abused to file false complaints.
13. The verdict had led to widespread violence. Consequently, Parliament amended 1989 law and inserted Section 18A into it. Section 18A re-affirmed original legislative bar on pre-arrest bail.
14. A number of petitions were filed in Supreme Court to declare Section 18A “arbitrary and unconstitutional”. All of them were dismissed by Bench as without merit.

Strengthening the law

- The SC, in *Dr. Subhash Kashinath Mahajan vs State of Maharashtra*, held on March 20, 2018: No absolute bar against grant of anticipatory bail under the anti-atrocities law if no prima facie case is made out or if judicial scrutiny reveals the complaint to be prima facie mala fide

- Parliament introduces an amendment in 2018. Inserts Section 18A in the original Scheduled Castes and Scheduled Tribes (Prevention of Atrocities) Act of 1989. Section 18A re-affirms the original legislative intention that Section 438 CrPC (pre-arrest bail) is not applicable to accused booked under the atrocities law

- Prathvi Raj Chouhan and other petitioners challenge the amendments as arbitrary

- February 10, 2020 judgment in Prathvi Raj Chouhan case: Justices Arun Mishra and Vineet Saran uphold Section 18A. However, the judges add that the High Courts will have an “inherent power” to grant anticipatory bail in cases in which prima facie an offence under the 1989 law is not made out

- Justice S. Ravindra Bhat adds a caveat about the use of this “inherent power” by courts. He says it should be used “only sparingly and in very exceptional cases”. Otherwise, miscarriage of justice may result. The intention of Parliament to protect SCs and STs will be defeated

- “It is important to keep oneself reminded that while sometimes (perhaps mostly in urban areas) false accusations are made, those are not necessarily reflective of the prevailing and wide spread social prejudices against members of these oppressed classes”: Justice Bhat



TOPIC 8. SABARIMALA REVIEW BENCH

1. A 9-judge Constitution Bench of Supreme Court upheld decision of 5-judge Sabarimala Review Bench to refer to a larger Bench questions on ambit and scope of religious freedom practiced by multiple faiths across country.
2. The 9-judge Bench, led by Chief Justice of India (CJI) S.A. Bobde, said a Bench engaged in review of a particular judgment could indeed refer other questions of law to a larger Bench. Arguments on merits would be heard from February 17.
3. The Bench also framed seven questions of law which it would decide now. These are:
 - a. **what is the scope and ambit of religious freedom under Article 25 of the Constitution?**
 - b. **What is the interplay between religious freedom and rights of religious denominations under Article 26 of the Constitution?**
 - c. **Whether religious denominations are subject to fundamental rights?**
 - d. **What is the definition of 'morality' used in Articles 25 and 26?**
 - e. **What is the ambit and scope of judicial review of Article 25?**
 - f. **What is the meaning of the phrase "sections of Hindus" under Article 25 (2)(b)?**
 - g. **Whether a person not belonging to a religious group can question the practices, beliefs of that group in a PIL petition?**
4. On last day of hearing, Chief Justice had defended November 14, 2019, reference made by Review Bench led by then CJI Ranjan Gogoi. **"By making this reference order [on November 14], Bench [led by Justice Gogoi] has not prejudicially affected anybody's rights. It may be most innovative idea, but it has not affected any rights,"**.
5. On November 14 last year, Gogoi Bench, in a majority judgment, did not decide Sabarimala review cases before it. Instead, it went on to frame "larger issues" concerning essential religious practices of various religions. It further clubbed other pending cases on subjects as varied as female genital mutilation among Dawoodi Bohras to entry of Parsi women who married inter-faith into fire temple and Muslim women into mosques and referred them all to a larger Bench.
6. **The reference order also asked the larger Bench to consider the rule pertaining to prohibition of entry to women of menstruating age into Sabarimala temple.**
7. Chief Justice Bobde, who succeeded Justice Gogoi, set up nine-judge Bench to hear reference.
8. The November 2019 reference hit a bump on Monday last, with senior advocate Fali Nariman objecting to it. He argued that court could not declare law in thin air. "Fundamental [to judicial process] is you apply law to facts of cases and not decide law before looking into facts... Never indulge in exposition of law outside realm of facts of case," he said.
9. The Gogoi Bench's sole task was to review Sabarimala judgment of September 2018. The major ground for seeking a review was finding in judgment that Ayyappa devotees did not form a separate religious denomination. On November 14, Review Bench recorded no errors apparent or miscarriage of justice in 2018 verdict.
10. "When Ayyappa devotees were not found to be a separate denomination, these reference questions on Article 25 [religious freedom] are purely an academic exercise. It was not necessary to raise these hypothetical questions in reference. The President and not CJI consults Supreme Court under **Article 143** of Constitution on questions of law and facts,".
11. Senior advocate Shyam Divan had agreed that review jurisdiction did not include "framing a catalogue of questions randomly".
12. Senior advocate A.M. Singhvi had said, "But what if judges have a doubt? They refer it to a larger Bench. Are you saying the President can refer questions of law to Supreme Court, but judges cannot?"
13. Senior advocate K. Parasaran had said Supreme Court had unlimited jurisdiction. The fact that it was reviewing Sabarimala judgment did not preclude it from referring other questions of law and cases with similar issues to a larger Bench.

Setting the agenda

The seven questions that the SC Bench will look into:

- What is the scope and ambit of religious freedom under Article 25 of the Constitution?
- What is the interplay between religious freedom and rights of religious denominations under Article 26?
- Whether religious denominations are subject to fundamental rights?
- What is the definition of 'morality' used in Article 25 and Article 26?
- What is the ambit and scope of judicial review of Article 25?
- What is the meaning of the phrase "sections of Hindus" under Article 25 (2)(b)?
- Whether a person not belonging to a religious group can question the practices and beliefs of that group in a PIL petition?

TOPIC 9. ARSENIC-RESISTANT RICE

1. Researchers have developed and commercialized a rice variety that is resistant to arsenic. Several studies have shown that arsenic from groundwater and soil can enter food chain through paddy.
2. **West Bengal** is among States with highest concentration of arsenic in groundwater, with 83 blocks across seven districts having higher arsenic levels than permissible limits.
3. The new rice variety, **Muktoshri** — also called **IET 21845** — was developed jointly by Rice Research Station at Chinsurah, coming under West Bengal's Agriculture Department and National Botanical Research Institute, Lucknow, over several years. A gazette notification for commercial use of Muktoshri was issued by West Bengal last year.
4. Bijan Adhikari, one of scientists who worked on developing variety, said that State government's decision to make seeds available for cultivation came after successful trials in both wet season and dry season in different blocks of State. The trials were done in areas with arsenic contamination in groundwater, particularly in Nadia, North 24 Parganas, Bardhaman and Murshidabad.
5. "During our multilocational trials, we found that this variety absorbs very less amount of arsenic from soil and water than the other varieties of rice. The variety yields 5.5 metric tonnes per hectare in the Boro season and 4.5 to 5 metric tonnes per hectare in the Kharif season, respectively,".
6. The work on developing the variety started in 2006 and by 2013 the scientists were successful. Pradip Kumar Das, a farmer at Birnagar in Nadia district who cultivated the variety on over four hectares (30 bighas), said that the yield was satisfactory, despite a dry spell.
7. "In Nadia, arsenic contamination is a major health problem. So far about 150 farmers are cultivating the variety and it is going to increase in the next few years,". The rice was long and thin, and aromatic. Across State, thousands of farmers have started cultivation, even in areas where arsenic in groundwater is not an issue, because of aroma and the yield.
8. According to World Health Organization, **long-term exposure to arsenic, mainly through drinking water and food, can lead to poisoning. Skin lesions and skin cancer are the most characteristic effects.**

TOPIC 10. RESERVATION IN PROMOTION

1. **Reservation in promotion in public posts cannot be claimed as a fundamental right**, Supreme Court has reiterated in a judgment.
2. A Bench of Justices L. Nageswara Rao and Hemant Gupta observed that State governments are not bound to make reservation. Even courts could not issue a mandamus directing States to provide reservation.
3. **"There is no doubt that State government is not bound to make reservation. There is no fundamental right which inheres in an individual to claim reservation in promotions. No mandamus can be issued by the court directing the State government to provide reservation,"** court observed in its February 7 verdict.
4. Citing Constitution Bench precedents that had settled law, court said **Articles 16 (4) and 16 (4-A) of Constitution did not confer individuals with a fundamental right to claim reservation in promotion.**
5. The Articles empower State to make reservation in matters of appointment and promotion in favour of Scheduled Castes and Scheduled Tribes only **"if in opinion of State they are not adequately represented in services of State"**.
6. "The inadequacy of representation is a matter within subjective satisfaction of State," judgment said.
7. Thus, State government has discretion **"to consider providing reservations, if circumstances so warrant"**.
8. "It is a settled law that State government cannot be directed to provide reservation for appointment in public posts. Similarly, State is not bound to make reservation for Scheduled Castes and Scheduled Tribes in matters of promotions,".

TOPIC 11. MANDAMUS

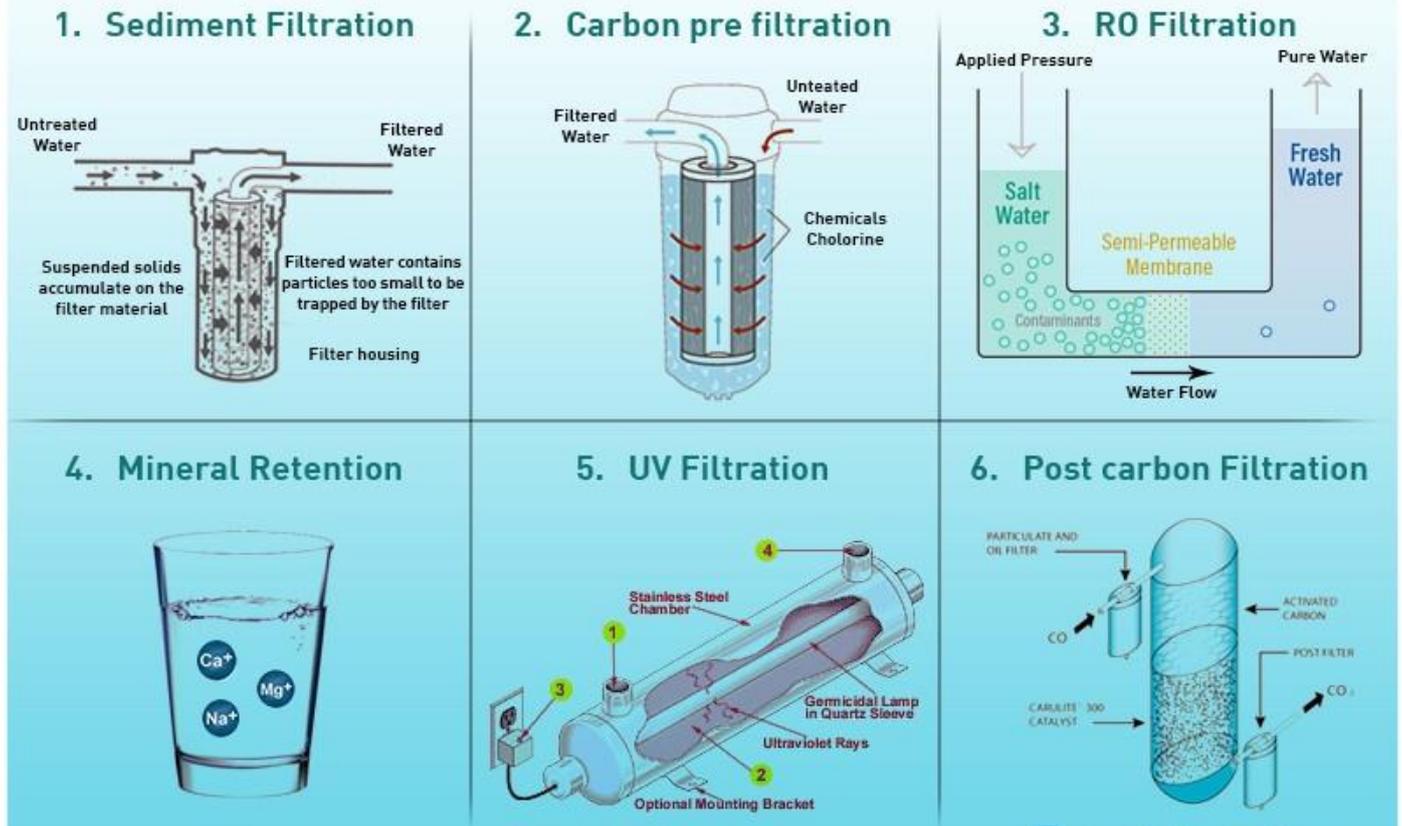
1. Mandamus is among the "prerogative writs" in English common law — meaning the extraordinary writs or orders granted by the Sovereign when ordinary legal remedies are inadequate. These are habeas corpus, mandamus, prohibition, certiorari, and quo warranto.
2. In India, Supreme Court can issue prerogative writs under **Article 32** of Constitution, and High Courts under **Article 226**.
3. Mandamus literally means 'we command'. **When issued to a person or body, the writ of mandamus demands some activity on their part. It orders the person or body to perform a public or quasi-public duty, which they have refused to perform, and where no other adequate legal remedy exists to enforce the performance of that duty.**
4. **The writ cannot be issued unless the legal duty is of public nature, and to whose performance the applicant of the writ has a legal right.**
5. The remedy is of a **discretionary nature** - a court can refuse to grant it when an alternative remedy exists. However, for enforcing fundamental rights, alternative remedy argument does not hold as much weight, since it is duty of Supreme Court and High Courts to enforce fundamental rights.
6. **When a public officer or government does an act that violates fundamental right of a person, court would issue a writ of mandamus against such authorities so that person's rights are not infringed.**
7. In the 1951 case of Venkataramana vs State Of Madras, a five-judge bench headed by then CJI Harilal Kania issued the writ of mandamus when the petitioner was not selected to the Subordinate Civil Judicial Service owing to the operation of a 'Communal Rotation Order' that infringed fundamental rights guaranteed under Article 16(1). The bench ordered the State of Madras "to consider & dispose of the petitioner's application for the post after taking it on file on its merits & without applying the rule of communal rotation."
8. The writ can also be issued against inferior courts or other judicial bodies when they have refused to exercise their jurisdiction and perform their duty.
9. Under **Article 361**, mandamus cannot be granted against the President or Governor of a State, "for the exercise and performance of the powers and duties of his office or for any act done or purporting to be done by him in the exercise and performance of those powers and duties".
10. The writ also cannot be issued against a private individual or body, except where the State is in collusion with the private party for contravening a provision of the Constitution or a statute.

TOPIC 12. RO WATER

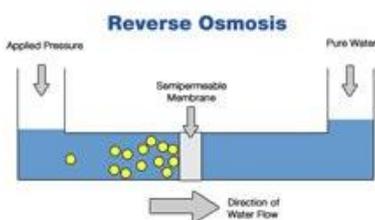
1. Union Environment Ministry has issued a draft notification that seeks to **regulate membrane-based water filtration systems in areas where source of water meets drinking water norms of Bureau of Indian Standards**. This primarily affects reverse osmosis (RO)-based water filtration systems and the rules, at least in letter, effectively prohibit homes from installing domestic RO systems.
2. **What are reverse osmosis (RO) systems?**
 - a. RO was originally a technology devised to desalinate sea water. The idea exploits principle of osmosis. Take a tube, twist it into a 'U'-shape and insert a semi-permeable membrane (a material with very small holes that will allow only certain molecules to filter through) at the point where tube curves. Fill half tube with salt water and other with freshwater. Over time, fresh water will cross over into salty arm until proportion of salt and water in both arms is same. This is due to osmotic pressure which dilutes a region with a higher concentration of solute (in this case, salt).
 - b. Say you wanted to readjust this tube and have all salt in one arm and pure water in other. You would need to create some external pressure that will counter osmotic pressure and suck all water from salty arm into freshwater arm while leaving salt behind. This is essential principle of an RO system.
 - c. RO desalination came about in the late 1950s and primarily in large industrial settings to convert brackish sea water into potable drinking water.
 - d. However, **it is possible to deploy a wide array of membranes and multiple stages of filters to filter a wide variety of solutes — arsenic, fluoride, hexavalent chromium, nitrates, bacteria — that come mixed in water**. This has led to an industry of home-RO systems that are installed in a multiplicity of ways to provide potable water.
 - e. To create external pressure, RO relies on a pump and electric motors. It uses “activated carbon” components, such as charcoal and carbon black that can filter out contaminants as well as organic substances such as bacteria. It all depends on the filtering material and the number of filters that incoming tap water must pass through.
3. **What is the problem with RO?**
 - a. In making tap water pass through multiple stages of cleaning, RO systems end up wasting a lot of water. Anywhere between three-five times more water is wasted by them than they produce and given the challenges that cities and government face in providing potable water, environmentalist groups have convinced the National Green Tribunal to ban the use of RO systems in Delhi. It is as part of this legal dispute, which began in March 2019 that led the Environment Ministry to move to regulate RO systems.
 - b. Another concern with RO is that it filters out calcium, zinc, magnesium, which are essential salts needed by the body; drinking such water over time could be harmful. However, many manufacturers claim to overcome this challenge by “post-treatment”. The average RO system only aims to reduce Total Dissolved Solids, ensure water is odourless and has a pH from 6.5-8.5. The National Institute of Virology (NIV) claimed that most filtration methods did not eliminate Hepatitis E virus. A combination of filtration systems can eliminate most contaminants.
 - c. But opponents of RO systems say this increases costs and reduces the incentive for public-funded water distribution systems to supply clean water to the vast majority of the country who can ill-afford such systems.
4. **How is the quality of piped water in the country?**
 - a. Under the Jal Jeevan Mission, the Prime Minister has committed to provide tap water to the entire country by 2024. However, studies show that the existing quality of piped water is deficient in much of India. Last year, the Department of Consumer Affairs undertook a study through the Bureau of Indian Standards (BIS) on the quality of piped drinking water being supplied in the country. In Delhi, all samples drawn from various places did not comply with the BIS's requirements. Most from Mumbai were found to comply, the report claimed. In Hyderabad (Telangana), Bhubaneswar (Odisha), Ranchi (Jharkhand), Raipur (Chhattisgarh), Amravati (Maharashtra) and Shimla (Himachal Pradesh), one or more samples did not comply and none of the samples drawn from 13 State or Union Territory capitals, Chandigarh, Thiruvananthapuram, Patna, Bhopal, Guwahati, Bengaluru, Gandhinagar, Lucknow, Jammu, Jaipur, Dehradun, Chennai, Kolkata, complied with the requirements.
5. **What is the quality of water globally?**

- a. Countries with a high development index tend to have good quality tap water. Finland, Denmark, Switzerland, Germany, United Kingdom have access to freshwater lakes or glacier melt — extremely clean and mineral rich. This water is further filtered. Singapore and Israel rely on extensive recycling and even making sewage water fit for drinking. The limited population pressure, compared to India, as well as public resources allow these countries to ensure clean drinking water. But for much of the world, access to clean piped water from the public supply remains a challenge.

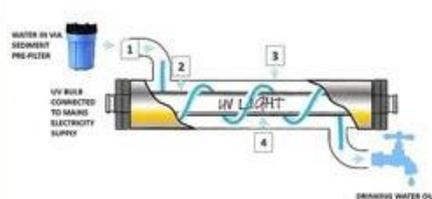
How Many Stages of Filtration an RO Water Purifier Actually Needs?



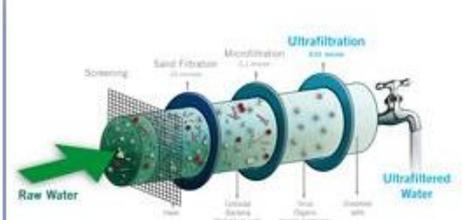
Difference Between RO, UV & UF



Reverse Osmosis Process



Ultraviolet Process



Ultrafiltration Process

TOPIC 13. BAT-HUNTERS

1. The report of a government inquiry into a study conducted in Nagaland by researchers from U.S., China and India on bats and humans carrying antibodies to deadly viruses like Ebola was submitted to Health Ministry.
2. ***“The Indian Council of Medical Research (ICMR) sent a five-member committee to investigate. The inquiry is complete and a report has been submitted to Health Ministry,”*** The inquiry comes as officials worldwide grapple with spread of novel coronavirus (nCoV) 2019 from Wuhan in China to over 20 countries.
3. The study came under scanner as 2 of 12 researchers belonged to Wuhan Institute of Virology’s Department of Emerging Infectious Diseases and it was funded by U.S Department of Defense’s Defense Threat Reduction Agency (DTRA).

Steeped in secrecy

Researchers from the U.S., China and India conducted the study on bats and humans carrying antibodies to deadly viruses like Ebola

- The study found the presence of filovirus-reactive antibodies in human and bat populations in northeast India

- Bats often carry Ebola, rabies, marburg and the SARS coronavirus

- The study suggested that bats in South Asia act as a reservoir host of a diverse range of filoviruses

- For the study done in 2017, 85 individuals participating in an annual bat harvest at Mimi, Nagaland, were picked

TOPIC 14. COMMONWEALTH

1. The **Maldives on re-joined Commonwealth**, more than three years after Indian Ocean island nation quit association amid mounting criticism of its human rights record then.
2. In 2016, Maldives pulled out of Commonwealth terming “unjust” grouping’s decision to penalize country over former President Mohamed Nasheed’s controversial ouster in 2012. It followed Commonwealth Ministerial Action Group (CMAG)’s warning to Maldives of suspension from bloc, voicing “deep disappointment” over country’s lack of progress in resolving political crisis during former President Abdulla Yameen’s presidency, whose authoritarian slant sparked concern domestically and internationally.
3. However, months after President Ibrahim Mohamed Solih won the 2018 presidential elections, promising to restore democracy, he wrote to the Commonwealth, requesting to re-join the bloc.
4. Following the island nation’s readmission Commonwealth Secretary-General Patricia Scotland said: **“The reform process under way in Maldives aligns with the values and principles of the Commonwealth and we encourage the nation to continue on this path.”**
5. President Solih said in a tweet: **“A short while ago, I had a conversation with the Commonwealth’s Secretary General who informed me that the Maldives has been formally reinstated into the Commonwealth as its 54th member state. We shall long strive to uphold the Commonwealth’s values of democracy and human rights.”**
6. The Government of India congratulated Government of Maldives on its readmission to Commonwealth of Nations as its 54th member. **“India has always been a key supporter of Maldives’ readmission and for it to play a larger role in international organizations and comity of nations. We are committed to working closely with Maldives on shared Commonwealth goals like development, democracy and peace,”** Ministry of External Affairs said in a statement.
7. New Delhi-Male ties witnessed a significant shift following poll defeat of former President Yameen, perceived to be a friend of China. India said it would continue working with Maldives in achieving its “democratic and developmental aspirations.”



TOPIC 15. STORY OF BUDGET '20, IN 9 CHARTS

1. With no significant spending increase to boost consumption or other major reform 2020 budget may lack firepower to reignite economy
2. A growth slump, a precarious **fiscal position and rising inflation**: these are extraordinary times for Indian economy. Yet in 2020 Budget, these extraordinary times did not lead to extraordinary measures so many economists were clamoring for. Like previous budgets under this government, latest one has adopted a gradualist approach towards reforms.
3. Perhaps most common call ahead of budget was for greater government spending to boost waning consumption. That stimulus has not come: overall government spending growth in fiscal 2021, although higher than five-year trend, is budgeted to be lower than ongoing financial year. Spending itself remains skewed towards revenue expenditure instead of capital expenditure. **(Chart 1)**
 - a. Instead of a major spending drive, the government's attempt to boost consumption has been through tax cuts. But while tax rates across different slabs have been slashed, the removal of exemptions make the overall effect on demand uncertain.
4. "It would have been better if growth push came from spending side. The multiplier effect of these tax cuts will be low. Besides, this may not work because people may wish to save and get exemptions rather than forgo exemptions and opt for a tax cut to induce their consumption,". Moreover, tax cuts could further stall revenue growth and add pressure to India's fiscal deficit. **(Chart 2)**
5. The fiscal deficit for 2019-20 — at 3.8% of GDP — overshot the budgeted target by 50 basis points. Next year, the government expects the deficit to be 3.5% of GDP, well above the 3% mandated by the Fiscal Responsibility and Budget Management Act (FRBM). This has limited the scope of any significant fiscal expansion and forced the government to trigger an FRBM escape clause to justify the 0.5% deviation between 2019-20 and 2020-21. **(Chart 3)**
6. But even these figures are an underestimate. Taking into account the government's own estimates of its "extra-budgetary resources", the fiscal deficit would be 4.6% in fiscal 2020 and 4.4% in 2021. These extra-budgetary resources include fully-serviced government bonds to raise funds and loans from National Small Savings Fund to public sector entities such as Food Corporation of India. This means there will be no marked improvement in the public debt situation. **(Chart 4)**
7. The economic slowdown may be hitting the rural sector the hardest but this budget has not offered the sector much respite. The share of overall spending on the rural sector has plateaued. And within this, spending on key rural policies, such as the Mahatma Gandhi National Rural Employment Guarantee Scheme and the food subsidy, have been slashed. Spending in the social sector, which includes education and health, has fallen too. **(Charts 5 & 6)**
8. Though overall rural spending has not grown, agriculture ministry spending has more than doubled compared to the average between 2014-15 and 2019-20. This was the biggest increase among different ministries and largely driven by PM-Kisan, the cash transfer scheme for farmers. **(Chart 7)**
9. The overall pattern of spending among the government's big-ticket items though remain largely the same. Spending on defence, interest payments and transfers accounted for 58.7% of government spending — largely in line with the average between 2014-20 (61%). **(Chart 8)**
10. Notably, transfers to states, as a proportion of the union government's tax revenues are budgeted to increase in the coming financial year and return to the levels seen during 2014-19. For 2020-21, the states' share is estimated at 41% of the shareable central taxes based on the interim recommendations of the 15th Finance Commission. The commission suggested a small reduction in the states' share in Union tax revenues to 41% from 42% because of the change in the status of Jammu and Kashmir. **(Chart 9)**
11. Taken together, the 2020 Budget is set to continue the status quo, instead of reigniting the economy. But it is not just in terms of policy or spending that the slowdown is relatively unaddressed. In rhetoric too, there was no significant coverage. An analysis of the speech at 13,600 words, the 12th longest since liberalization, found no mention of words related to slowdown.

2019-20 (Revised) 2020-21 (Budget)

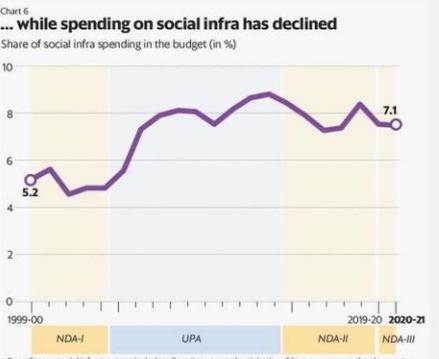
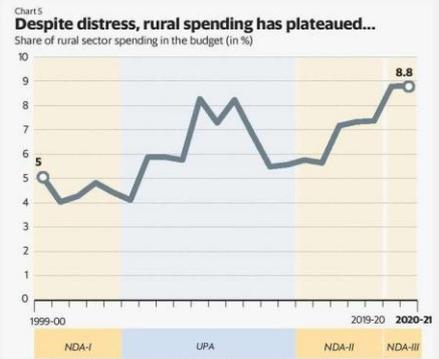
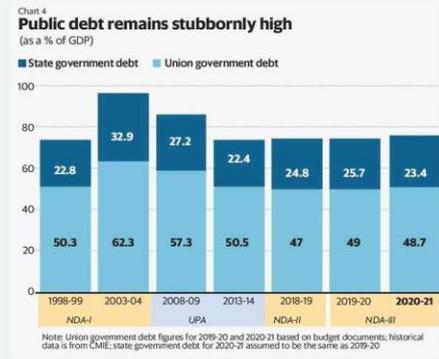
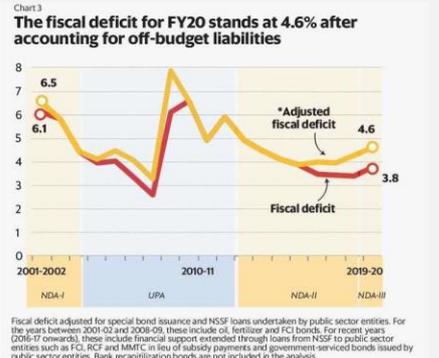
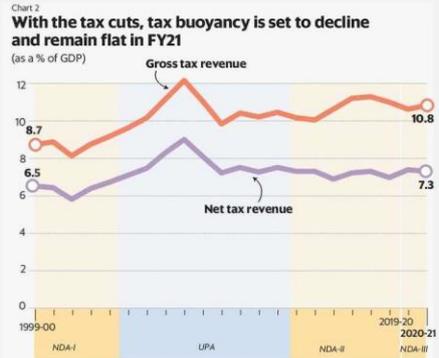
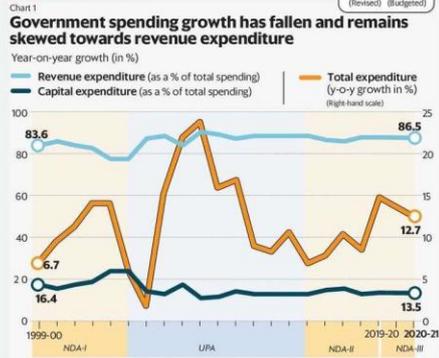
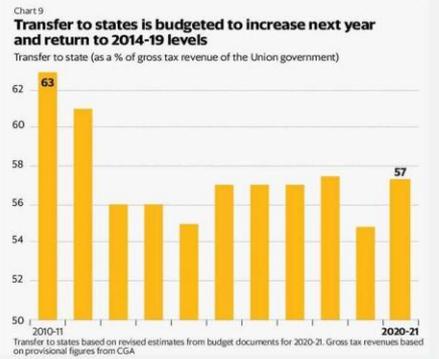
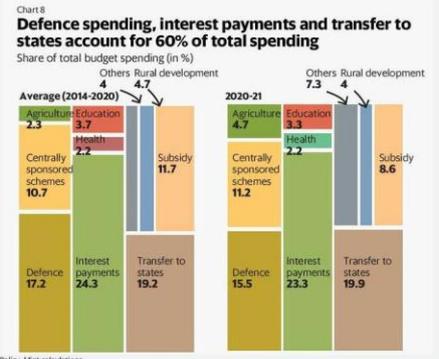


Chart 7
Agriculture and communications gain most funds, whereas steel and textiles lose out

Ministry	Average* (in ₹ million)	2020-21 (in ₹ million)	Difference (in %)
Ministry of agriculture	491,882	1,427,623	190
Ministry of communications	314,317	819,571	161
Ministry of parliamentary affairs	203	505	148
Ministry of new and renewable energy	27,219	57,530	111
Ministry of fisheries, animal husbandry and dairying	22,955	41,141	79
Top losers			
Ministry of steel	1,518	1,000	-34
Ministry of textiles	52,678	35,148	-33
Ministry of law and justice	39,986	27,786	-31
Ministry of civil aviation	50,272	37,977	-24
Ministry of planning	8,494	6,500	-23



TOPIC 16. NINTH SCHEDULE

1. The Ninth Schedule *contains a list of central and state laws which cannot be challenged in courts. Currently, 284 such laws are shielded from judicial review.*
2. The Schedule became a part of Constitution in 1951, when document was amended for first time. It was created by new **Article 31B**, which along with **Article 31A** was brought in by government to protect laws related to agrarian reform and for abolishing the Zamindari system. **While Article 31A extends protection to 'classes' of laws, Article 31B shields specific laws or enactments.**
3. During a speech in Parliament, Jawaharlal Nehru had said, "If there is agrarian trouble and insecurity of land tenure nobody knows what is to happen. Therefore, these long arguments and these repeated appeals in courts are dangerous to the State, from the security point of view, from the food production point of view, and from the individual point of view, whether it is that of the zamindar or the tenant or any intermediary."
4. Article 31B reads: **"Without prejudice to the generality of the provisions contained in article 31A, none of the Acts and Regulations specified in the Ninth Schedule nor any of the provisions thereof shall be deemed to be void, or ever to have become void, on the ground that such Act, Regulation or provision is inconsistent with, or takes away or abridges any of the rights conferred by, any provisions of this Part, and notwithstanding any judgment, decree or order of any court or Tribunal to the contrary, each of the said Acts and Regulations shall, subject to the power of any competent Legislature to repeal or amend it, continue in force."**
5. The First Amendment added 13 laws to the Schedule. Subsequent amendments in 1955, 1964, 1971, 1974, 1975, 1976, 1984, 1990, 1994, and 1999 have taken the number of protected laws to 284.
6. Article 31B also has retrospective operation: meaning if laws are inserted in the Ninth Schedule after they are declared unconstitutional, they are considered to have been in the Schedule since their commencement, and thus valid.
7. Although Article 31B excludes judicial review, the apex court has said in the past that even laws under the Ninth Schedule would be open to scrutiny if they violated fundamental rights or the basic structure of the Constitution.
8. **While most of the laws protected under the Schedule concern agriculture/land issues, the list includes other subjects, such as reservation.** A Tamil Nadu law that provides 69 per cent reservation in the state is part of the Schedule.

TOPIC 17. INDUSTRIAL PRODUCTION

1. Just a day after Finance Minister quoted **Index of Industrial Production (IIP)** data for November 2019 as one of evidence of **emerging "green shoots"** in economy, Ministry of Statistics and Programme Implementation released December data, which, in turn, shows that **IIP contracted by 0.3 per cent.**
2. In November, IIP had expanded by 1.8% after witnessing three consecutive months August, September and October of contraction. A key reason for positive growth in November was favourable base effect.
3. The latest contraction would predictably undermine FM's assertion about economy turning around. On whole between April and December 2019, IIP has now shown a cumulative growth of a meagre 0.5%.
4. According to Quick Estimates of IIP released in terms of industries, 16 out of 23 industry groups in the manufacturing sector have shown negative growth during month of December 2019 as compared with the corresponding month of the previous year.
5. In other words, contraction continues to be widespread.
6. **What is IIP?**
 - a. **The IIP is an index used to track the performance of the industrial sector in the Indian economy.**
 - b. It does this by mapping the volume of production. But since it is an "index", it targets a basket of industrial products — ranging from the manufacturing sector to mining to energy — and allocates different weights to them. Then, depending on the production of this basket, it throws up an index value.

c. The index value is then compared with the value of the index in the same month a year ago to arrive at a percentage growth or decline figure.

7. **How is IIP data read?**

a. There are two ways to understand the IIP data. One can either drill down the IIP data and look at the sectoral performance — where the whole industrial sector is divided into three sub-sectors, namely **manufacturing, mining and electricity** — or look at the **use-based classification**.

8. **What is the sectoral classification?**

- a. In the sectoral classification,
 - i. **MANUFACTURING** has the highest weight of **77.6%**,
 - ii. **MINING** has **14.4%** share and
 - iii. **ELECTRICITY** has **8%** weight.
- b. In December, while production in mining grew by 5.4%, in manufacturing, which is the biggest chunk, production contracted by 1.2%; electricity contracted too, albeit marginally.

9. **What is use-based classification?**

- a. Within the use-based classification, data is provided for six categories. These are :-
 - i. **PRIMARY GOODS** (consisting of mining, electricity, fuels and fertilisers) — this has a weight of **34%**
 - ii. **CAPITAL GOODS** (e.g. Machinery items) — this has a weight of **8%**
 - iii. **INTERMEDIATE GOODS** (e.g. yarns, chemicals, semi-finished steel items, etc) — this has a weight of **17%**
 - iv. **INFRASTRUCTURE GOODS** (e.g. paints, cement, cables, bricks and tiles, rail materials, etc) — this has a weight of **12%**
 - v. **CONSUMER DURABLES** (e.g. garments, telephones, passenger vehicles, etc) — this has a weight of **13%**
 - vi. **CONSUMER NON-DURABLES** (e.g. food items, medicines, toiletries, etc) — this has a weight of **15%**.
- b. In December, while production of primary goods and intermediate goods has picked up, that of capital goods has contracted heavily. This shows there is little demand for new machinery, which in turn shows there is little enthusiasm in the economy to make new investments. The other three categories also witnessed contraction.

10. **What about green shoots of the economy?**

- a. Observers who have tracked IIP for long argue that the key variable from the point of view of sustained growth or decline is the category of “intermediate goods”. That’s because it tallies with the order books. If intermediate goods are growing at a sustained pace month after month, then the domestic economy cannot continue to flounder for long. Similarly, if this category shows contraction, sustained growth appears far away.
- b. In December, this category has grown by 12.5%; in November it grew by over 17%, in October it grew by over 22% and in September by 7%. As such, there is hope that perhaps the economy has seen its worst.
- c. However, the weakness across most other categories continues to be a matter of worry.

YoY, %	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Overall www.taxguru.in	1.3	4.9	-1.4	-4.6	-4.0	1.8	-0.3
Sector Wise							
Mining	1.5	4.9	0.0	-8.6	-8.0	1.8	5.4
Manufacturing	0.3	4.8	-1.7	-4.3	-2.3	2.7	-1.2
Electricity	8.6	5.2	-0.9	-2.6	-12.2	-5.0	-0.1
Goods Wise							
Primary goods	0.6	3.6	1.0	-5.2	-6.0	-0.3	2.2
Capital goods	-6.9	-7.0	-20.9	-20.5	-22.0	-8.2	-18.2
Intermediate goods	12.1	15.7	7.3	6.8	22.9	16.5	12.5
Infra & Construction Goods	-1.3	2.9	-5.7	-7.0	-9.7	-2.4	-2.6
Consumer Durables	-10.2	-2.4	-9.7	-10.5	-18.8	-1.6	-6.7
Consumer Non Durables	7.4	8.5	3.1	-1.1	-1.8	1.5	-3.7

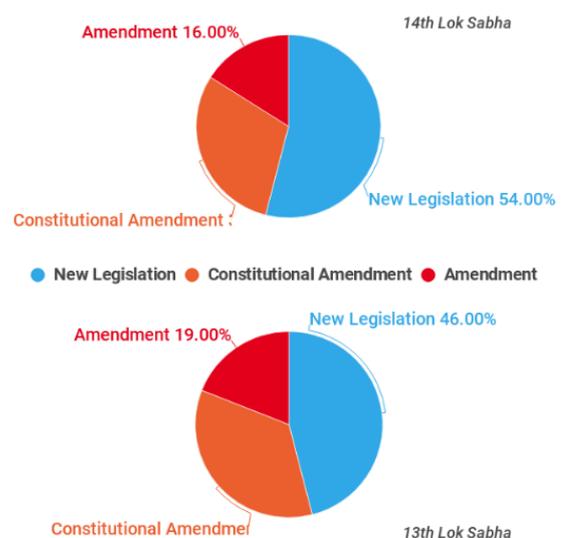
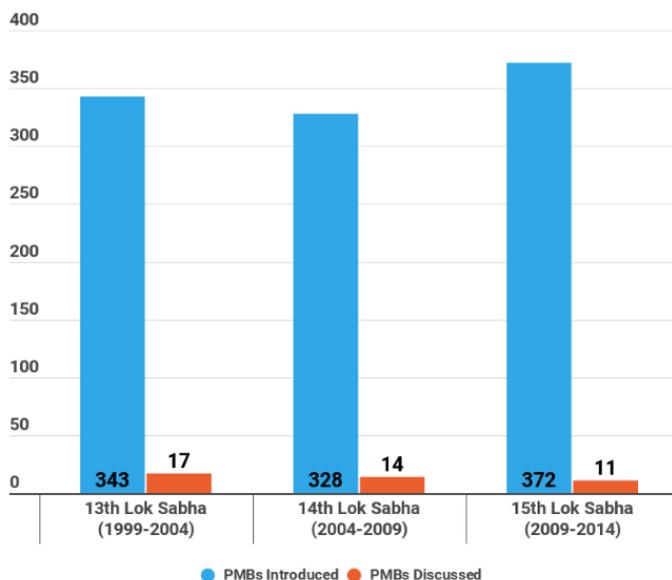
TOPIC 18. COVID-19

1. World Health Organization (WHO) **gave an official name** to the disease caused by novel **coronavirus**.
2. The disease will be called “COVID-19”;
 - a. “CO” stands for coronavirus,
 - b. “VI” for virus and
 - c. “D” for disease. The coronavirus itself is called “nCoV-2019”.
3. The death toll from the virus has now crossed 1,000 and the disease has infected tens of thousands of people, the majority of them in China.
4. **How WHO names diseases?**
 - a. The WHO, in consultation with the **World Organisation for Animal Health (OIE)** and the **Food and Agriculture Organization** of the United Nations (FAO), has identified best practices for naming new human diseases. These best practices apply to a new disease:
 - i. That is an infection, syndrome, or disease of humans;
 - ii. That has never been recognised before in humans;
 - iii. That has potential public health impact; and
 - iv. Where no disease name is yet established in common usage
5. Names that are assigned by the WHO may or may not be approved by the **International Classification of Diseases (ICD)** at a later stage. The ICD, which is also managed by the WHO, provides a final standard name for each human disease according to standard guidelines that are aimed at reducing the negative impact from names while balancing science, communication and policy.
6. **Terms to avoid**
 - a. WHO Director-General said: “Under agreed guidelines... we had to find a name that did not refer to a geographical location, an animal, an individual or group of people, and which is also pronounceable and related to the disease. Having a name matters to prevent the use of other names that can be inaccurate or stigmatizing.”
 - b. The agreed best practices include advice on what the disease names should not include, such as geographic location (Middle East Respiratory Syndrome, Spanish Flu, Japanese encephalitis). Disease names should not include people’s names (Creutzfeldt-Jakob disease, Chagas disease), the species or class of animal or food (swine flu, monkeypox etc.), cultural or occupational references (miners, butchers, cooks, nurses etc.) and terms that incite “undue fear” such as death, fatal and epidemic.
 - c. In a media note issued in May 2015, WHO had said that the use of names such as “swine flu” and “Middle East Respiratory Syndrome” has had “unintended negative impacts” by stigmatising certain communities and economic sectors.
7. **Terms to include**
 - a. The best practices include using generic descriptive terms such as respiratory diseases, hepatitis, neurologic syndrome, watery diarrhoea. They include using specific descriptive terms that may indicate the age group of the patients and the time course of the disease, such as progressive, juvenile or severe.
 - b. If the causative pathogen is known, it should be used as part of the disease name with additional descriptors such as the year when the disease was first reported or detected. For example, novel coronavirus respiratory syndrome. The names should also be short (rabies, malaria, polio) and should be consistent with the guidelines under the International Classification of Diseases (ICD) Content Model Reference Guide.
 - c. As per the WHO, “severe” should be used only for those diseases that have a very high initial case fatality rate. “Novel” can be used to indicate a new pathogen of a previously known type. In the case of the novel coronavirus, “recognizing that this term will become obsolete if other new pathogens of that type are identified”, the WHO has now changed its name.

TOPIC 19. PRIVATE BILLS

1. Kirodi Lal Meena, BJP MP representing Rajasthan in Rajya Sabha. He ducked out of introducing a private member's Bill on Uniform Civil Code (UCC) in the House last week.
2. On Friday, a BJP member in Rajya Sabha appeared to **abandon his plan** of introducing a private member's Bill on the **Uniform Civil Code** (UCC), a code that would be applicable to all religious communities in personal matters such as marriage, divorce, inheritance and adoption.
3. **A private member's Bill is different from a government Bill and is piloted by an MP who is not a minister.**
4. **Individual MPs may introduce private member's Bill to draw the government's attention to what they might see as issues requiring legislative intervention.**
5. **What is a private member's Bill?**
 - a. An MP who is not a minister is a private member and while both private members and ministers take part in the lawmaking process, Bills introduced by private members are referred to as private member's Bills and those introduced by ministers are called government Bills.
 - b. Government Bills are backed by the government and also reflect its legislative agenda. **The admissibility of a private Bill is decided by the Chairman in the case of the Rajya Sabha and the Speaker in the case of the Lok Sabha.**
 - c. Before the Bill can be listed for introduction, the Member must give at least a **month's notice**, for the House Secretariat to examine it for compliance with constitutional provisions and rules on legislation. While a government Bill can be introduced and discussed on any day, a private member's bill can only be introduced and discussed on **Fridays**.
6. **Has a private member's bill ever become a law?**
 - a. As per PRS Legislative, no private member's Bill has been passed by Parliament since 1970. To date, Parliament has passed 14 such Bills, six of them in 1956.
 - b. In the 14th Lok Sabha, of the over 300 private member's Bills introduced, roughly four per cent were discussed, the remaining 96 per cent lapsed without a single dialogue.
 - c. **The selection of Bills for discussion is done through a ballot.**

Track record of Private Members' Bills



Data Source: PRS Legislative Research (PRS)

moneycontrol

TOPIC 20. UNIFORM CIVIL CODE

1. Last week, while hearing a matter relating to properties of a Goan, the Supreme Court **described Goa as a “shining example”** with a Uniform Civil Code, observed that the founders of the Constitution had “hoped and expected” a Uniform Civil Code for India but there has been no attempt at framing one.
2. **What is a Uniform Civil Code?**
 - a. **A Uniform Civil Code is one that would provide for one law for the entire country, applicable to all religious communities in their personal matters such as marriage, divorce, inheritance, adoption etc.**
 - b. **Article 44 of the Constitution lays down that the state shall endeavour to secure a Uniform Civil Code for the citizens throughout the territory of India.**
 - c. Article 44 is one of the directive principles. These, as defined in Article 37, are not justiciable (not enforceable by any court) but the principles laid down therein are fundamental in governance. Fundamental rights are enforceable in a court of law.
 - d. While Article 44 uses the words “state shall endeavour”, other Articles in the ‘Directive Principles’ chapter use words such as “in particular strive”; “shall in particular direct its policy”; “shall be obligation of the state” etc.
 - e. Article 43 mentions “state shall endeavour by suitable legislation” while the phrase “by suitable legislation” is absent in Article 44. All this implies that the duty of the state is greater in other directive principles than in Article 44.
3. **What are more important — fundamental rights or directive principles?**
 - a. There is no doubt that fundamental rights are more important. The Supreme Court held in *Minerva Mills (1980)*: **“Indian Constitution is founded on the bed-rock of the balance between Parts III (Fundamental Rights) and IV (Directive Principles). To give absolute primacy to one over the other is to disturb the harmony of the Constitution”.**
 - b. Article 31C inserted by the 42nd Amendment in 1976, however, lays down that if a law is made to implement any directive principle, it cannot be challenged on the ground of being violative of the fundamental rights under Articles 14 and 19.
4. **Does India not already have a uniform code in civil matters?**
 - a. Indian laws do follow a uniform code in most civil matters – Indian Contract Act, Civil Procedure Code, Sale of Goods Act, Transfer of Property Act, Partnership Act, Evidence Act etc. States, however, have made hundreds of amendments and therefore in certain matters, there is diversity even under these secular civil laws. Recently, several states refused to be governed by the uniform Motor Vehicles Act, 2019.
 - b. If the framers of the Constitution had intended to have a Uniform Civil Code, they would have given exclusive jurisdiction to Parliament in respect of personal laws, by including this subject in the Union List. But “personal laws” are mentioned in the Concurrent List. Last year, the Law Commission concluded that a Uniform Civil Code is neither feasible nor desirable.
5. **Is there one common personal law for any religious community governing all its members?**
 - a. All Hindus of the country are not governed by one law, nor are all Muslims or all Christians.
 - b. Not only British legal traditions, even those of the Portuguese and the French remain operative in some parts.
 - c. In Jammu and Kashmir until August 5, 2019, local Hindu law statutes differed from central enactments. The Shariat Act of 1937 was extended to J&K a few years ago but has now been repealed. Muslims of Kashmir were thus governed by a customary law, which in many ways was at variance with Muslim Personal Law in the rest of the country and was, in fact, closer to Hindu law. Even on registration of marriage among Muslims, laws differ from place to place. It was compulsory in J&K (1981 Act), and is optional in Bengal, Bihar (both under 1876 Act), Assam (1935 Act) and Odisha (1949 Act).

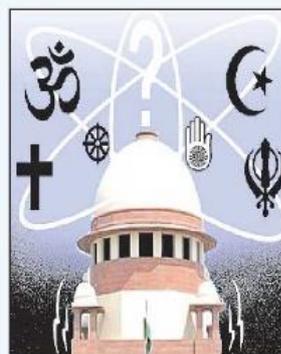
- d. In the Northeast, there are more than 200 tribes with their own varied customary laws. The Constitution itself protects local customs in Nagaland. Similar protections are enjoyed by Meghalaya and Mizoram. Even reformed Hindu law, in spite of codification, protects customary practices.
6. **How does the idea of a Uniform Civil Code relate to the fundamental right to religion?**
- Article 25** lays down an individual's fundamental right to religion;
 - Article 26(b)** upholds the right of each religious denomination or any section thereof to "manage its own affairs in matters of religion";
 - Article 29** defines the right to conserve distinctive culture. An individual's freedom of religion under Article 25 is subject to "public order, health, morality" and other provisions relating to fundamental rights, but a group's freedom under Article 26 has not been subjected to other fundamental rights
 - In the Constituent Assembly, there was division on the issue of putting Uniform Civil Code in the fundamental rights chapter. The matter was settled by a vote. By a 5:4 majority, the fundamental rights sub-committee headed by Sardar Vallabhbhai Patel held that the provision was outside the scope of fundamental rights and therefore the Uniform Civil Code was made less important than freedom of religion.
7. **What was the view of Muslim members in the Constituent Assembly?**
- Some members sought to immunise Muslim Personal Law from state regulation. Mohammed Ismail, who thrice tried unsuccessfully to get Muslim Personal Law exempted from Article 44, said a secular state should not interfere with the personal law of people. B Pocker Saheb said he had received representations against a common civil code from various organisations, including Hindu organisations. Hussain Imam questioned whether there could ever be uniformity of personal laws in a diverse country like India.
 - B R Ambedkar said "no government can use its provisions in a way that would force the Muslims to revolt". Alladi Krishnaswami, who was in favour of a Uniform Civil Code, conceded that it would be unwise to enact Uniform Civil Code ignoring strong opposition from any community. Gender justice was not mentioned in these debates.
8. **How did the debate on a common code for Hindus play out?**
- In June 1948, Rajendra Prasad, President of the Constituent Assembly, warned Jawaharlal Nehru that to introduce "basic changes" in personal law was to impose "progressive ideas" of a "microscopic minority" on the Hindu community as a whole. Others opposed to reforms in Hindu law included Sardar Patel, Pattabhi Sitaramayya, M A Ayyangar, M M Malaviya and Kailash Nath Katju.
 - When the debate on the Hindu Code Bill took place in December 1949, 23 of 28 speakers opposed it. On September 15, 1951, President Prasad threatened to use his powers of returning the Bill to Parliament or vetoing it. Ambedkar eventually had to resign. Nehru agreed to trifurcation of the Code into separate Acts and diluted several provisions.

WHAT WOULD A UNIFORM CIVIL CODE LOOK LIKE?

1 An ideal Uniform Civil Code is easier to discuss than enact; there has never been a clear draft of such a code. It would have to restructure many laws, and forge a neutral standard. While polygamy and arbitrary divorce associated with Islam would go, so would

the tax benefits of the Hindu undivided family.

2 Reservation would have to be extended to all religions. Distinctive practices of Buddhism, Jainism and Sikhism might also have to end, in the domain of family law. In some aspects, Muslim law is better for

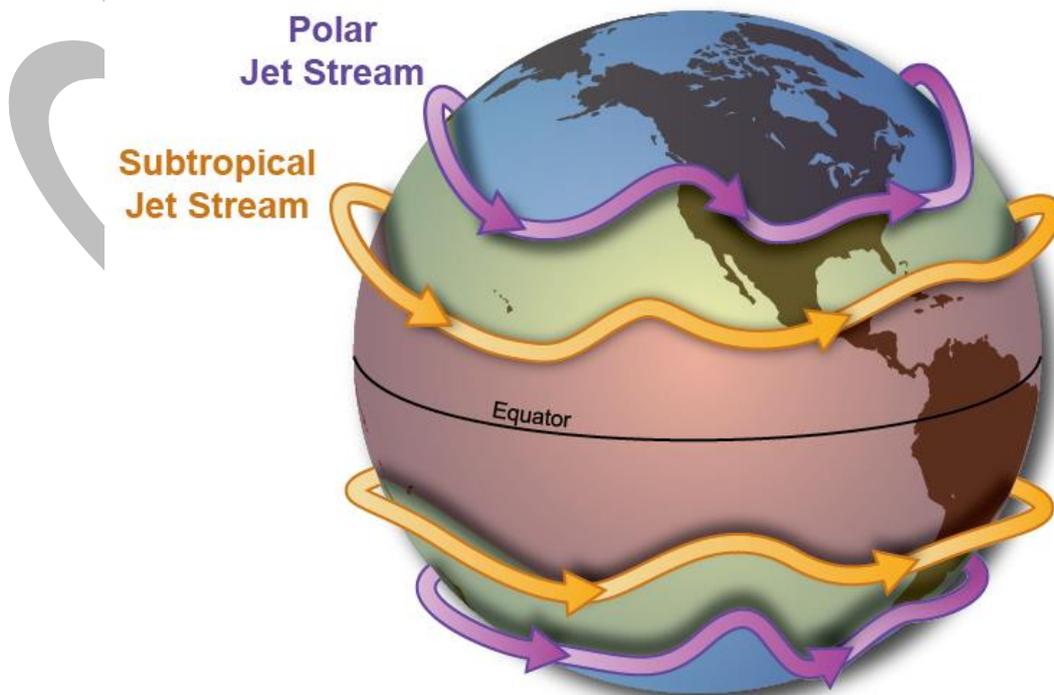


women, since they recognise individual rights to property, and because marriage is a civil contract with fixed obligations, rather than sacraments.

3 All these will have to be taken into consideration for a just Uniform Civil Code.

TOPIC 21. JET STREAM

1. British Airways flight broke subsonic speed record during its New York-to-London journey.
2. British Airways flight broke subsonic speed record during its New York-to-London journey, surpassing previous record by 17 minutes, and completing trip 80 minutes sooner than estimated.
3. The Boeing 747-436 plane was able to achieve a speed of 1,327 kph as it was aided by a strong jet stream generated due to **Storm Ciara**. Other flights travelling across the North Atlantic from west to east also experienced shorter travel times.
4. **What are jet streams?**
 - a. *Jet streams are narrow bands of strong winds that flow over thousands of kilometres from west to east.*
 - b. *Major jet streams are found near the upper levels of the atmosphere, around 9 to 16 km from the earth's surface, and can reach speeds of over 320 kph.*
 - c. *The jet streams shift to the north or south depending on the season.*
 - i. During winters, the wind current is the strongest.
 - ii. They are also closer to the Equator during winter.
 - d. The major jet streams are the Polar Front, Subtropical, and Tropical jet streams.
 - e. In India, the Tropical jet stream influences the formation and duration of the summer monsoon.
5. **How did the British Airways flight achieve such high speeds?**
 - a. Most commercial planes fly at the jet stream level, and a strong jet stream can provide a potent tailwind to a flight travelling from west to east, like the British Airways flight, which flew from New York to London. This helps reduce the travel time for such flights, as their speeds are boosted.
 - b. Storm Ciara, which affected northern Europe, helped create a powerhouse jet stream in the North Atlantic.
 - c. Long-distance flights, which generally travel at speeds of around 900 kph, can fly faster when aided by such a jet stream, as in case of the British Airways flight, which achieved speeds above 1300 kmph. the pilot of the flight would have sat the plane at the core of the jet stream, thus taking advantage of its speed.



TOPIC 22. 'INDIAN' GENOME

1. government has cleared an ambitious gene-mapping project that is being described by those involved as the “first scratching of the surface of the vast genetic diversity of India”. A look at **the objectives**, scale and the diversity of the project, which will be significant not only in India but worldwide:
2. **What is a genome?**
 - a. **Every organism’s genetic code is contained in its Deoxyribose Nucleic Acid (DNA), building blocks of life.**
 - b. The discovery that DNA is structured as a “double helix” by James Watson and Francis Crick in 1953, for which they won a Nobel Prize in 1962, was the spark in the long, continuing quest for understanding how genes dictate life, its traits, and what causes diseases.
 - c. **A genome is all the genetic matter in an organism. It is defined as “an organism’s complete set of DNA, including all of its genes.**
 - d. **Each genome contains all of the information needed to build and maintain that organism.**
 - e. **In humans, a copy of the entire genome — more than 3 billion DNA base pairs — is contained in all cells that have a nucleus”.**
3. **Hasn’t the human genome been mapped before?**
 - a. The Human Genome Project (HGP) was an international programme that led to the decoding of the entire human genome. It has been described as “one of the great feats of exploration in history.
 - b. Rather than an outward exploration of the planet or the cosmos, the HGP was an inward voyage of discovery led by an international team of researchers looking to sequence and map all of the genes — together known as the genome — of members of our species”.
 - c. Beginning on October 1, 1990 and completed in April 2003, the HGP gave us the ability, for the first time, to read nature’s complete genetic blueprint for building a human being.
4. **What then is the ‘Genome India’ Project?**
 - a. This is being spearheaded by the Centre for Brain Research at Bengaluru-based Indian Institute of Science as the nodal point of about 20 institutions, each doing its bit in collecting samples, doing the computations, and then the research.
 - b. **Its aim is to ultimately build a grid of the Indian “reference genome”, to understand fully the type and nature of diseases and traits that comprise the diverse Indian population.** For example, if the Northeast sees a tendency towards a specific disease, interventions can be made in the region, assisting public health, which make it easier to battle the illness.
 - c. The other institutes involved are: AIIMS Jodhpur; Centre for Cellular and Molecular Biology, Hyderabad; Centre for DNA Fingerprinting and Diagnostics; Institute of Genomics and Integrative Biology; Gujarat Biotechnology Research Centre; IIIT Allahabad; IISER (Pune); IIT Madras; IIT Delhi; IIT Jodhpur; Institute of Bioresources And Sustainable Development; Institute of Life Sciences; Mizoram University; National Centre for Biological Sciences; National Institute of Biomedical Genomics; National Institute of Mental Health and Neurosciences; Rajiv Gandhi Centre for Biotechnology; and Sher-e-Kashmir Institute of Medical Sciences.
5. **What does genome-mapping tell us?**
 - a. According to Human Genome Project, there are estimated to be over 20,500 human genes. **Genome refers to an organism’s complete set of DNA, which includes all its genes and mapping these genes simply means finding out the location of these genes in a chromosome.**
 - b. In humans, **each cell consists of 23 pairs of chromosomes for a total of 46 chromosomes, which means that for 23 pairs of chromosomes in each cell, there are roughly 20,500 genes located on them.** Some of the genes are lined up in a row on each chromosome, while others are lined up quite close to one another and this arrangement might affect the way they are inherited. For example, if the genes are placed sufficiently close together, there is a probability that they get inherited as a pair.
 - c. **Genome mapping, therefore, essentially means figuring out the location of a specific gene on a particular region of the chromosome and also determining the location of and relative distances between other genes on that chromosome.**
 - d. Significantly, genome mapping enables scientists to gather evidence if a disease transmitted from the parent to the child is linked to one or more genes. Furthermore, mapping also helps in determining the particular chromosome which contains that gene and the location of that gene in the chromosome.

- e. According to the National Human Genome Research Institute (NHGRI), genome maps have been used to find out genes that are responsible for relatively rare, single-gene inherited disorders such as cystic fibrosis and Duchenne muscular dystrophy. Genetic maps may also point out scientists to the genes that play a role in more common disorders and diseases such as asthma, cancer and heart disease among others.
- f. According to the Genome News Network, unlike conventional geographical maps, genome maps are one-dimensional, much like the DNA molecules that make up the genome.

6. So, what will the project broadly do?

- a. The mega project hopes to form a grid after collecting 10,000 samples in the first phase from across India, to arrive at a representative Indian genome.
- b. This has been found necessary as over 95% of the genome samples available, which are the basis of new, cutting-edge research in medicine and pharmacology, use the white, Caucasian genome as the base.
- c. Most genomes have been sourced from urban middle-class persons and are not really seen as representative.
- d. The Indian project will aim to vastly add to the available information on the human species and advance the cause, both because of the scale of the Indian population and the diversity here.

7. Who is an Indian?

- a. *The Indian subcontinent has been the site of huge migrations.*
- b. Scientists associated with project recognise that while first migrations were from Africa, later too there were periodic migrations by various populations, making this a very special case of almost all races and types intermingling genetically. This can be seen as “horizontal diversity”.
- c. Moreover, later, there has been endogamy or inter-marriage practised among distinct groups, resulting in some diseases passed on strictly within some groups and some other traits inherited by just some groups. This is what scientists term “vertical diversity”.
- d. Studying and understanding both diversities would provide bedrock of personalized healthcare for a very large group of persons on the planet.

8. What are the challenges involved?

- a. **MEDICAL ETHICS:** In a project that aims only to create a database of genetic information, gene modification is not among the stated objectives. It is important to note, however, that this has been a very fraught subject globally. The lure to “intervene” may be much more if this kind of knowledge is available, without one being fully aware of the attendant risks. The risk of doctors privately running away with the idea of fixing genetic issues came to light most recently after a Shenzhen-based scientist, who helped create the world’s first gene-edited babies, was sentenced to three years in prison. He Jiankui stunned the world when he announced in 2018 that twin girls had been born with modified DNA to make them HIV-resistant. He claimed he had managed that using the gene-editing tool CRISPR-Cas9 before their birth.
- b. **DATA & STORAGE:** After collection of the sample, anonymity of the data and questions of its possible use and misuse would need to be addressed. Keeping the data on a cloud is fraught with problems and would raise questions of ownership of the data. India is yet to pass a Data Privacy Bill with adequate safeguards. Launching a Genome India Project before the privacy question is settled could give rise to another set of problems.
- c. **SOCIAL ISSUES:** The question of heredity and racial purity has obsessed civilisations, and more scientific studies of genes and classifying them could reinforce stereotypes and allow for politics and history to acquire a racial twist.
- d. In India a lot of politics is now on the lines of who are “indigenous” people and who are not. A Genome India Project could add a genetic dimension to the cauldron.
- e. “Selective breeding” has been controversial since time immemorial, and well before the DNA was discovered. But eugenics acquired a dangerous context with the Nazis deliberating on the theme at length and its mention came up in the Nuremberg trials. Post World War-2, it has been a very touchy issue.

GenomeINDIA

'Cataloguing the Genetic Variation in Indians'

Reference Genome for India

A national genome sequencing project to sequence 10,000 Indians

Disease gene identification

Catalogue all the genetic variations in Indians to help identify disease causing genes

Capacity building & networking

Training manpower to handle large genetic data sets and other resources across institutions in India

Resources for larger & cheaper genetic studies

Resources generated, will help build arrays and technologies for large scale cheaper genetic studies in India.

Genetic basis for adverse affects and response to drugs

This study will help pave the way to understand why some people respond to some drugs & why some develop adverse reaction depending upon their genetic background.



An initiative of Department of Biotechnology, Ministry of Science & Technology, Government of India

@Partners



Road to Future

Aim of Genome Mapping Project

Developing therapies for diseases such as cancer and other rare ones

Predictive diagnosis and precision medicine

22

Partner organisations to be roped in

Dept of Bio-technology has initiated the project

10,000

Number of Indians whose genomic data will be catalogued in phase 1

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LANDMARKS

1869: Swiss chemist Friedrich Miescher identifies "nuclein" (later defined as DNA) inside the nuclei of human white blood cells

1953: Following the work of Russian scientist Phoebus Levene and the Austrian Erwin Chargaff on Miescher's discovery, American scientist James Watson and English physicist Francis Crick propose the three-dimensional, double-helix structure for DNA

2003: Human genome completely decoded under HGP

TOPIC 23. RBI'S MONETARY POLICY

1. Reserve Bank of India Governor Shaktikanta Das appeared to be in a flamboyant mood when he started unveiling the **latest monetary policy review** — the last for the current financial year and the first for the current calendar year.
2. It was widely believed that with the retail inflation touching 7.35 per cent rate in December 2019, which is well above the RBI's comfort zone **RBI is mandated to keep retail inflation at 4 per cent with a leeway or 2 percentage points** there was no question that the RBI could cut interest rates to boost the flagging economic growth in the country. The RBI could also not have increased the interest rate because by all accounts, the spike in inflation, though sharp, was expected to be transient.
3. So it was not a surprise that Governor Das announced that all six members of the Monetary Policy Committee voted to keep the repo rate — that is the rate at which banks borrow money from the central bank — steady at 5.15 per cent.
4. Yet, the RBI Governor followed up this announcement by stating: ***“While this decision may be on expected lines and perhaps widely discounted, it is important not to discount the Reserve Bank of India. It has to be kept in mind that the central bank has several instruments at its command that it can deploy to address the challenges that the Indian economy currently faces in terms of the sluggishness of the growth momentum.”***
5. **What are the key decisions by the RBI?**
 - a. Apart from the monetary policy review in which the RBI stated that even though the monetary policy space exists for a rate cut but the decision would be taken at an opportune time, it also unveiled a long list of the so-called **“Development and Regulatory”** policies to boost economic growth in the country.
6. **There are four key elements to this new strategy:**
 - a. **Undertaking 1-year and 3-year repos:**
 - i. Repo rate is the rate at which banks borrow from the RBI. But this used to be an overnight rate. That is to say, if the bank borrows some money today, it has to return tomorrow. But now the RBI has stopped the repo from being an overnight rate and will be conducting it over a 14-day period.
 - ii. More importantly, the RBI will conduct 1-year and 3-year repos up to an amount of Rs 1 lakh crore. This essentially means that a bank can take money from the rate at an interest rate of 5.15 per cent (which is the repo rate) and use it for lending onwards; it has to return this money only after 1-year or 3-year as the case may be.
 - iii. **How does this help?**
 - iv. A big problem with monetary policy in India has been the lack of transmission. In other words, while the RBI has aggressively cut repo rates, the interest rates in the broader economy have not come down — this is called “the lack of monetary transmission”. There were two big reasons for repo rate cuts being ineffective. One, any bank's cost of funds was much higher. That is to say, in the past, they had borrowed funds at much higher costs and similarly, they had committed to paying a higher rate of return as well to their depositors. A sudden and sharp fall in repo rate did not affect them much because they could not renege on their past commitments. Moreover, (and secondly), the amount of funds that a bank borrowed from the RBI was a minuscule amount in relation to its overall borrowings. So even if a small proportion of its borrowings were now available at a cheaper rate, it did not help matters much.
 - v. But now that the RBI is willing to provide Rs 1 lakh crore to the banking system at 5.15 per cent, there is no reason why a bank cannot borrow from the RBI at this rate and lend onwards to the final consumers. Doing this would lead to a substantial reduction in the interest rates charged in the economy. For instance, most home loans are being sold at 8 per cent interest rate; existing customers are actually paying as much as 9 per cent.
- b. **Relaxation of CRR for lending to key sectors:**
 - i. The RBI has announced that any incremental lending (retail loans) by banks for automobiles, residential housing and loans to micro, small and medium enterprises (MSMEs) to automobile between January-end and July-end will not attract CRR restrictions.
 - ii. **How does this help?**

- iii. CRR is the Cash Reserve Ratio and it is the amount of funds that a bank has to park with the RBI as part of prudential norms. The higher the CRR, the lower the amount of funds available with banks to loan to customers. In fact, in times of high inflation, RBI typically raises the CRR because it wants to restrict the amount of money floating in the market. However, under the circumstances where the inflation spike is seen as a transient development, the RBI has chosen to do the reverse — hold off CRR for incremental lending in key sectors in an obvious bid to boost credit growth and perk up consumption.

c. Extension of One-time Restructuring Scheme for loans to MSMEs

- i. According to an existing scheme, those MSMEs who were struggling pay back their loans as of January 1, 2019 were given a one-year extension to “restructure” their loans with the banks by March 31, 2020. This facility has now been extended to MSME loans that had started defaulting as of January 1, 2020; they will now have till December 31, 2020, to restructure their loans.
- ii. **How does this help?**
- iii. Restructuring a loan means ironing out a new schedule to pay back the dues. This can be done by tweaking the monthly dues, the overall tenure etc. The RBI noted that “the Micro, Small and Medium Enterprises (MSMEs) sector plays an important role in the growth of the Indian economy, contributing over 28 per cent of the GDP¹, more than 40 per cent of exports while creating employment for about 11 crore people”. Considering the importance of MSMEs in the Indian economy, the RBI has decided to be lenient with MSME defaulters and it hopes that, given some time and leeway, these MSMEs will be able to recover and pay back their dues, especially as the economy improves.

d. Leniency towards delays in commercial real estate projects

- i. The RBI has given an additional year before a loan to a real estate project, which has been delayed “for reasons beyond the control of promoters”, faces downgrading (in terms of asset classification). Typically this leniency is afforded to loans towards non-infrastructure projects.
- ii. **How does this help?**
- iii. Again, the RBI is choosing to adopt an outlook wherein it understands that many commercial real estate projects are stuck due to genuine reasons and not because the concerned promoter is a crook. By downgrading such loans to a non-performing asset status will, thus, not help anyone — neither the developer, nor the bank, nor the broader economy. Instead, by giving them an extension, the RBI is hoping that developers would be able to focus on getting fresh funds and finish their projects quickly — thus resolving the whole problem.

e. Loans to Medium-sized enterprises to be benchmarked to repo

- i. In the past, the RBI has mandated that retail loans to micro and small enterprises should be benchmarked to the repo. This brings down the rate at which banks can lend to these sectors. This provision has now been extended to medium-sized enterprises.
- ii. **What is the upshot?**
- iii. All in all, the RBI has unveiled a pretty dramatic set of changes even though, on the face of it, no repo rate change happened. The RBI has been very imaginative with the use of the CRR and regulatory forbearance to boost lending and economic growth. In particular, what is striking is the dramatic change in the approach that the RBI has towards those in the real estate and MSME sectors who are defaulting. The RBI realises that many of them are failing for no fault of theirs — it is the broader economy that is bringing them down, and that given some additional time and another round of funding, they may yet recover.
- iv. It is this kind of imagination that many expected Finance Minister to show in the Union Budget as well. Governor Das may have excelled where the FM perhaps failed.
- v. But there is always a flip side to diluting prudential norms. It is a bet that the RBI has taken. If lending restarts and the economy picks up, the forbearance would have paid off. If not, then things will get worse.

TOPIC 24. FEMALE GENITAL MUTILATION

1. Every year, **February 6** is observed as **International Day of Zero Tolerance for Female Genital Mutilation (FGM)**. As per World Health Organization (WHO), globally, **over 200 million girls** alive today have suffered FGM in over 30 countries.
2. The economic costs of treating health complications arising out of FGM amount to roughly \$1.4 billion for 2018 for 27 countries where FGM is performed. If the prevalence remains the same, the amount is expected to rise up to \$2.3 billion by 2047.
3. In 2018, a study on FGM in India said that **the practice was up to 75 per cent** across the Bohra Muslim community. The study was conducted by three independent researchers.

4. What is Female Genital Mutilation?

- a. **FGM is the name given to procedures that involve altering or injuring the female genitalia for non-medical or cultural reasons and is recognized internationally as a violation of human rights and the health and integrity of girls and women.**
- b. WHO classifies four types of FGM:
 - i. type 1 (partial or total removal of the clitoral glans);
 - ii. type 2 (partial or total removal of the external and visible parts of the clitoris and the inner folds of the vulva);
 - iii. type 3 (infibulation, or narrowing of the vaginal opening through the creation of a covering seal),
 - iv. type 4 (picking, piercing, incising, scraping and cauterising the genital area).
- c. Most girls and women who have undergone FGM live in **sub-Saharan Africa and Arab States**, but it is also practiced in some countries in **Asia, Eastern Europe and Latin America**.
- d. Countries where FGM is performed include **Burkina Faso, Central African Republic, Chad, Democratic Republic of Congo, Sudan, Egypt, Oman, United Arab Emirates (UAE), Iraq, Iran, Georgia, Russian Federation, Columbia and Peru**, among others.
- e. According to the United Nations Population Fund (UNFPA), while the exact origins of the practice remain unclear, it seems to have predated **Christianity and Islam**. It says that some Egyptian mummies display characteristics of FGM.
- f. Significantly, the ancient Greek historian Herodotus has claimed that in the fifth century BC, the Phoenicians, the Hittites and the Ethiopians practised circumcision. Furthermore, circumcision rites were also performed in the tropical zones of Africa, in the Philippines and by certain tribes in the Upper Amazon area.
- g. "As recent as the 1950s, clitoridectomy was practised in Western Europe and the United States to treat perceived ailments including hysteria, epilepsy, mental disorders, masturbation, nymphomania and melancholia. In other words, the practice of FGM has been followed by many different peoples and societies across the ages and continents," it says.

5. Why is Female Genital Mutilation practiced?

- a. Depending on the region, there can be various reasons why FGM is performed.
- b. The UNFPA has categorised the reasons into five categories —
 - i. **psycho-sexual reasons** (when FGM is carried out as a way to control women's sexuality, "which is sometimes said to be insatiable if parts of the genitalia, especially the clitoris, are not removed);
 - ii. **sociological or cultural reasons** (when FGM is seen as part of a girl's initiation into womanhood and an intrinsic part of a community's cultural heritage);
 - iii. **hygiene and aesthetic reasons** (this may be the reason for those communities that consider the external female genitalia as ugly and dirty);
 - iv. **religious reasons** (the UNFPA maintains that while FGM is not endorsed by Christianity or Islam, "supposed" religious doctrines may be used to justify the practice);

- v. **socio-economic factors** (in some communities FGM is a pre-requisite for marriage, especially in those communities where women are dependent on men economically).
- c. Other reasons cited by the WHO include an attempt to **ensure women's premarital virginity** since FGM is believed to reduce libido, "and therefore believed to help her resist extramarital sexual acts." FGM may also be associated with cultural ideals of femininity and modesty.

6. Female Genital Mutilation in India

- a. According to the aforementioned study, the reasons for FGM referred to as "**Khafd**" in India include continuing an old traditional practice, adhering to religious edicts, controlling women's sexuality and abiding by the rules stated by the religious clergy.
- b. It also states that the issue first rose to prominence in India because of two international legal cases on FGM against practising Bohras in Australia and the US.
- c. In 2018, a bench of then Chief Justice of India Dipak Misra, and Justices AM Khanwilkar and DY Chandrachud referred a petition seeking a ban on FGM among Dawoodi Bohra girls to a five-judge Constitution Bench. This PIL was filed by Delhi-based lawyer Sunita Tiwari, who sought a declaration that the practice amounts to a violation of a woman's right to life and dignity.
- d. **The Dawoodi Bohra community, on the other hand, maintained that the practice should be allowed since the Constitution grants religious freedom under Article 25.**

06 FEBRUARY

INTERNATIONAL DAY OF ZERO TOLERANCE TO FEMALE GENITAL MUTILATION

LET'S STAND AGAINST FEMALE CIRCUMCISION

FEMALE CIRCUMCISION/ FEMALE GENITAL CUTTING

- Q CONSTITUTES GENDER BASED VIOLENCE
- Q A TORTURE IN THE NAME OF CULTURAL TRADITION
- Q DANGEROUS TO GIRLS AND WOMEN'S HEALTH, CAUSING SERIOUS COMPLICATIONS.

© NATIONAL HEALTH PORTAL (NHP)

FEMALE GENITAL MUTILATION IN THE MIDDLE EAST AND NORTH AFRICA

FACTS AND FIGURES

WHAT IS FEMALE GENITAL MUTILATION (FGM)?



Harmful traditional practice and serious violation of human rights involving **cutting, removing or sewing closed flesh female genital organs**. FGM has severe short and long-term consequences



► **Short term:** Can lead to death or serious health complications: hemorrhage, shock, infection, urine retention and severe pain



► **Long term:** Can lead to severe complications in childbirth and chronic infections

TOPIC 25. 15th FINANCE COMMISSION

1. 15th Finance Commission (FC) has considered **2011 population along with forest cover, tax effort, area of state, and “demographic performance”** to arrive at states’ share in divisible pool of taxes. As had been widely anticipated shares of southern states except Tamil Nadu, have fallen with Karnataka losing most.
2. **In the Constitution**
 - a. The Finance Commission is a **constitutionally mandated body** that decides, among other things, the sharing of taxes between the Centre and the states.
 - b. **Article 280 (1)** requires President to constitute, **“within two years from the commencement of this Constitution and thereafter at expiration of every fifth year or at such earlier time as President considers necessary”**, an FC “which shall consist of a Chairman and four other members”.
 - c. Under **Article 280(3)(a)**, Commission must make recommendations to President **“as distribution between Union and States of net proceeds of taxes which are to be or may be divided between them under this Chapter and allocation between States of respective shares of such proceeds”**.
 - d. Accordingly, Commission determines a formula for tax-sharing between the states, which is a weighted sum of the states’ **population, area, forest cover, tax capacity, tax effort and demographic performance**, with the weights expressed in percentages.
 - e. This crucial role of Commission makes it instrumental in implementation of **fiscal federalism**.
 - f. **Article 280 of Constitution requires that a Finance Commission be constituted to recommend distribution of net proceeds of taxes between Centre and states, and among states.**
 - g. The framers of the Constitution were seeking to address vertical imbalance between taxation powers and expenditure and responsibilities of federal government and states, and horizontal imbalance, or inequality, between states that were at different stages of development.
 - h. **Ensuring inclusiveness** is, therefore, a key mandate of Finance Commission. That means assigning weights to things like population, fiscal distance between top ranked states and the others, etc.
 - i. It is not that best-performing state will be allocated highest share — even if delivery execution and governance are better — rather, effort will be to narrow development gap between states.
 - j. Much has changed since First Commission was set up in November 1951 under Chairmanship of K C Neogy, a former member of Constituent Assembly and diwan of a princely state.
 - k. The President has appointed 14 more Commissions since then.
3. **Constitution of the Finance Commission**
 - a. The Finance Commission Rules, 1951, lay down the criteria for being members of the constitutional body:
 - i. **those having special knowledge of finance and accounts of government with wide knowledge and experience in financial matters and in administration, or**
 - ii. **with special knowledge of economics, and**
 - iii. **those who have been qualified to be appointed as a judge of a High Court.**
4. **15th Finance Commission**
 - a. The report of 15th FC, along with an Action Taken Report, was tabled in Parliament.
 - b. The Commission has reduced **vertical devolution**, share of tax revenues that Centre shares with states from 42% to 41%. The 1 per cent decrease in vertical devolution is roughly equal to share of erstwhile state of Jammu and Kashmir, which would have been 0.85% as per formula described by Commission.
 - c. The Commission has said that it intends to set up an expert group **to initiate a non-lapsable fund for defence expenditure.**
 - d. The terms of reference of Commission included considering Centre’s demand for funds for defence and national security.

- e. It may do so by creating a separate fund from the gross tax revenue before computing the divisible pool — which means that states would get a smaller share of the taxes.

LOSERS AND GAINERS

STATE	SHARE IN TAXES, 14th FC	SHARE IN TAXES, 15th FC	INCREASE/DECREASE
Karnataka	4.71%	3.64%	- 1.07
Kerala	2.50%	1.94%	- 0.56
Maharashtra	5.53%	6.13%	0.61
Rajasthan	5.49%	5.98%	0.49
Bihar	9.66%	10.06%	0.40

5. The population parameter

- The population parameter used by the Commission has been criticised by the governments of the southern states. The previous FC used both the 1971 and 2011 populations to calculate the states' shares, giving greater weight to the 1971 population (17.5%) as compared to the 2011 population (10%). The Fifteenth FC has reasoned that the terms of reference leave it with no choice but to use the 2011 population; it has also argued that in the interest of fiscal equalisation, it is necessary to use the latest Census figures.
- The use of 2011 population figures has resulted ***in states with larger populations like Uttar Pradesh and Bihar getting larger shares, while smaller states with lower fertility rates (the number of children born to a woman in her life) have lost out.***
- The combined population of the Hindi-speaking northern states (Bihar, Uttar Pradesh, Madhya Pradesh, Rajasthan and Jharkhand) is 47.8 crore. This is over 39.48% of India's total population, and is spread over 32.4% of the country's area, as per the 2011 Census. They also get a slightly more than the proportional share of the divisible pool of taxes (45.17%).
- On the other hand, the southern states of Tamil Nadu, Kerala, Karnataka and undivided Andhra Pradesh are home to only 20.75% of the population living in 19.34% of the area, with a 13.89% share of the taxes. This means that the terms decided by the Commission are loaded against the more progressive (and prosperous) southern states.

6. The demographic effort

- In order to reward population control efforts by states, the Commission developed a criterion for demographic effort — which is essentially the ratio of the state's population in 1971 to its fertility rate in 2011 — with a weight of 12.5%. States such as Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, and Telangana have fertility rates below the replacement rate, or the number of children that have to be born to a woman of reproductive age in order for the population to maintain itself at the current level without migration.
- However, the effect of the demographic effort in increasing states' devolution is not clear. Shares of states like Maharashtra, Himachal Pradesh and Punjab, along with Tamil Nadu, all of which have fertility rates below the replacement level, have increased slightly. On the other hand, Andhra Pradesh, Kerala, Karnataka, and West Bengal's shares have fallen, even though their fertility rates are also low.
- Incidentally, Karnataka, the biggest loser in this exercise, also had the highest tax-GSDP ratio in 2017-18, as per an RBI report on state finances. Tax effort was also used by the Commission to decide the states' shares, with a weight of 2.5%.

7. Income distance criterion

- a. *The total area of states, area under forest cover, and “income distance” were also used by the FC to arrive at the tax-sharing formula.*
- b. Income distance is calculated as the difference between the per capita gross state domestic product (GSDP) of the state from that of the state with the highest per capita GSDP, with states with less income getting a higher share in order to allow them to provide services comparable to those provided by the richer ones.
- c. The Commission used per capita GSDP of Haryana as reference for calculating income distance, and gave it a weight of 45%, down from the 50% assigned by the 14th FC. The weight assigned to state area was unchanged at 15%, and that of forest cover was increased from 7.5% to 10%.
- d. Ensuring inclusiveness is a key mandate of Finance Commission. That means assigning weights to things like population, the fiscal distance between the top ranked states and the others, etc.

8. Changing role of the Finance Commission

- a. What has changed dramatically since the 1950s, when the First Commission presented its recommendations on the transfer of resources between the Centre and the states, is the scale of distribution of tax proceeds.
- b. From 10% of the total tax receipts of the Centre in 1950, it rose to a record 42% after the recommendations of the Fourteenth Finance Commission headed by Y V Reddy — a share that made previous awards look conservative, and sat well with the spirit of cooperative federalism.
- c. The Fifteenth Finance Commission has recommended that this allocation be reduced by a percentage point to 41% in order to meet the security and special needs of the erstwhile state of Jammu and Kashmir.
- d. Over the years, the terms of reference of the Commission too, have been widened. The Thirteenth Commission was told, for example, to assess the impact of the (then) proposed GST from April 1, 2010; the need to improve the quality of public expenditure; to review the finances of both the Centre and the states; to suggest measures to maintain a stable fiscal environment consistent with equitable growth; and to suggest a revised roadmap to maintain the gains of fiscal consolidation through 2015.
- e. The other significant change has been in the equation between the central and state governments as a result of the recommendations of the Twelfth Finance Commission which reshaped lending by the federal government to states.
- f. Rather than the Centre borrowing and then lending to states, it recommended that states be allowed to borrow directly. Since then, the debt obligation of states to the Centre has come down significantly, giving rise to questions over whether states that have repaid all borrowings from the Centre need to take Delhi’s approval at all for their future borrowings.
- g. That Commission headed by Rangarajan also recommended that if states were to be given debt relief over and above distribution of tax proceeds, conditions of fiscal discipline should be enforced.
- h. Grants that were recommended by the Commission are however conditional — which may also have been criticized, but counterargument has been that it was aimed ultimately at improving governance.
- i. It has also been pointed out that other federal structures too have equalization grants. The Fourteenth Commission recommended the creation of a Fiscal Council; the Thirteenth had set out detailed measures on implementing GST with a grand bargain for states.

TOPIC 26. WETLANDS

1. **Wetlands include marshes, floodplains, rivers and lakes, mangroves, coral reefs and other marine areas no deeper than 6 metres at low tide.**
2. February 2, was World Wetlands Day. It was on this date in 1971 that the **Ramsar Convention** on Wetlands was adopted in Ramsar, Iran. Only last week, Ministry of Environment, Forests and Climate Change had announced that the Ramsar Convention had **declared 10 wetlands from India as sites of “international importance”**, taking the total number of Ramsar Sites in the country to 37.
3. **Why the focus on wetlands?**
 - a. The Ramsar Convention definition for wetlands includes **marshes, floodplains, rivers and lakes, mangroves, coral reefs and other marine areas no deeper than 6 metres at low tide, as well as human-made wetlands such as waste-water treatment ponds and reservoirs.**
 - b. The **IPBES (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services)** the global assessment identified wetlands as the most threatened ecosystem.
 - c. This impacts 40% of the world’s plant and animal species that live or breed in wetlands, according to UNESCO.
 - d. Thirty per cent of land-based carbon is stored in peatland;
 - e. one billion people depend on wetlands for their livelihoods; and
 - f. wetlands provide \$47 trillion in essential services annually, according to the Wetlands Day official website.
 - g. This year’s **Wetlands Day theme is Wetlands and Biodiversity.**
4. **What is the status of wetlands in India?**
 - a. India has over 7 lakh wetlands and rules for their protection; yet not one of the wetlands has been notified under domestic laws.
 - b. **Wetlands are regulated under the Wetlands (Conservation and Management) Rules, 2017.**
 - i. The 2010 version of the Rules provided for a Central Wetland Regulatory Authority;
 - ii. The 2017 Rules replace it with state-level bodies and created a National Wetland Committee, which functions in an advisory role.
 - iii. The newer regulations removed some items from the definition of “wetlands” including backwaters, lagoon, creeks, and estuaries.
 - iv. “The 2010 Rules required States to identify and prepare Brief Documents, submit them to the Union Ministry of Environment and Forests, which was to notify them. Under the 2017 regulations, the whole process has been delegated to States,”.
 - c. “We have a total of 7,57,060 wetlands, covering 1.6 crore hectares or 4.5% of India’s area. In February 2017, the Court extended protection to 2,01,503 of these under Rule 4 of the 2010 Rules, and ordered authorities to notify sites. The wetlands were supposed to have been notified by March 25, 2019, 180 days after the 2017 Rules went into force (September 26, 2017). Yet so far, not a single wetland has been notified,”. The 2,01,503 wetlands, measuring over 2.25 hectares, were identified using ISRO’s satellite imagery.
 - d. In October 2017, the Supreme Court expressed concern over the disappearance of wetlands, and observed, “If there are no wetlands left, it will affect agriculture and several other things. It is a very, very important issue.”
5. **What does being a Ramsar Site mean?**
 - a. The designation is for **“Wetlands of International Importance”**.
 - b. “They are recognised as being of significant value not only for the country or the countries in which they are located, but for humanity as a whole... The inclusion of a wetland in the list embodies the government’s commitment to take the steps necessary to ensure that its ecological character is maintained. The Convention includes various measures to respond to threats to the ecological character of Sites,”.

- c. The selection is made on the basis of various criteria defined under the convention. Article 2.2 says: **“Wetlands should be selected for the List on account of their international significance in terms of ecology, botany, zoology, limnology or hydrology.”**
- d. There are currently over 2,300 Ramsar Sites around world, covering over 2.1 million square km.
- e. In India, the 10 new wetlands declared Ramsar Sites are
 - i. Nandur Madhameshwar in Maharashtra;
 - ii. Keshopur-Miani, Beas Conservation Reserve and Nangal in Punjab; and
 - iii. Nawabganj, Parvati Agra, Saman, Samaspur, Sandi and Sarsai Nawar in UP.
- f. On the newly identified Ramsar Sites, “Until days ago, out of the 7,57,060 wetlands in the country, only 27 sites were protected. Now there are 10 more. Where are we as far as protection efforts are concerned?”

Wetlands in a nutshell

Why Wetlands are important?

“Wetlands provide essential services for nature and people. They provide water for consumption, protect us from floods, store carbon and other functions critical to achieve sustainable development. Yet, wetlands are under threat and are being lost faster than any other ecosystem mainly due to land use conversion, water diversion and infrastructure development. I invite you to take action to conserve, sustainably use and restore this vital ecosystem.”

Martha Rojas Urrego, Secretary General of the Ramsar Convention on Wetlands

1.

Wetlands ensure fresh water for all of us

Wetlands provide us with drinking water. Only 0.75% of the world's fresh water is accessible for direct human uses. The UN estimates that 2 billion people will not have access to safe drinking water by 2025.

2.

Wetlands filter harmful waste from water

80% of wastewater is discharged into the natural environment without any form of treatment. The abundant plant life in wetlands absorbs waste, which helps purify water.

3.

Wetlands store carbon

Peatlands alone hold 30% of all carbon stored on land. This is twice the amount stored in the world's forests, providing resilience against climate change.

4.

Wetlands are nature's shock absorbers

Wetlands are a natural buffer during extreme weather. They store heavy rainfall during storms, which reduces flooding and delays the onset of droughts.

What are Wetlands?

A wetland is defined as any land area that is saturated or flooded with water, either seasonally or permanently. They can be either inland such as lakes, aquifers and marshes or coastal, as mangroves, estuaries and coral reefs.

We need to conserve wetlands.

64% of the world's wetlands have been degraded since 1900 and degradation continues.

5.

Wetlands are critical for biodiversity

Wetlands are home to more than 100,000 fresh water species. They are essential for many amphibians, reptiles and migratory birds.

6.

Wetlands guarantee our food supply

Wetlands provide important food products (like fish and rice (20% of the world's nutritional intake)).

7.

Wetlands sustain livelihoods

Wetlands support 61.8 million people that earn their living directly from fishing and aqua-culture.

**MIGRATION
REST AREA**

FUN

**FLOOD & EROSION
CONTROL**

HABITAT

FOOD

CLEAN WATER

WATER SUPPLY

TOPIC 27. ECONOMIC SURVEY

1. **One day before Union budget, Chief Economic Adviser (CEA) of country releases Economic Survey.**
2. The Economic Survey for 2019-2020 will be tabled in Parliament on Friday (January 31).
3. With the Indian economy in the doldrums, this year's Economic Survey will be keenly watched.
4. **What is the Economic Survey?**
 - a. *The Economic Survey is a report the government presents on the state of the economy in the past one year, the key challenges it anticipates, and their possible solutions.*
 - b. The document is prepared by the **Economic Division of the Department of Economic Affairs (DEA) under the guidance of the CEA**, currently Dr Krishnamurthy Subramanian.
 - c. Once prepared, the Survey is approved by the Finance Minister.
 - d. The first Economic Survey was presented in 1950-51. Until 1964, the document would be presented along with the Budget.
 - e. For the past few years, the Economic Survey has been presented in two volumes. For example, in 2018-19, while Volume 1 focussed on research and analysis of the challenges facing the Indian economy, Volume 2 gave a more detailed review of the financial year, covering all the major sectors of the economy.
5. **Why is the Economic Survey significant?**
 - a. The Economic Survey is a crucial document as it provides a detailed, official version of the government's take on the country's economic condition.
 - b. It can also be used to highlight some key concerns or areas of focus — for example, in 2018, the survey presented by the then CEA Arvind Subramanian was pink in colour, to stress on gender equality.
6. **Is it binding on the government?**
 - a. The government is not constitutionally bound to present the Economic Survey or to follow the recommendations that are made in it.
 - b. If the government so chooses, it can reject all suggestions laid out in the document.
 - c. But while the Centre is not obliged to present the Survey at all, it is tabled because of the significance it holds.
7. **What are the expectations from Economic Survey 2020?**
 - a. At a time when India's growth has plummeted to a six-year low, the Economic Survey ahead of the Union Budget is expected to offer key insights into the path ahead for the government to revive growth.
 - b. The conundrum of remaining fixated on deficit targets or making a concerted push towards more expenditure to kickstart growth is one of the key challenges the government is facing.
 - c. The Survey is expected to shed light on the crucial gaps that the Budget will aim to fill in terms of unemployment, private investment, and a slump in consumption.
 - d. According to data released by the Ministry of Statistics and Programme Implementation (MoSPI), India's gross domestic product (GDP) will grow by just 5 per cent in the current financial year (2019-20). Last financial year, 2018-19, the Indian economy grew at 6.8 per cent.
 - e. The gross value added (GVA), which maps the economic activity from the income side as against the GDP that maps it from the expenditure side, is expected to grow by 4.9 per cent in 2019-20 as against 6.6 per cent in 2018-19.

TOPIC 28. PRESIDENT'S ADDRESS

1. Earlier this week, Kerala Governor Arif Mohammad Khan addressed the Legislative Assembly of the State. During his address, **he stopped before reading out paragraph 18**, which related to the Kerala government's opposition to the Citizenship Amendment Bill. The Governor said he was of the opinion that the paragraph did not relate to policy or programme. He went on to say that since the paragraph relates to the view of the government, to honour the wish of the Chief Minister he was going to read it despite his disagreement with the CM.
2. On Friday, first day of the Budget Session of Parliament, President Ram Nath Kovind will address a joint sitting of the two Houses.
3. **Under what provisions does the President or a Governor address the legislature?**
 - a. The Constitution gives the President and the Governor the power to address a sitting of the legislature. The special power is with regard to two occasions.
 - i. **The first is to address opening session of a new legislature after a general election.**
 - ii. **The second is to address the first sitting of the legislature each year.**
 - b. Commonly referred to as the President's or Governor's Address, they are a constitutional requirement. A session of a new or a continuing legislature cannot begin without fulfilling this requirement. When the Constitution came into force, the President was required to address each session of Parliament. So during the provisional Parliament in 1950, the President gave an address for all three sessions. At the suggestion of Speaker G V Mavalankar, the first Constitutional Amendment in 1951 changed this position.
 - c. Besides being a constitutional requirement, the President's or Governor's Address is keenly watched as it outlines the government's policy agenda and stand on issues.
4. **Are there parallels in other countries?**
 - a. Similar provisions exist in other democracies. In the United States, it is referred to as the "State of the Union". The phrase comes from an article in the US Constitution which specifies that the President, "from time to time give to Congress information of the State of the Union and recommend to their Consideration such measures as he shall judge necessary and expedient." In the United Kingdom, it is referred to as the Queen's Speech and is part of the ceremony to mark the formal start of the parliamentary year. But the two systems are different. In the American system, the President has the option of simply sending his written speech to Congress instead of personally going to deliver it. He also puts forward the position of his administration. In the British system, the Queen's speech written by the government. She reads it in person from the throne in the House of Lords.
 - b. The President's Address in India is mirrored on the British system. During the framing of the Constitution, B R Ambedkar drew a similarity between the President and the monarch under the English system. He said the President "is the Head of State but not of the executive. He represents the nation but does not rule the nation. He is the symbol of the nation. His place in the administration is that of a ceremonial device of a seal by which the nation's decisions are made known". The Constitution binds the President and the Governor to act on the aid and advice of the Council of Ministers of the Union and state governments respectively, on a majority of issues. Therefore, the speech that the President or the Governor reads before the legislature is the viewpoint of the government and is prepared by it.
5. **What is the content of the President's or Governor's address?**
 - a. During the making of the Constitution, an unsuccessful attempt was made to bring some specificity to the content of the President's Address. The President's speech follows the convention of the British system, where it contains legislative and policy proposals that the government intends to initiate. The speech also recaps the government's accomplishment in the previous years. The contents of the speech are put together by aggregating inputs from various ministries of the government.

6. If the President disagrees with the text of the speech, are they still bound to read it?

a. The President or a Governor cannot refuse to perform the constitutional duty of delivering an address to the legislature. But there can be situations when they deviate from the text of the speech prepared by the government. So far, there have been no instances of President doing so. But there has been an occasion when a Governor skipped a portion of the address to the Assembly. In 1969, the Governor of West Bengal, Dharma Vira, skipped two paragraphs of the address prepared by the United Front government. The government was led by Chief Minister Ajoy Kumar Mukherjee with Jyoti Basu was the Deputy CM. The skipped portion described as unconstitutional the dismissal of the first United Front government by the Congress-ruled central government. The issue was then debated in Parliament. The Opposition was critical of the Governor's conduct and moved a motion disapproving of his actions and calling them against the letter and spirit of the Constitution. MPs from the Treasury benches, including Asoke Kumar Sen, Law Minister Govinda Menon and Home Minister Y B Chavan, came to the defence of the Governor. The Opposition's motion was ultimately defeated.

7. How have members responded to the addresses over the years?

a. The conduct of MLAs during the address has sometimes been an issue. The Governor's speech in state legislatures has routinely been interrupted. For example in 2017, during the Governor's address in the Uttar Pradesh Assembly, paper balls and planes were thrown at Governor Ram Naik. The staff of the Assembly had to surround the Speaker and swat away the paper balls using cardboard files.

b. In Parliament, the first instance of interruption of a President's speech happened in 1963; President Sarvepalli Radhakrishnan was speaking when some MPs interrupted him. The Lok Sabha took note of the incident and a reprimand was issued to the MPs. Over the years, political parties have resolved to treat the President's Address sacrosanct and agreed not to interrupt it.

8. What procedures follow the address?

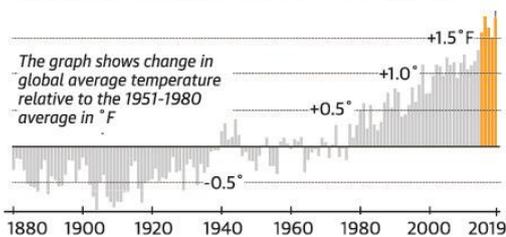
a. **After the President or Governor delivers the address, a debate takes place not only on the contents of the address but also the broad issues of governance in the country. This then paves the way for discussion on the Budget.**

FACT 1. CLIMATE

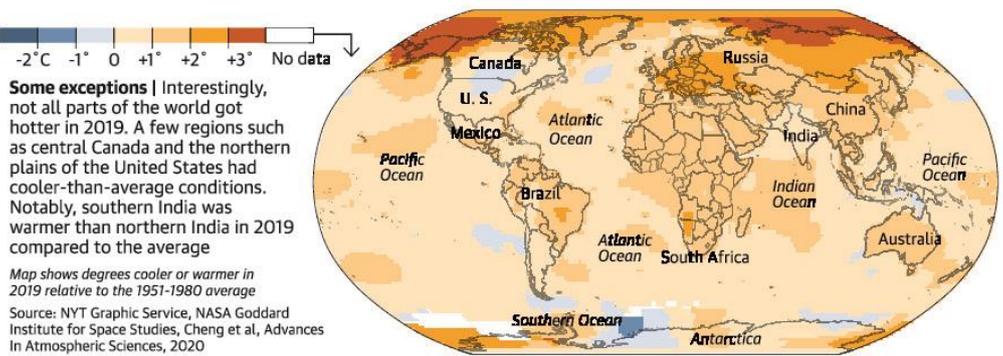
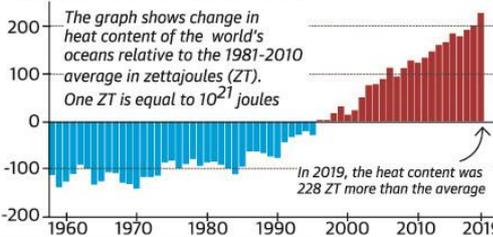
Blowing hot and cold

While 2019 was the second-warmest year ever, with 2016 still holding the record, the heat content in the world's oceans reached a peak. Ocean temperature is a better indicator of the climate emergency than surface temperature, according to NASA. Interestingly, not all parts of the earth are getting uniformly hotter. In fact, some are even becoming cooler. **By The Hindu Data Team**

Warmer but not warmest | The global average surface temperature in 2019 was nearly 1.71°F higher than the average temperature between 1951 and 1980. The 2019 average was lower than that of 2016, which recorded a strong El Nino



A much hotter ocean | While surface temperature can be influenced by the El Nino effect, ocean temperature gives a better idea about global warming. Last year was the hottest year on record for the world's oceans



Some exceptions | Interestingly, not all parts of the world got hotter in 2019. A few regions such as central Canada and the northern plains of the United States had cooler-than-average conditions. Notably, southern India was warmer than northern India in 2019 compared to the average

FACT 2. TAXATION

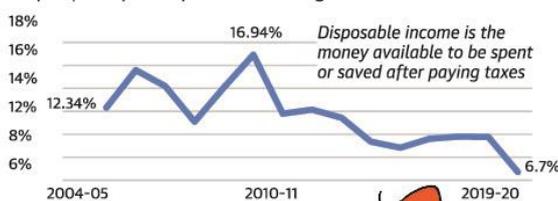
Will tax relief boost demand?

Amid an economic slowdown induced by a massive drop in demand, the government has proposed a new personal income tax regime with reduced rates in order to spur consumption. However, as tax payers can opt for new rates only if they give up almost all the tax exemptions and deductions, whether this goal will be achieved is yet to be seen. A dip in consumer confidence in recent months is certainly not helping the cause. **By The Hindu Data Team**

1. Rate card | The new regime proposes to optionally reduce tax rates for slabs upto ₹15 lakh

Income	Current tax rates	New tax rates
5-7.5 lakh	20%	10%
7.5-10 lakh	20%	15%
10-12.5 lakh	30%	20%
12.5-15 lakh	30%	25%

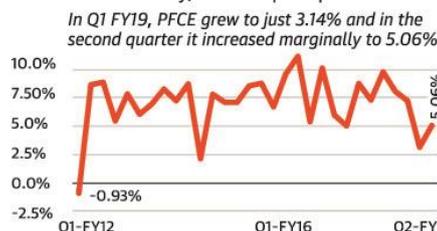
Income down | Consumption dropped because in FY20 income levels fell to their lowest since at least FY05. The graph shows the drop in per capita disposable income growth in nominal terms



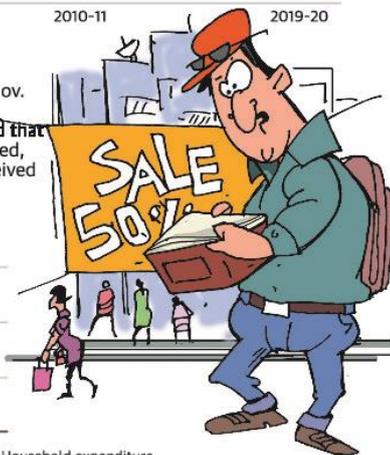
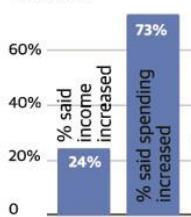
2. Expenditure down | The rate cut coincides with the slowing down of Monthly Per Capita Expenditure (MPCE) growth. The cut in taxes is aimed at boosting expenditure to revive demand

Period	% growth of urban MPCE
2009-10 to 2011-12	11.49%
2011-12 to 2017-18	1.98%

3. Consumption crunch | Due to a high drop in expenditure, consumption growth dropped to low levels. The graph plots the growth of Private Final Consumption Expenditure (indicates consumption levels in the economy) over the past quarters



Confidence depleted | Moreover, in an RBI survey conducted in Nov. 19, about 73% of the respondents perceived that their spending increased, while just 24.1% perceived incomes as having increased



Source: Budget documents, Household expenditure survey, RBI, Consumer Confidence Survey

ILLUSTRATION: SATHEESH VELLINAZHI

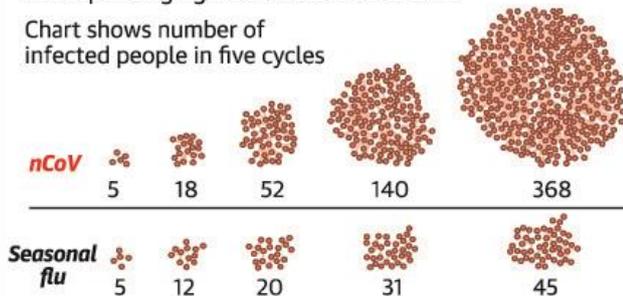
FACT 3. nCOV

Anatomy of an outbreak

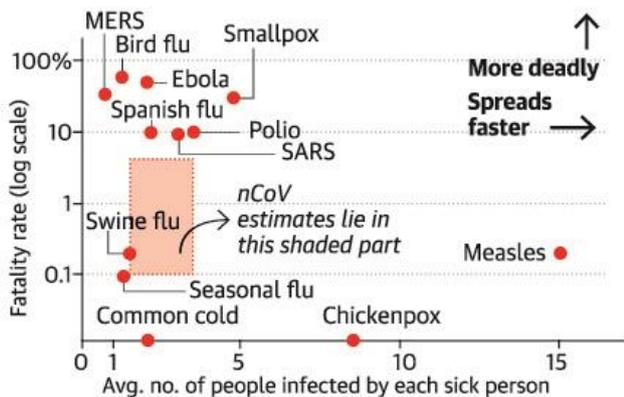
With 17,391 people affected globally by the novel coronavirus (nCoV) and 2,239 placed under surveillance in Kerala as on February 3, the disease has set alarm bells ringing. Analysis shows that it is as contagious as SARS, which affected 8,096 people during its outbreak in 2003. However, the number of nCoV cases reported have skyrocketed, primarily due to the massive increase in connectivity within and beyond China

Radii of infection | Each person infected with the nCoV can infect between 1.5 and 3.5 people while the corresponding figure for seasonal flu is 1.3

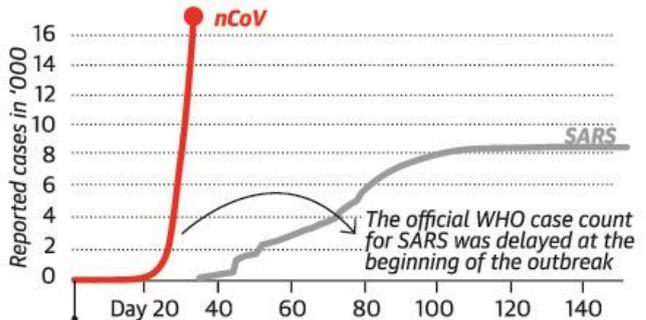
Chart shows number of infected people in five cycles



Deadliness | While nCoV is as contagious as SARS, early estimates show that it is not as deadly. Chart plots fatality rates (<3% for nCoV) against people infected by each sick person (1.5 to 3.5 for nCoV)

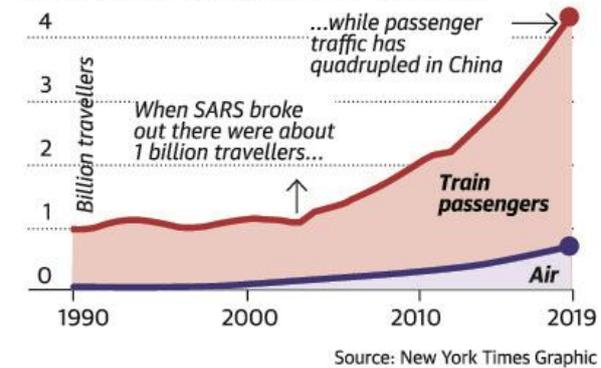


SARS vs nCoV impact | Within the first 25 days of initial outbreak, the number of nCoV cases within China has rapidly surpassed SARS' final count



The first day that WHO received reports of the outbreak

Connectivity factor | The fact that Wuhan, where the most number of cases originated, is a major transportation hub contributed to the rapid spread of nCoV. SARS' spread was limited as China wasn't as well connected then



Source: New York Times Graphic

Closely related to SARS

The new coronavirus first identified in the Chinese city of Wuhan appears to be similar to the one that caused severe acute respiratory syndrome (SARS), and there is evidence it originated in bats

1. Animal disease reservoir Bats thought to be original host of SARS - which caused 2002-03 epidemic - and new virus, named 2019-nCoV

2. Intermediate host Other animals infected by blood, saliva, urine or faeces of bats

3. Transmission to humans Virus "jumps" species barrier, possibly via close contact with infected animals, and may then be spread person-to-person



HORSESHOE BAT Many coronaviruses are zoonotic diseases, meaning they are transmitted between people and animals

4. Adaptation: Changes in surface proteins can allow virus to attach to new host cell, either by mutation or recombination (mixing of different viruses)

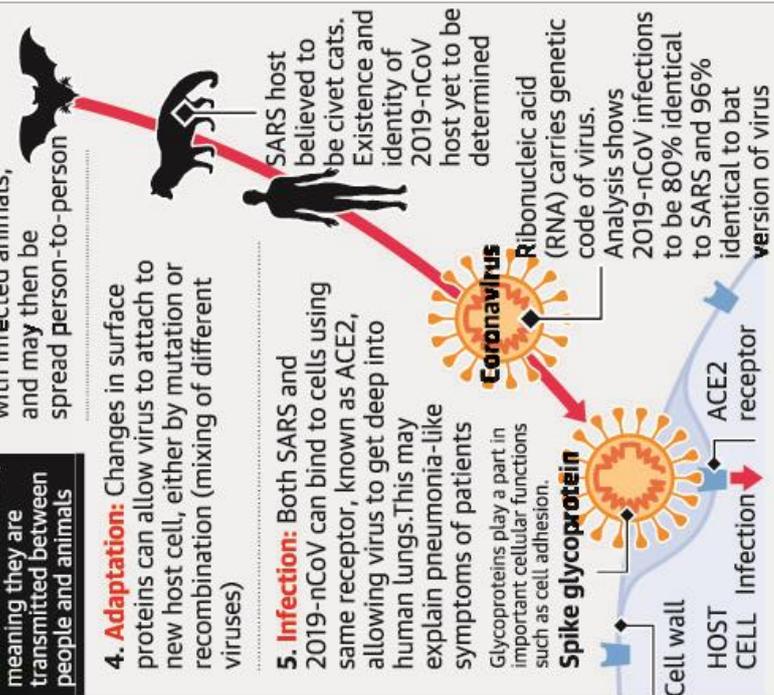
5. Infection: Both SARS and 2019-nCoV can bind to cells using same receptor, known as ACE2, allowing virus to get deep into human lungs. This may explain pneumonia-like symptoms of patients

Glycoproteins play a part in important cellular functions such as cell adhesion.

Spike glycoprotein

Cell wall
HOST CELL

Infection
receptor



Source: Graphic News - Business Insider, Nature, NCBI, Picture: Getty Images

FACT 4. BUDGET 2020-21

BUDGET 20-21

“Currently, more than 100 exemptions & deductions ... are provided in the Income Tax Act ... have removed 70 of them in new, simplified regime - Budget speech



Income levels up for tax filers

The gross total income of individuals who filed income tax returns has gone up in the last five years. For instance, 24.7% of taxpayers were earning below ₹2 lakh in 2013-14, while only 7.1% did so in 2018-19. Similarly, the share of income tax payers who earned between ₹4 lakh and ₹10 lakh saw a significant jump. However, it is important to note that only around 7.4% adults in India pay income tax

TAX BRACKETS	AY 2014	AY 2019
0 to 2 lakh	24.7%	7.1%
2 to 4 lakh	44.4%	41.8%
4 to 10 lakh	24.9%	41.1%
10 to 50 lakh	5.7%	9.5%
>50 lakh	0.4%	0.6%

Source: Central Board of Direct Taxation

Budget has put more disposable income in the hands of the common man by the rationalisation of the personal income tax slabs



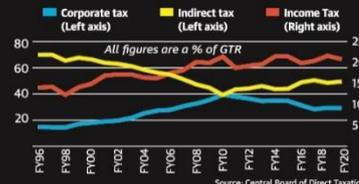
BUDGET 20-21

“The removal of the Dividend Distribution Tax will lead to estimated annual revenue forgone of ₹25,000 crore - Budget speech



Tax reliance

Income Tax has increased substantially as a component of Gross Tax Revenues (GTR) over the last two decades. Corporate tax as a share of GTR grew till 2009-10 but fell thereafter, while the share of indirect tax, which was falling till 2009-10, increased thereafter. Graph traces tax share since FY96



If taxpayers opt for the new regime, then it will result in higher cash in their hands, leading to more spending or higher investments, both good for the country



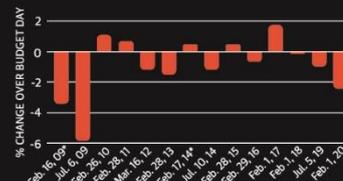
BUDGET 20-21

“Propose to set up an Investment Clearance Cell ... [to provide] “end to end” facilitation and support, including advisory, information on land banks - Budget speech



Bear run

The Sensex fell 2,43% at the end of the day after the budget presentation by the Finance Minister. This is the worst such fall since 2019 (when the Sensex fell nearly 6% points). Stocks in the realty sector fell the most (-8%). Stocks in the IT sector registered a 1.4% increase over the day



The government should rapidly implement the National Infrastructure Pipeline worth ₹103 lakh crore. This will provide a boost to demand in the economy



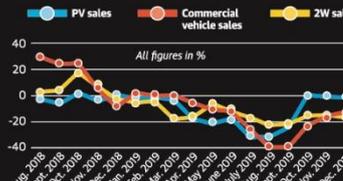
BUDGET 20-21

“The limit for FPIs in corporate bonds, currently at 9% of outstanding stock, will be increased to 15% - Budget speech



Brakes on

Automobile sales in the country declined year-on-year (YOY) by 23.55% in August 2019, the worst drop since 1997-98. While the decline has been moderate since then, sales continue to suffer. The chart shows the YOY change in sale of passenger vehicles (PV), commercial vehicles and two-wheelers (2W)



Very happy and thankful for ESOP related changes done by Nirmala Sitharaman. Beautifully defined and sorts out many issues



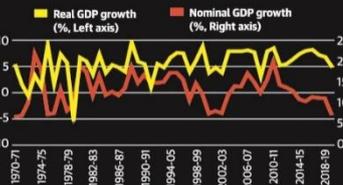
BUDGET 20-21

“We have estimated nominal growth of GDP for year 2020-21, on the basis of trends available, at 10% - Budget speech



At historic lows

In FY20, the real GDP is expected to grow at 5% (slowest since FY09, the year of the global financial crisis) and the nominal GDP is expected to grow at 7.5% (slowest since FY76). Nominal GDP is a proxy for income growth, especially that of corporates. A slowing nominal GDP will eventually lead to low tax collections



The government has done a commendable job and the various measures announced will strengthen India, individuals and industry



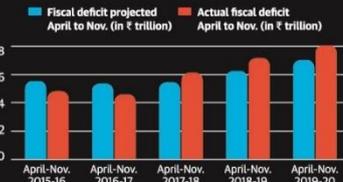
BUDGET 20-21

“We estimate a fiscal deficit of 3.8% in RE 2019-20 and 3.5% for BE 2020-21 - Budget speech



Widening deficits

The fiscal deficit of ₹8.08 trillion for April-November is nearly 15% more than the projected amount. The deficit has widened due to dwindling tax revenues, following an economic slowdown. The chart compares projected and actual fiscal deficit between April and November since FY15



“The Budget is trying to address every section of society & put India on a growth trajectory. It has many sops to revive agriculture



BUDGET 20-21

“Central government debt ... got reduced in March 2019 to 48.7% of GDP from a level of 52.2% in March 2014 - Budget speech



Lows across sectors

Gross value added (GVA) across most sectors fell in FY20 compared to FY19, with the manufacturing and construction sectors falling the most. Only the public administration and defence sectors, mostly fuelled by the government, grew robustly. The table shows the GVA growth

Year	AGRICULTURE	MINING	MANUFACTURING	UTILITIES	CONSTRUCTION	TRADE, HOTELS, TRANSPORT	FINANCIAL & REAL ESTATE	PUBLIC ADMIN & DEFENCE
2015-16	0.6	10.1	13.1	4.7	3.6	10.2	10.7	6.1
2016-17	6.3	9.5	7.9	10	6.1	7.7	8.7	9.2
2017-18	5	5.1	5.9	8.6	5.6	7.8	6.2	11.9
2018-19	2.9	1.3	6.9	7	8.7	6.9	7.4	8.6
2019-20	2.8	1.5	2	5.4	3.2	5.9	6.4	9.1

The biggest takeaway from the Budget for me was the call out from the Finance Minister that wealth creators will be respected



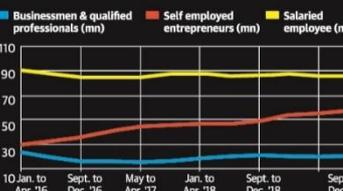
BUDGET 20-21

“Aiming to provide piped water supply to all households, we have approved 3.6 lakh crore for the Jal Jeevan Mission - Budget speech



In search of jobs

The number of people in salaried employment has remained stagnant in the last few years. Growth in employment in this period was seen only in the self-employed category, which includes gig workers like Ola/Uber cab drivers. The data were sourced from the CMIE database

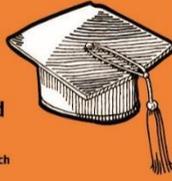


We welcome the village storage schemes that will be run by women. Indian Bank will provide adequate training through our INDESTIs and fund them



BUDGET 20-21

“ Government proposes to provide ₹99,300 crore for education sector in 2020-21 and ₹3,000 crore for skill development - Budget speech



Loan distress

The NPA ratio of all sectors, except agriculture, saw a reduction in 2019 as compared to 2018. NPAs in the agriculture sector saw an increase of 27.5% in this period. Table shows gross NPAs in ₹ crore in 2018 and 2019 and the % change:

SECTORS	GNPA 2018	GNPA 2019	% CHANGE IN GNPA'S
Agriculture	75,274	95,938	27.5%
Micro & small enterprises	82,094	73,381	-10.6%
Other priority sectors	30,143	28,016	-7.1%
Non-priority sector	6,57,964	5,12,774	-22.1%
Total NPAs	8,45,475	7,10,109	-16.0%

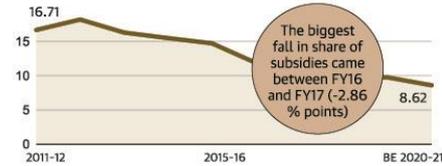
With focus on income savings and increased fund allocation for health, education, transport, infra, and agriculture, the Budget is a holistic one
Punit Goenka, Zee Entertainment CEO



DOWNWARD TREND

The proportion of subsidy in the overall budget in 2020-21 has come down by 1.15 percentage points, compared to the revised estimates of 2019-20. The drop in subsidy also reflected in a decline of food subsidy (proportion in overall Budget came down by 0.23% points). This has raised questions regarding the government's ability to procure produce from farmers

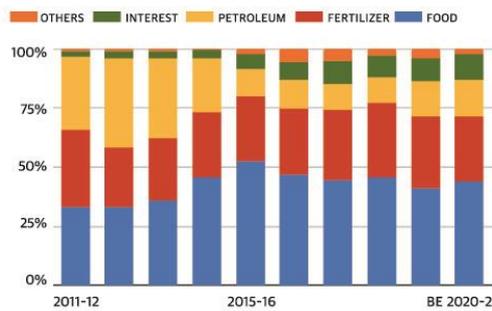
SLUMP IN SUBSIDIES | The share of subsidies in the total expenditure has been on a constant decline, with the share in FY21 estimated at 8.62%, down 9.6% points from FY13



GRAPH SHOWS % SHARE OF SUBSIDIES IN TOTAL EXPENDITURE

Source: RBI's Consumer Confidence Survey, November 2019

SUBSIDY BREAKDOWN | The share of fertilizer subsidies has fallen in FY21 compared to FY20, while the other subsidies saw a marginal increase. Graph shows % share of subsidies:



PROCUREMENT PANGS
As of Nov. 2019, less than 3% of the sanctioned amount of pulses and oilseeds were procured under PM-AASHA scheme. Reduction in food subsidy, which plays a major role in procuring such produce, will exacerbate the situation forcing farmers to sell at relatively lower mandi prices

Tables show % procurement till Nov. 2019 under the scheme

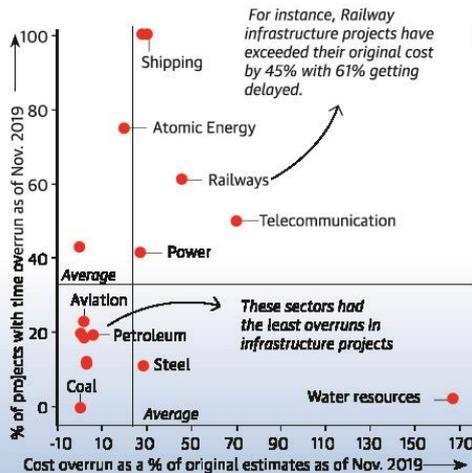
Commodity	% procurement
Moong	14.32
Groundnut	4.38
Soyabean	0.62
Arhar (Tur)	0
Sesamum	0
Urad	0.000013
Grand Total	2.88

Source: Budget documents, Lok Sabha

BIG PLANS, POOR IMPLEMENTATION

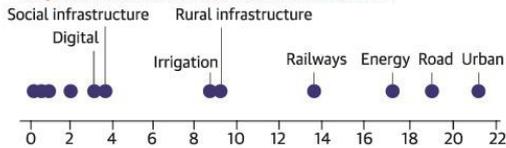
The five-year-long National Infrastructure Pipeline (NIP) with a total budget of ₹102.5 lakh crore is entering the second year in FY21. The ambitious plan is getting bogged down by time delays and cost-overruns across many projects

SECTORAL COMPARISON While the Railways and power sectors saw high allocation, a high share of ongoing infra projects in these sectors has been delayed as of FY20 Q2

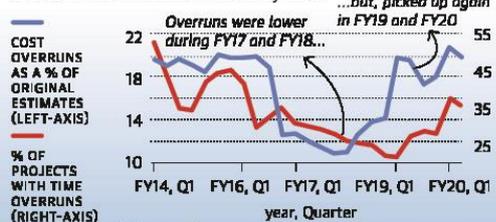


1. INFRA PUSH | About ₹19.5 lakh crore has been budgeted during FY21 as part of the NIP. Urban infrastructure, road transport, energy and Railways account for about 70% of allocation this year

Graph shows % allocation under the NIP for FY21



OVERRUNS | While 60% of the FY21 Budget will go towards improving infrastructure, at the end of FY20 Q2, more than one-third of such projects were delayed and the overall original cost estimation had been overrun by 20% ...but, picked up again



Source: National Infrastructure Pipeline report, MoSPI

RURAL CONCERNS IGNORED

With rural wages on the decline and consumption falling rapidly in those areas, budgetary cuts in schemes such as MGNREGS will exacerbate the crisis. Most rural assistance recorded poor allocations in the FY21 budget

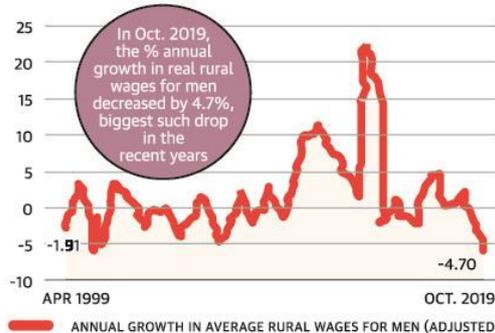
1. DIP IN RURAL BUDGET | Schemes designed to increase rural income saw sharp cuts. MGNREGS spending as a % of total expenditure decreased from 2.63% in FY20 (RE) to 2.02% in FY21 (BE)

Schemes	2017-18	2018-19	2019-20 (RE)	2020-21 (BE)
MGNREGS	2.58%	2.67%	2.63%	2.02%
NSAP	0.41%	0.36%	0.34%	0.30%
NRLM	0.20%	0.25%	0.33%	0.30%
Rurban Mission	0.03%	0.02%	0.01%	0.02%
PMGSY	0.79%	0.67%	0.52%	0.64%
PMAY - Rural	1.05%	0.83%	0.68%	0.64%
PM KISAN		0.05%	2.01%	2.47%



2. SPENDINGS DOWN | The sharp cut in rural spending has come amid a huge fall in rural consumption. The Monthly Per Capita Expenditure (MPCE) of rural India declined by 8.8% in 2017-18 compared to 2011-12 as shown in the table

Year	Rural MPCE	% growth
2009-10	₹ 1,053.64	
2011-12	₹ 1,216.88	15.49
2017-18	₹ 1,109.74	-8.8



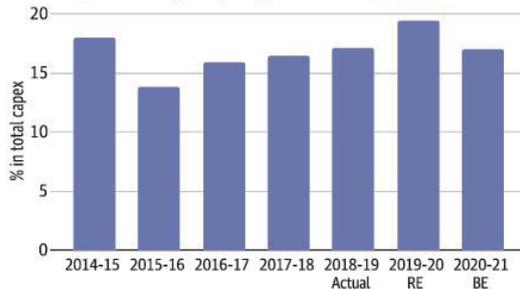
3. LIGHTER POCKETS
The spending came down as real rural wages declined from March 2019 till October 2019

Source: Labour Bureau, Budget documents, Household Survey 2017-18

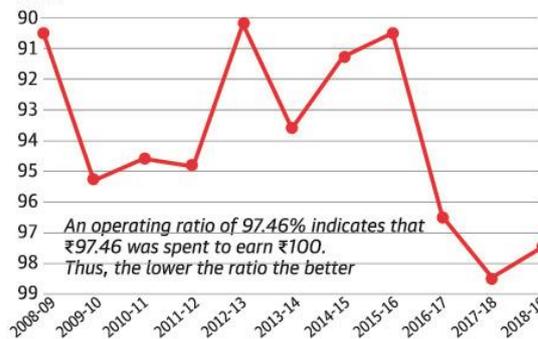
LOSING STEAM

Capital expenditure of the Railways accounted for 17% of the total capex of FY21. Railways has become increasingly dependent on budgetary support in recent years as revenue from passenger and freight traffic has dwindled

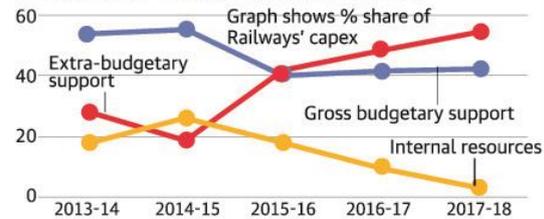
1. Marginal fall | The Railways' share of capital expenditure in the total capex saw a steady increase from FY16 to FY20. However, it has marginally dropped in FY21 (BE)



2. Efficiency hampered | The operating ratio of the Railways was marginally better in FY19 (97.46%) compared to FY18. However, it was the second lowest between FY09 and FY19.



3. Increasing dependency | As the share of internal resources fell (due to lesser passenger and freight earnings), the dependence on budgetary support increased



4. Future tense | Things do not seem to be improving in the ongoing year. The Railways' performance up to Nov. 2019 has missed targets by significant margins across parameters

Category	% variation from FY20 target (up to November 2019)
Tonnage	-4.98
Freight earnings	-19.72
No. of passengers	-2.97
Passenger earnings	-5.33
Other coaching	-22.9
Sundry earnings	-24.02
Working expenses	+4.05

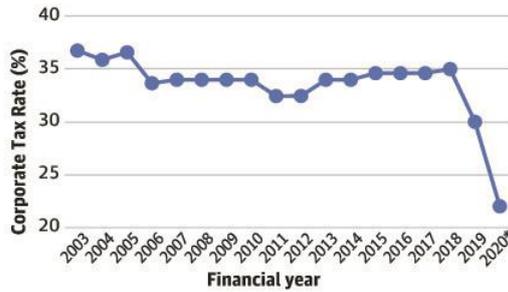
Big cut for defence | Defence expenditure as a % of the total fell in FY21 (BE) compared to FY20 (RE). A look at the share of defence spending in the last five Budgets



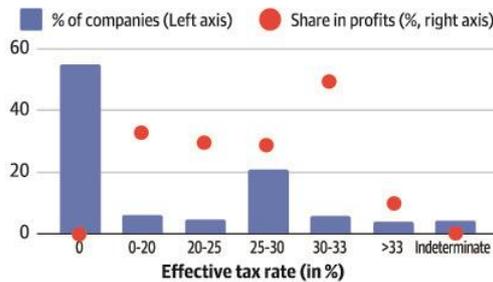
UNEVEN DISTRIBUTION

Corporate tax rates saw sharp reductions in the last two years. However, the rates are skewed with uneven distribution among companies

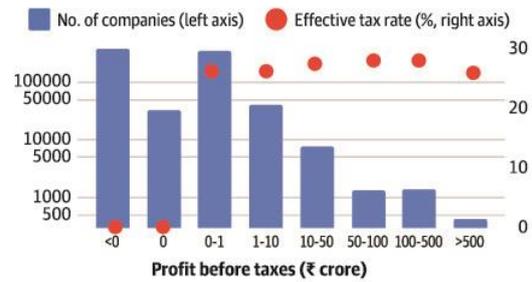
Steep fall |
In September 2019, India's statutory corporate tax rate was reduced to 22%, lower than the global average of 23.79%



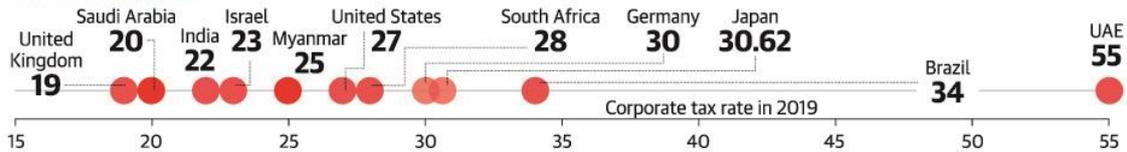
More profit, more tax | Higher effective tax rates were paid by firms having a larger share in overall profits. Firms with a rate between 25%-33% had 52.1% share in total profits



Skewed towards richest | While the tax rate was highest for firms with profits between ₹100 crore and ₹500 crore, firms with the highest profits (> ₹500 cr.) had the least effective tax rate

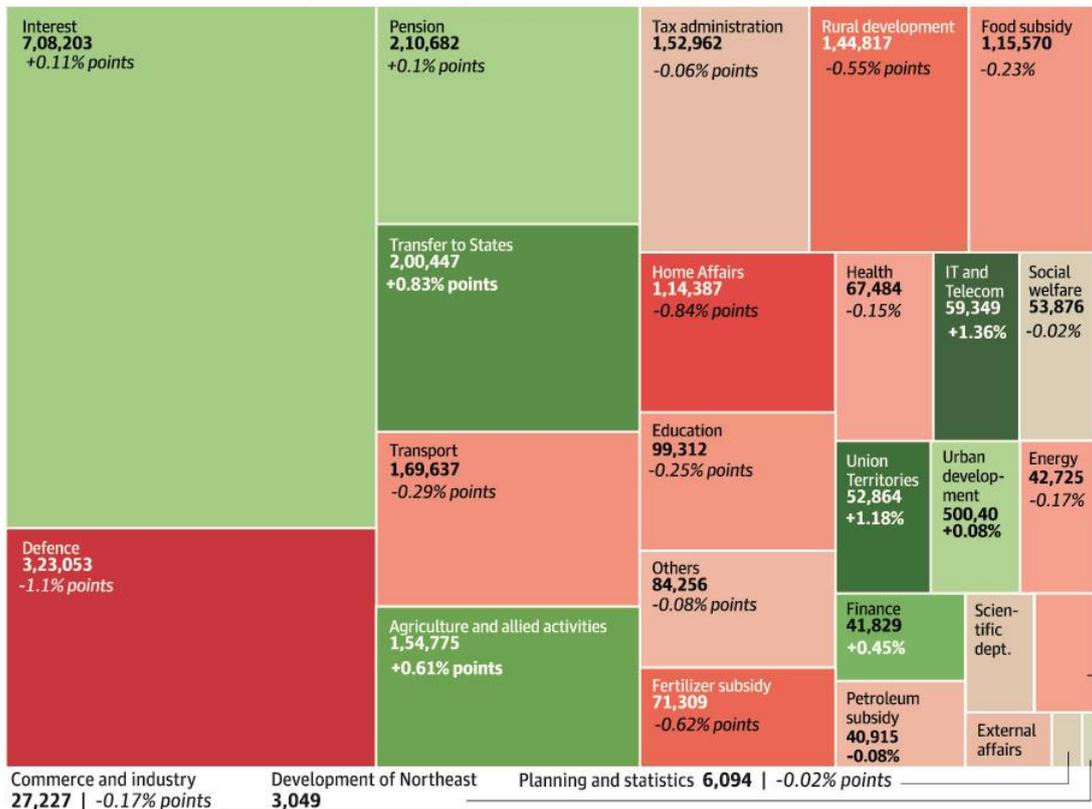


Global snapshot | In 2019, UAE had the highest corporate tax rate. Among BRICS, only Russia had a lower tax rate than India



BREAKING IT DOWN

The outlay for defence and pensions (apart from interest payments) formed the bulk of the budget expenditure in FY21. However, defence's share in total expenditure came down by -1.1% points from last year (fell from 11.72% of total expenses in FY20 to 10.62% in FY21). The graph depicts budgeted expenditure (₹ crore) in FY21 and the change from FY20. For instance, the health sector was allocated ₹67,484 crore in FY21, while its share of total expenditure fell by -0.15% points from FY20



No FM, we don't gain ₹78,000, but lose ₹7,800

THE TAX SLABS

Below 60 years of age

Senior citizens (60 to 80 years)

Super senior citizens (above 80 years)

Current tax slab		New optional tax slab		Current tax slab		New optional tax slab		Current tax slab		New optional tax slab	
in ₹ lakh	in %	in ₹ lakh	in %	in ₹ lakh	in %	in ₹ lakh	in %	in ₹ lakh	in %	in ₹ lakh	in %
Up to 2.5	Nil	Up to 2.5	Nil	Up to 3	Nil	Up to 2.5	Nil	Up to 5	Nil	Up to 2.5	Nil
2.5 to 5	5	2.5 to 5	5	3 to 5	5	2.5 to 5	5	5 to 10	20	2.5 to 5	5
5 to 10	20	5 to 7.5	10	5 to 10	20	5 to 7.5	10	Above 10	30	5 to 7.5	10
Above 10	30	7.5 to 10	15	Above 10	30	7.5 to 10	15			7.5 to 10	15
		10 to 12.5	20			10 to 12.5	20			10 to 12.5	20
		12.5 to 15	25			12.5 to 15	25			12.5 to 15	25
		15 and above	30			15 and above	30			15 and above	30

The table doesn't include cess of 4% and surcharge that's applicable on higher income groups

How much you lose

The FM said the lower tax rates will mean a saving of ₹78,000 for someone with an income of ₹15 lakh. But in doing the math, the FM has not considered the savings from deductions. If we factor in deduction benefits, the new tax regime actually penalizes you in the name of simplification. Here's how

Annual income = ₹15 lakh

Without deductions		With deductions		
Tax you pay under the old regime (income in ₹ lakh) (tax in ₹)		Factor in common deductions under 80C, 80D, 80CCD(1B) and standard deduction if you are salaried and the game changes. This is when we don't even look at exemptions		
Up to 2.5	0	Annual income	Less ₹1.5 lakh (80C deduction)	Less ₹50,000 (80CCD(1B) deduction)
2.5 to 5 at 5%	12,500	₹15 lakh	₹13.5 lakh	₹13 lakh
5 to 10 at 20%	1,00,000			
10 and above at 30%	1,50,000			
Total tax	2,62,500	Less ₹25,000 (80D)	Less ₹50,000 (standard deduction)	Final taxable income
Amount of cess at 4%	10,500	₹12.75 lakh	₹12.25 lakh	₹12.25 lakh
Total tax plus 4% cess (A)	2,73,000	Tax you pay under the old regime (income in ₹ lakh) (tax in ₹)		
Tax you pay under the new regime (income in ₹ lakh) (tax in ₹)		0-2.5	0	
Up to 2.5	0	2.5 to 5 at 5%	12,500	
2.5 to 5 at 5%	12,500	5 to 10 at 20%	1,00,000	
5 to 7.5 at 10%	25,000	10 and above at 30%	67,500	
7.5 to 10 at 15%	37,500	Total tax	1,80,000	
10 to 12.5 at 20%	50,000	Amount of cess at 4%	7,200	
12.5 to 15 at 25%	62,500	Total tax paid including 4% cess (C)	1,87,200	
Total tax	1,87,500	YOU BENEFIT (A-B)	78,000	
Amount of cess at 4%	7,500	Under the new regime you will lose (B-C)	7,800	
Total tax with 4% cess (B)	1,95,000			

Source: Mint research

WHAT THE BUDGET MEANS FOR YOU

You are right to be disappointed with Budget2020 that was expected to put money in your pocket. The tax changes are full of fine print and will benefit just a tiny fraction of the 3.5 crore Indians who pay income tax. Worse, India now has a tax system that spreads across 11 levels of slabs and surcharges.

GRAPHIC: AHMED RAZA KHAN/MINT

WHO GAINS, WHO LOSES?

Bank deposits upto ₹5 lakh, up from the current ₹1 lakh, insured. 😊	Cess and surcharges stay the same, not providing any additional relief to taxpayers. 😞	G Secs to be available through ETFs giving households safe returns. 😊	Higher tax payers do not benefit, no real boost to money in hand even for those at lower levels. 😞
DDT scrapped, but dividends get taxed in your hands; those in 20% tax slab worse off. 😞	FM says ₹78,000 saved in taxes under the new tax system for individual earning ₹15 lakh 😊	The effective tax rates are now 11 due to slabs, surcharges, with the highest rate at 42.74% 😞	LIC, IDBI disinvestment will bring transparency, depth to market; good for stock investors. 😊

SHOULD YOU PORT TO THE NEW TAX REGIME?

Data analyst, 25-28 yr
Income: ₹8-10 lakh
(Tax calculated at ₹9 lakh)

The new tax system lowers tax liability if you don't have deductions to claim and you are not salaried. For salaried, letting go of deductions may not work under the new system.

Tax in old regime: ₹35,880
Tax in new regime: ₹62,400

Are you better off? **NO**

WHEN YOU DON'T HAVE TO PAY INCOME TAX

Old tax system
You pay no tax up to a taxable income of **₹7 Lakh**

If you factor in deduction of **₹1.5 lakh** under Section 80C and standard deduction of **₹50,000** applicable to the salaried and pensioners

New tax system
You pay no tax up to a taxable income of **₹5 Lakh**

You let go of your deductions, but a rebate of **₹12,500** takes your tax liability to zero

THE TAX YOU ACTUALLY PAY

Surcharge plus health and education cess on income tax make the effective rate that you end up paying much higher. As per the old tax system

If your annual taxable income is

₹12 lakh 30% + 4% health and education cess = 31.2%	₹55 lakh 30% + 4% health and education cess + 10% surcharge = 34.2%	₹5 crore 30% + 4% health and education cess + 37% surcharge = 42.7%
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TAXING INVESTMENTS

Gains from the sales of assets are taxed depending on how long you hold them. Here's a quick guide to the taxes you'll have to pay on capital gains next year. Rates include surcharge and cess

LISTED STOCKS

If you sell **within a year**: 15.6%
If you sell **after a year**: 10.4%

GOLD

If you sell **within 3 years**: Max. income tax rate you pay
If you sell **after 3 years**: 20.8%

REAL ESTATE

If you sell **before 2 years**: Max. income tax rate you pay
If you sell **after 2 years**: 20.8%

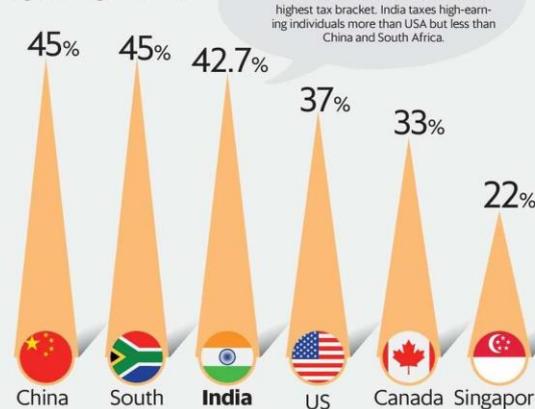
EQUITY-ORIENTED MUTUAL FUNDS

If you sell **within a year**: 15.6%
If you sell **after a year**: 10.4%

DEBT-ORIENTED MUTUAL FUNDS

If you sell **within 3 years**: Max. income tax rate you pay
If you sell **after 3 years**: 20.8%

HOW MUCH DO THE SUPER-RICH PAY?



YOUR TAX LIABILITY UNDER THE NEW SYSTEM

Factor in the popular deductions and exemptions and the new tax regime may not benefit those under 60

Annual income (in ₹ Lakh)	INDIVIDUAL (Less than 60 years)			SENIOR CITIZEN (60-80 years)			VERY SENIOR CITIZEN (Age 80 and above)		
	Old tax system	New tax system	You gain or lose?	Old tax system	New tax system	You gain or lose?	Old tax system	New tax system	You gain or lose?
5	0	0	0	0	0	0	0	0	0
10	54,600	78,000	-23,400	72,800	78,000	-5,200	62,400	78,000	-15,600
15	1,63,800	1,95,000	-31,200	2,08,000	1,95,000	13,000	1,97,600	1,95,000	2,600
20	3,04,200	3,51,000	-46,800	3,64,000	3,51,000	13,000	3,53,600	3,51,000	2,600
25	4,44,600	5,07,000	-62,400	5,20,000	5,07,000	13,000	5,09,600	5,07,000	2,600
30	5,85,000	6,63,000	-78,000	6,76,000	6,63,000	13,000	6,65,600	6,63,000	2,600
35	7,25,400	8,19,000	-93,600	8,32,000	8,19,000	13,000	8,21,600	8,19,000	2,600
40	8,65,800	9,75,000	-1,09,200	9,88,000	9,75,000	13,000	9,77,600	9,75,000	2,600
45	10,06,200	11,31,000	-1,24,800	11,44,000	11,31,000	13,000	11,33,600	11,31,000	2,600
50	11,46,600	12,87,000	-1,40,400	13,00,000	12,87,000	13,000	12,89,600	12,87,000	2,600
100	28,05,600	31,31,700	-3,26,040	31,46,000	31,31,700	14,300	31,34,500	31,31,700	2,800
150	45,47,790	50,68,050	-5,20,260	50,83,000	50,68,050	14,950	50,71,040	50,68,050	2,990
250	84,53,250	94,08,750	-9,44,500	94,25,000	94,08,750	16,250	94,12,000	94,08,750	3,250
550	1,89,83,250	2,31,35,190	-41,51,940	2,31,53,000	2,31,35,190	17,810	2,31,38,752	2,31,35,190	3,562

DDT GONE, DIVIDEND TAX STAYS

Dividend will be taxed in the hands of investors at slab rate

Direct stocks	Equity funds
Currently at 20.56% will now be taxed at slab rate	Currently at 12.94% will now be taxed at slab rate
Bond funds	Currently at 38.83% will now be taxed at slab rate

Army officer, mid-30s
Income: ₹10-20 lakh
(Tax calculated at ₹15 lakh)

The FM will have you believe the new system will give you ₹78,000 more, but factor in deductions for home loan, PPF, tuition fees and National Pension System, and you may be worse off.

Tax in old regime: ₹163,800
Tax in new regime: ₹195,000

Are you better off? **NO**

Mid-level manager, mid-40s
Income: ₹30-45 lakh
(Tax calculated at ₹40 lakh)

The new system taxes you more if you let go of exemptions and deductions, but what will hurt is the tax on dividend distribution which is now payable by you at the slab rate.

Tax in old regime: ₹865,800
Tax in new regime: ₹975,000

Are you better off? **NO**

Doctor, mid-50s
Income: ₹50-60 lakh
(Tax calculated at ₹55 lakh)

Life has not changed for you post budget. You will continue to pay tax and a surcharge of 10% over it. This is true not only for your income but also dividend income from stocks, bonds.

Tax in old regime: ₹1,287,000
Tax in new regime: ₹1,587,300

Are you better off? **NO**

Retired gov. servant, 65+ yrs
Income: ₹20-25 lakh
(Tax calculated at ₹24 lakh)

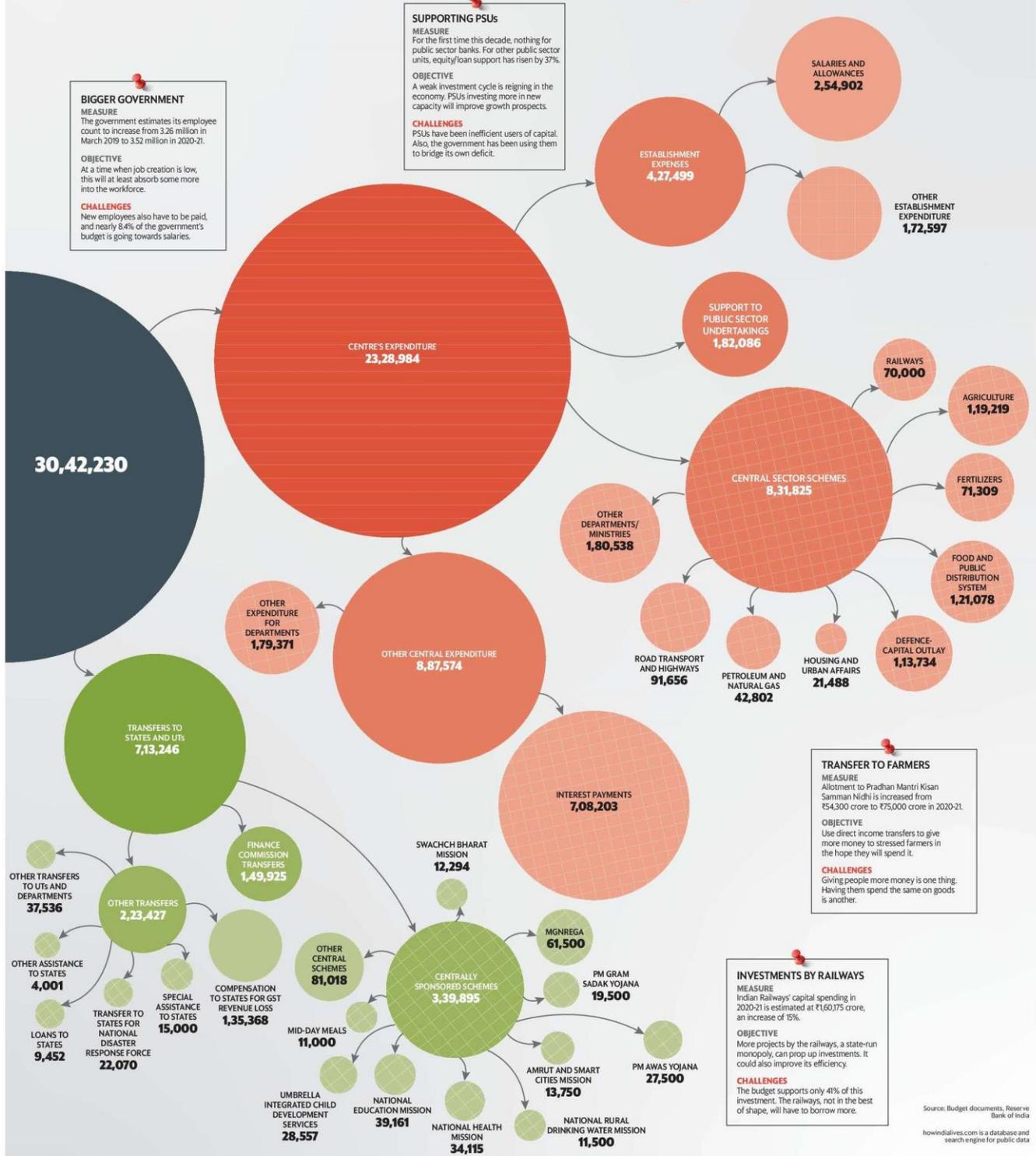
The new tax system takes away the increase in the exemption limit that the current system offers you as a retiree. Don't walk into the new regime without doing the math.

Tax in old regime: ₹488,800
Tax in new regime: ₹475,800

Are you better off? **YES** by 2.66%

For FY21, income tax calculated after considering tax as per new regime without considering HRA exemption, standard deduction and deduction under 80C; for FY20, income tax calculated under the old regime after considering ₹50,000 standard deduction and ₹50,000 deduction under 80C; exemption from house rent allowance has been considered as 10% of salary for those below the age of 60 years, health and education cess of 4%.

THE GROWTH EQUATION



Source: Budget documents, Reserve Bank of India
howindialives.com is a database and search engine for public data

How the budget looks in the context of GDP

That first budget, presented in 1951-52, amounted to 3% of GDP. India was an agrarian economy and has never taxed agriculture. As the economy moved from agriculture to manufacturing, the budget-to-GDP ratio increased to 10% in the 1970s. In 1986-87, it was 17%. The budget-to-GDP ratio has largely stayed in the 13-17% band. Agriculture, which now accounts for about 15% of GDP, still remains outside the tax ambit. Meanwhile, India's tax-to-GDP ratio is a tepid 11%. This is unlike, say, Sweden, which has a tax-to-GDP ratio of 28%, which gives the state the resources to directly influence the economy more. As for India, there's only so much the government can do directly.



How have states grown in the last five years

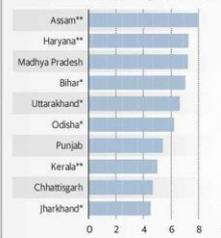
If India is growing at a certain rate, states should match that. If not better. The 33 states and Union territories, for which state GDP data is available, present a mixed bag of growth over the last five years. In the last three-five years till 2018-19 (depending on data availability), 16 of them have grown at a compound annual rate of above 7%—considered to be at a par with India's growth. But nearly half are below 7%, and they include large, medium and small state economies.

*Four-year CAGR till 2017-18
**Three-year CAGR till 2016-17

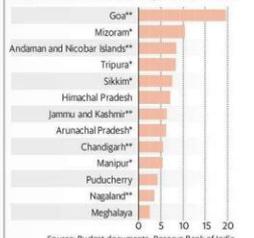
Top 10 economies by state GDP



Middle 10 economies by state GDP



Bottom 13 economies by state/UT GDP



Source: Budget documents, Reserve Bank of India

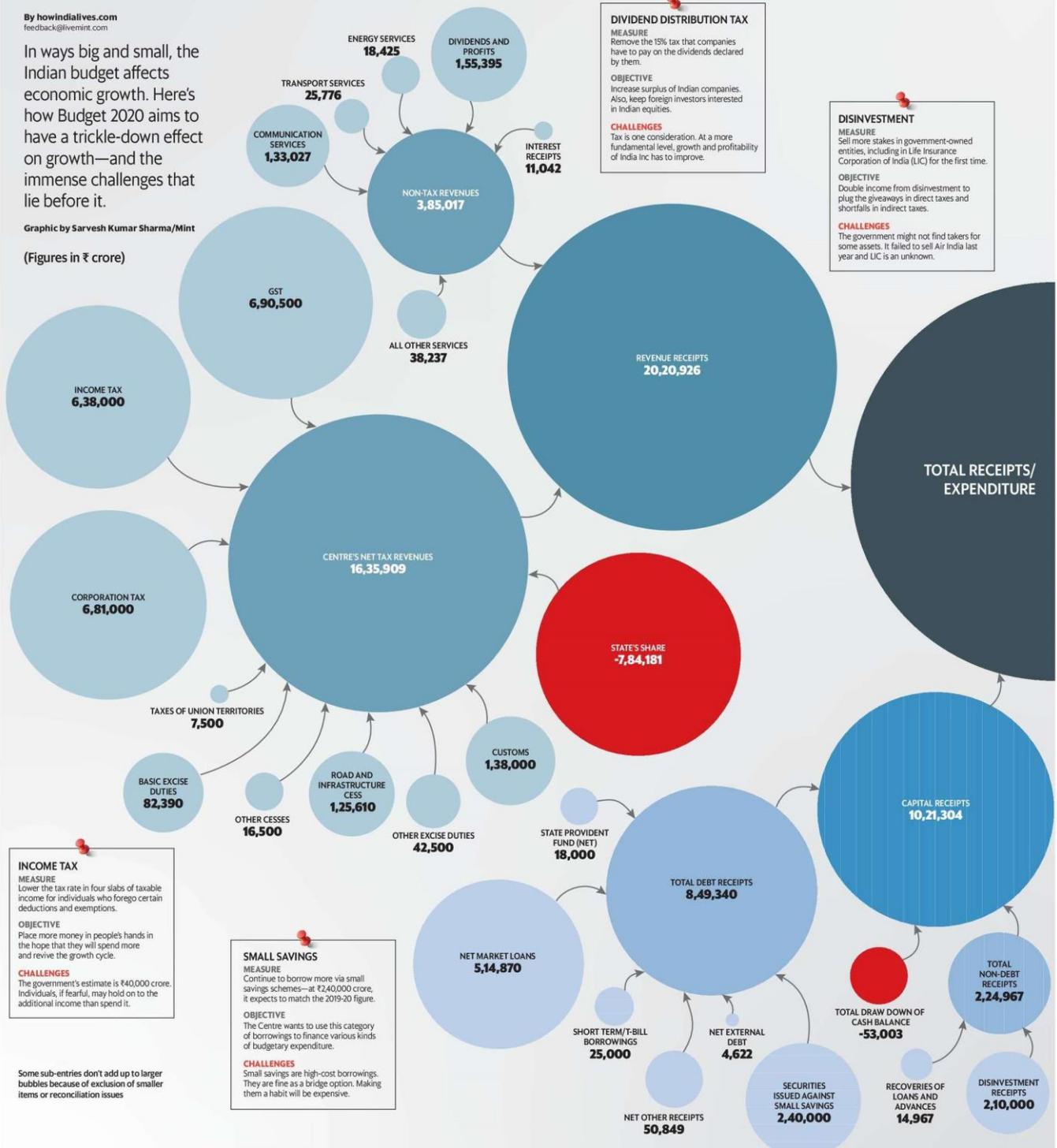
THE BUDGET FACTOR IN

By howindialives.com
feedback@liveinmint.com

In ways big and small, the Indian budget affects economic growth. Here's how Budget 2020 aims to have a trickle-down effect on growth—and the immense challenges that lie before it.

Graphic by Sarvesh Kumar Sharma/Mint

(Figures in ₹ crore)



DIVIDEND DISTRIBUTION TAX
MEASURE: Remove the 15% tax that companies have to pay on the dividends declared by them.
OBJECTIVE: Increase surplus of Indian companies. Also, keep foreign investors interested in Indian equities.
CHALLENGES: Tax is one consideration. At a more fundamental level, growth and profitability of India Inc has to improve.

DISINVESTMENT
MEASURE: Sell more stakes in government-owned entities, including in Life Insurance Corporation of India (LIC) for the first time.
OBJECTIVE: Double income from disinvestment to plug the giveaways in direct taxes and shortfalls in indirect taxes.
CHALLENGES: The government might not find takers for some assets. It failed to sell Air India last year and LIC is an unknown.

INCOME TAX
MEASURE: Lower the tax rate in four slabs of taxable income for individuals who forego certain deductions and exemptions.
OBJECTIVE: Place more money in people's hands in the hope that they will spend more and revive the growth cycle.
CHALLENGES: The government's estimate is ₹40,000 crore. Individuals, if fearful, may hold on to the additional income than spend it.

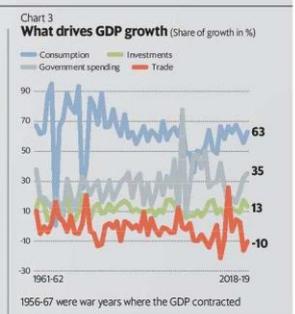
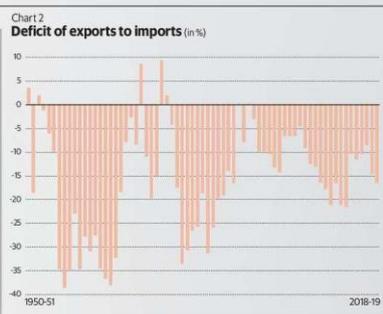
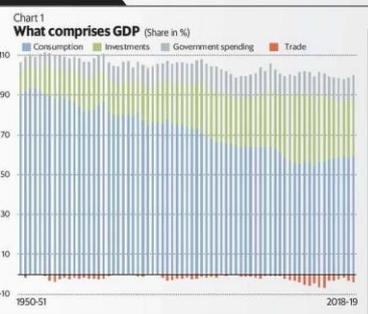
SMALL SAVINGS
MEASURE: Continue to borrow more via small savings schemes—at ₹24,000 crore, it expects to match the 2019-20 figure.
OBJECTIVE: The Centre wants to use this category of borrowings to finance various kinds of budgetary expenditure.
CHALLENGES: Small savings are high-cost borrowings. They are fine as a bridge option. Making them a habit will be expensive.

Some sub-entries don't add up to larger bubbles because of exclusion of smaller items or reconciliation issues

BREAKING DOWN GROWTH

Where growth comes from
Government spending is one of the four components of gross domestic product (GDP), but the principal component is consumption: about 60%. In 1950s, the share of consumption was 90%. As the economy expanded, the investment component grew in share. In high-growth years of this century, the share of investment vaulted from 25-30% to 36-40%, but is below 30% again. Government spending remains at 10-11%, underscoring its limited direct impact on growth (Chart 1). Instead, the government relies on policy and monetary levers to push consumption and investment. The fourth component is trade balance, or exports minus imports. Exports have always lagged its imports (Chart 2), and the contribution of trade to GDP is thus negative. In the high-growth years, investment took over, while Government spending remains in the 10-20% band (Chart 3).

Figures in Chart 1 and Chart 3 may not add up to 100% because of discrepancies; Base year is 2011-12



FACT 5. ECONOMIC SURVEY 2019-20

Hoping for the **best**

While the GDP growth in the first half of FY20 slowed to 4.8%, the Economic Survey suggests that the second half will witness an uptick

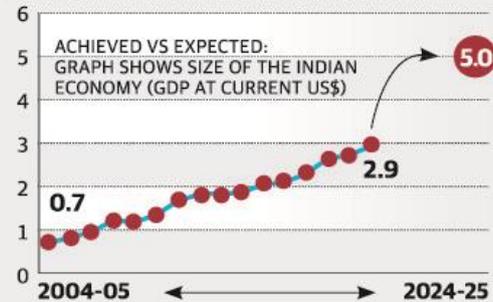
Some developments which hint at a revival, according to the Survey:

- IIP in Nov. 2019 saw a growth of 1.8% compared to a contraction by 3.4% in Oct. 2019
- PMI Manufacturing increased from 50.6 in Oct. 2019 to 51.2 and 52.7 in Nov. and Dec. 2019 respectively
- The gross GST revenue collected in Dec. 2019 and Nov. 2019 saw a positive growth rate of 9% and 6% respectively
- NIFTY India Consumption Index picked up for the first time in Oct. 2019

Size matters | India's economy is estimated to be the fifth largest in the world. The top 5 economies in terms of GDP at \$ trillion in 2019:

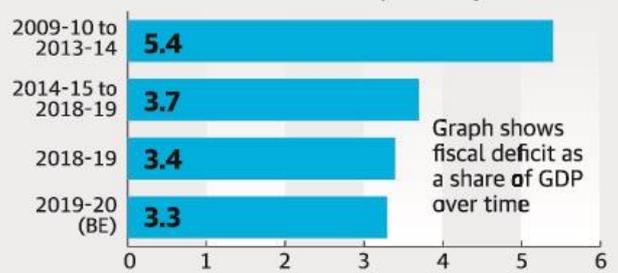
Sl. No.	Country	2017	2018	2019 (E)
1	United States	19.5	20.6	21.4
2	China	12.1	13.4	14.1
3	Japan	4.9	5.0	5.2
4	Germany	3.7	4.0	3.9
5	India	2.7	2.7	2.9

Vision 2025 | The government had set a goal to make India a \$5 tn economy by 2024-25. But growth suffered a setback this year due to a slowdown induced by a crash in demand



Nirmala Sitharaman, Anurag Thakur and Finance Ministry officials posing for a photograph after giving final touches to the Union Budget 2020-21. ■ PTI

Deficit narrowed | Centre's gross fiscal deficit as a share of GDP has come down in the past five years



Mixed record

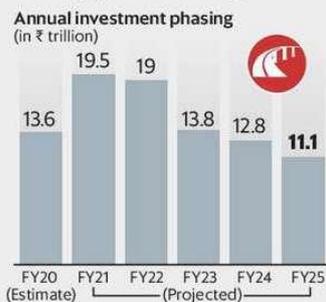
A look at the findings of World Bank's Ease of Doing Business Rankings, 2019, shows that while India has done well in some parameters it is lagging behind in the rest. Graph shows India's rank in various categories

Parameters	'09	'11	2015	2017	2019
Ease of starting a business	169	166	155	156	136
Dealing with construction permits	175	181	183	181	27
Getting electricity	-	98	70	29	22
Registering your property	93	97	138	154	154
Overall Rank	133	132	130	100	63

SOURCE: DOING BUSINESS DATABASE, WORLD BANK

NIP road to \$5 trillion economy

Under the National Infrastructure Pipeline, the annual investment peaks in FY21 with 80% focus on roads, railways, urban and housing, power, and irrigation.

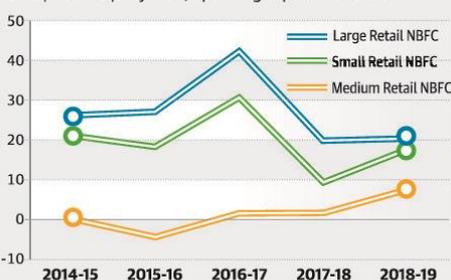


The Centre and states would have an equal share in infrastructure capital expenditure.



Health check-up

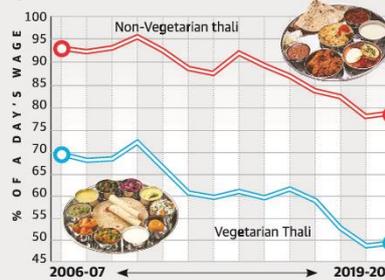
Graph shows health of NBFCs in the recent years. It was calculated based on seven metrics which include indicators such as capital adequacy ratio, operating expense ratio etc



SOURCE: ANNUAL REPORTS OF TOP 15 RETAIL-NBFCs (2014-2019)

What's in your plate?

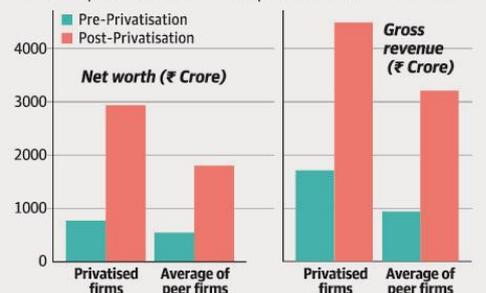
The graph shows the % share of day's wage, a worker has to spend to afford two thali meals, for a household of five



SOURCE: SURVEY CALCULATIONS
NOTE: * CALCULATIONS FOR 2019-20 BASED ON PRICES FOR THE PERIOD APRIL-OCTOBER, 2019

Impact of privatisation

Graph shows net worth, gross revenue of privatised CPSEs and their peers before and after privatisation of the CPSEs



BY THE NUMBERS

While the Economic Survey expects growth to rebound next fiscal, fresh macro indicators released on Friday suggest that the economy is still struggling.

WHAT ECO SURVEY SAYS



GDP growth to revive to 6-6.5% in FY21



FISCAL slippage likely in FY20



INFLATION likely to moderate next fiscal

BUDGET GETS A REALITY CHECK

GDP growth for 2018-19 slashed (year-on-year in %)



Core sector picks up (year-on-year in %)



Fiscal deficit widens (as a % of budget estimate)



Source: NSO, DPIIT, CGA

Given the revenue situation, there may be some slippage in fiscal deficit in FY20. At the current situation, there is a need for a growth impetus

K. SUBRAMANIAN, chief economic adviser in the finance ministry



This is despite the fact that:

60% patients still forced to pay for some of the free medicines

▶ the out-of-pocket expenditure as a percentage of total health expenditure has declined from **64.2%** in 2013-14 to **58.7%** in 2016-17.

▶ **860** formulations/packs of drug prices were regulated by the National Pharmaceutical Pricing Authority (NPPA) till December

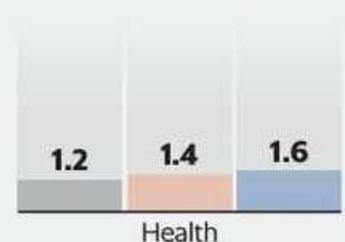
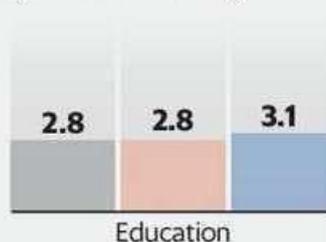
▶ **150,000** health and wellness centres are set to be opened under the Ayushman Bharat programme to provide free essential medicines

Social sector expenditure as % of GDP (Centre+states)

2014-15 2016-17 2019-20*



*Budget estimate
Source: Economic Survey 2019-20



MODEL ANSWER

Q 1. If volatile Political situation in Kashmir if not handled maturely then Kashmir may further drift away from India. Comment [15 Marks, 200 words]

a. Understanding Keywords

- Political situation in Kashmir

b. Way of writing

- Comment - Be neutral and give viewpoint

c. Approach

- **Highlight political situation in Kashmir**
 - i. Killing of civilians and policeman
 - ii. Increase in militancy
 - iii. Poor voter turnout ratio in byelection and local bodies election.
 - iv. Stone pelting
 - v. educated youth joining militant ranks
 - vi. increase in civilian's death
 - vii. infiltration
- **How should India handle this situation**
 - i. Deepening Democracy
 - ii. Dialogue
 - iii. Check security
 - iv. Governance
 - v. Relations with Pakistan
 - vi. Development

CONCLUSION

- **What will happen if India is not able to handle situation maturely.**
 - i. Trust deficit
 - ii. Penetration of Pakistan or Separatist