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DESPITE HIKES, SMALL SAVINGS SCHEME RATES YET TO CATCH UP

Despite successive hikes in the interest rates on several small savings instruments (SSIs) in the last three quarters, the returns on five such schemes are still significantly lower than what they should have fetched as per the formula adopted for them.

In the October to December 2022 quarter, the Centre raised returns on five of 11 SSIs by a range of 10 to 30 basis points (bps) — the first such hike since January 2019. One basis point is 0.01 percentage point. For January-March 2023, a 20 bps to 110 bps increase was announced on eight schemes.

For the current quarter, interest rates on most SSIs were raised by 10-70 bps, barring the PPF.

Small saving scheme rates still to catch up

The return of the Public Provident Fund (PPF) has been maintained at 7.1% since April 2020.

As per calculations released by the Reserve Bank of India (RBI) on Friday, the gap between the formula-based rates and the current rates is in the range of 5 bps to 82 bps for five SSIs, including the PPF. The widest gap is in the returns offered on the Recurring Deposit Account which is yielding 6.2% to

depositors as opposed to 7.02% prescribed by the formula for SSIs accepted by the government since 2016. The similar gap from the PPF rate is 66 bps.

The Sukanya Samriddhi Account (SSA) scheme's returns, hiked to 8% in this quarter for the first time in four years, are also 26 basis points lower than the formula-based rate of 8.26%. SSA returns had been at 7.6% till March, with the distance from the formula rates pegged at 62 bps two quarters earlier.

The Senior Citizens' savings scheme, which now offers 8.2%, should have earned 8.25% this quarter. A similar, relatively smaller, but statistically significant six basis point chasm exists between the 7.4% offered on savings in the Monthly Income Scheme compared to the formula-based rates.

The formula for small savings rates, recommended by a panel led by former RBI Deputy Governor Shyamala Gopinath, mandates a quarterly reset that links their returns to the average quarterly yields on government securities in the first three of the preceding four months. "The government wants to cut down costs of small savings and prefers to use market borrowings. Therefore, it appears to be not following the committee guidance," Bank of Baroda chief economist Madan Sabnavis told The Hindu.

WHY WERE POLITICAL PARTIES NOT INFORMED ABOUT DEFECTIVE VVPATS, DEMANDS CONGRESS



A Voter Verifiable Paper Audit Trail machine.

The Congress slammed the Election Commission (EC) for not keeping political parties in loop as reports emerge that the EC has identified 6.5 lakh Voter Verifiable Paper Audit Trail (VVPAT) machines as defective.

Addressing a press conference, party's spokesperson Pawan Khera said, "In an atmosphere of increasing questions on the EVMs, defects at such a large scale require full transparency to restore public faith and trust in the electoral process."

He claimed that the number of machines in which defects had been found was more than one-third the number used in the 2019 Lok Sabha election, and could have affected the voters both in the last general election and the subsequent Assembly polls.

"This cannot be treated as isolated incidents since thousands of VVPATs with consecutive serial numbers in entire batches, from different manufacturers, have been found defective. The defects are serious enough that the machines have been returned to the manufacturers," he added.

Mr. Khera further accused the EC of not following the standard operating procedure that the panel had framed for itself. "Normally, the field officers are responsible for identifying defects. For example, when a new VVPAT is received, the District Election Officer carries out a "first level check". If any fault is identified, within 7 days, the machine is returned to the manufacturer for repairs, in coordination with the Chief Election Officer concerned," he said.

"But in this case, the Election Commission itself decided in 2021 that these machines must be repaired, and sent instructions to all States and Union Territories, except Andaman & Nicobar Islands, Laskhadweep, and Daman and Diu," he explained. The panel, at the very least, should have come clean to the political parties, he said.

TERROR ON THE ROAD

India needs to rethink its Kashmir strategy and attitude to Pakistan

In another spectre of violence in Jammu and Kashmir (J&K), five soldiers were killed and another critically injured in a terror attack on April 20 in the Rajouri-Poonch Sector, close to the Line of Control (LoC) in the Jammu division. Preliminary reports have suggested that terrorists — their numbers and affiliations are not known immediately — attacked, in inclement weather, an Army vehicle that was on a counter-insurgency patrol between Bhimber Gali-Poonch in the Rajouri sector. The attack also comes at a time when J&K is working diligently to host a G-20 Tourism Working Group meeting, in May.

Separately, Pakistan's Foreign Minister Bilawal Bhutto Zardari is likely to attend a Shanghai Cooperation Organisation (SCO) meeting in Goa next month, which has kindled the possibility of fresh India-Pakistan engagement. The attack raises the question about the management of patrols in sensitive locations in the region which has seen a spike in militant violence in the recent past, including a terror attack on a village on January 1 this year that left seven civilians dead. The fact that the Army vehicle was on an unaccompanied drive and remained unattended immediately after the attack is a matter of serious concern.

The images of the Army vehicle on fire and charred bodies have reignited memories of and visuals from the Pulwama attack in 2019. On February 14 that year, a convoy of buses with Central Reserve Police Force jawans was on the Jammu-Srinagar national highway way in Pulwama's Lethpora area when a suicide bomber in an explosive-laden car managed to breach security. Forty personnel lost their lives in the terror attack that shocked the political class, the military establishment and the country. With Indian intelligence agencies pointing to the role of the Jaish-e-Muhammad (JeM), India sent its fighter jets across the Line of Control to strike JeM training camps in Balakot, Pakistan, inflicting casualties and damaging the terror infrastructure

there. India's strident response to cross-border terror was noticed internationally, and became a topic of campaign during the Lok Sabha election soon after. However, terror emanating from Pakistan has failed to ebb, which is evident from the rising violence in J&K over the past three years, especially after the government decided to end the region's semi-autonomous status on August 5, 2019. Claims on the subject made recently by the then J&K Governor Satya Pal Malik, in interviews, have brought to the fore fresh questions about the intent behind the political class while approaching the issue of terrorism in the country. Perhaps it is time India reviewed its strategy in Kashmir, including the current freeze on talks with Pakistan.

'DEMAND IS STRONG; INFLATION EASING'

Aggregate demand conditions remain resilient in India, notwithstanding an uncertain global outlook, supported by a rebound in contact-intensive services, RBI officials observed in the central bank's bulletin.

Expectations of a bumper rabi harvest, fiscal thrust on infrastructure, and revival in corporate investment in select sectors augur well for the economy, the RBI officials led by Deputy Governor Michael D. Patra, wrote in an article on 'State of the Economy'.

"Our index of supply-chain pressures for India continued to remain at levels below its historical average since July," they wrote. "The economic activity index (EAI), which tracks the movements of a set of 27 high-frequency indicators, indicated that overall economic activity in Q4 2022-23 may have gathered some momentum in February. Our nowcast of real GDP growth for Q4 2022-23 is placed at 5.4%."

Among the lead indicators of demand conditions, they cited e-way bill volumes and toll collections as having remained ebullient, scaling new highs in March 2023. Average electricity generation, however, moderated in March.

Vehicle sales rise

In the same month, the daily average consumption of fuel further edged up to a new peak. Retail vehicle sales, as proxied by vehicle registrations, recorded a four-month high.

Easing price pressures

Stating headline CPI inflation had gradually declined from a peak of 7.8% in April 2022 to 5.7% in March 2023 in response to monetary-policy actions and supply-side measures, they said CPI inflation was projected to ease further to 5.2% in Q4 2023-24.

Tax revenue recorded a growth of 12%. Direct and indirect taxes grew

Upbeat signals

Aggregate demand conditions remain resilient in India, supported by a rebound in contact-intensive services, note RBI officials



- Cite hopes of a bumper rabi harvest, fiscal thrust on infrastructure and revival in corporate investment as positive signs

- E-way bill, toll collections scaled new peaks while retail vehicle sales hit a 4-month high

- CPI inflation slowed to 5.7% in response to monetary-policy actions, supply-side measures

Rebound in contact-intensive services supporting demand; monetary actions, supply-side steps to slow the pace of retail inflation to 5.2% in Q4 FY24, say central bank officials in the RBI's April bulletin; nowcast Q4 2022-23 real GDP growth at 5.4%

15.9% and 8.1% y-o-y respectively. Merchandise exports grew by 3.7% month-on-month reaching \$38.4 billion.

VETO BY SILENCE

Centre seems to be forcing Collegium to recall its recommendations by inaction

In recalling its recommendation to appoint Justice S. Muralidhar as Chief Justice of the Madras High Court, the Supreme Court collegium has let the Union government, which did not act on the decision for eight months, have its way. One can only conclude that the Centre has been deliberately refraining from acting on the recommendation, presumably to stall the transfer. The Collegium has now decided instead, to propose the name of Justice S.V. Gangapurwala, a judge of the Bombay High Court, as the next Chief Justice of the Madras High Court. The reason appears to be the Collegium's keenness to have a permanent Chief Justice for the High Court, as the senior-most judge has been acting as Chief Justice for nearly eight months. It was decided in September 2022 that Justice Muralidhar would be shifted from the Orissa High Court to succeed Justice M.N. Bhandari, who retired as head of the Madras High Court. Meanwhile, Justice T. Raja, the senior-most judge in Chennai, was acting as Chief Justice, but it was decided in November 2022 that he would be shifted to the Rajasthan High Court. Justice Raja's representation that his transfer be reconsidered was rejected by the Collegium. However, the Centre did not notify his transfer too, resulting in his continuance as Acting Chief Justice in the Madras High Court for an unusually long period. He is due to retire on May 24,

2023. As if to underscore its disapproval of the state of affairs, the Collegium resolution reiterated that Justice Raja's transfer "be effectuated at the earliest", and observed that even his continuance as a judge would not be an impediment to the appointment of Justice Gangapurwala as Chief Justice.

There are recent instances of the government highlighting the political views of prospective appointees to stall their elevation to the Bench. In most cases, however, inaction is the main means to stall an appointment. A question that arises is whether such deliberate inaction on the Centre's part will be allowed to be the norm. The last move will, no doubt, embolden the Centre, to exercise a right to veto any appointment or transfer proposed by the Collegium. Notwithstanding the flaws in the Collegium system, the present state of affairs bodes ill for the independence of the judiciary. The system is founded on the premise of judicial primacy, but it now appears that the executive has found a way of circumventing it — merely by refusing to give effect to the Collegium's recommendations. In effect, the present regime has upended the legal position that the recommendations are binding on the government if the Collegium reiterates its stand with regard to any appointment.

THE LOC AGREEMENT OF 2007 DESERVES A RELOOK

In a book completed shortly before his passing, former Special Envoy Satinder Lambah made several revelations about the India-Pakistan dialogue process he once squired. Lambah confirmed that the agreement on the Line of Control (LoC) in Kashmir, was indeed ready to be signed by then Prime Minister Manmohan Singh and Pakistan President General Musharraf. But the stand-off with the judiciary that erupted in Pakistan in 2007, and the Mumbai 26/11 attacks in 2008 came in the way, effectively shelving any plans to revive it.

A 'normal border'

While the contours of the agreement (one that would seek "not to redraw borders, but make borders irrelevant") have been recorded by Pakistani leaders including Gen. Musharraf (in his memoir, *In The Line of Fire*) and former Pakistan Foreign Minister Khurshid Mahmud Kasuri (in his insider account, *Neither a Hawk Nor a Dove*), there has only been a fleeting description in India thus far. Lambah first referred to the settlement publicly in 2014, while addressing a university audience in Srinagar, making it clear that India would never agree to giving away any territory. In his memoir, he expands on the

agreement, drawing the progression of the original “4-point solution” to a “14-point set of guidelines” for any settlement between the two countries. The list that refers to a free flow of trade, ending cross-border terrorism, respect for human rights, and bringing down military presence (but not demilitarisation) on both sides of the LoC, hinges on one simple idea: that the “Line of Control has to be respected like a normal border between the two countries”. It is an idea that has stood the test of time, circumstances and radical shifts in the India-Pakistan equation.

A reality check is important before going any further in discussing the validity of that solution. Two decades after the process began, nearly everyone involved in the talks from 2003-2008 in India and Pakistan has either passed away, is out of power, or would find it politically inconvenient to discuss a resolution with the other side. A series of terror attacks, from Mumbai to Pathankot and Pulwama, have run a veto over any Indian initiative to restart dialogue, while the Narendra Modi government's reorganisation of Jammu and Kashmir (J&K) in August 2019, and amendment to Article 370 have made it difficult for any Pakistani leader to propose a restoration of ties. As a result, the optics are grim for the two land neighbours: no political contact at any level, no trade, no direct travel links by air, road or rail, and no High Commissioners in each other's countries.

The present scenario, after the terror attack in Poonch this week, will no doubt rend relations further apart, just days before Pakistan Foreign Minister Bilawal Bhutto arrives in India for the Shanghai Cooperation Organisation's Foreign Ministers Meeting, in Goa.

Seeking engagement

However, as the book records, no matter how much India-Pakistan ties rupture, the long arc of the relationship always veers towards engagement. Lambah recounts that it was not just six Prime Ministers he had worked with from 1984-2014 on Pakistan, but also the seventh leader, Prime Minister Narendra Modi, too, who continued to seek engagement with Islamabad even after the severe setback he received to his visit in December 2015. Within a week of his surprise trip to Lahore, terrorists attacked the Pathankot airbase (January 2016). Even so, just over a year later, in April 2017, Lambah writes that he was contacted by a “senior official of the Prime Minister's Office” to ask him to travel to Pakistan to restart the back-channel process.

Regardless of the emissary used then (Lambah said he did not go, but that an Indian industrialist had arrived in Murree shortly after) the back-channel was put back in place. Believed to run between National Security Adviser Ajit Doval and the Pakistani intelligence, it focuses on preventing hostilities, as it did during the post-Balakot downing of an Indian Air Force pilot in Pakistan in 2019, the LoC ceasefire agreement of 2021, or the aftermath of a live missile accidentally launched into Pakistan by the Indian Air Force in March 2022.

The two sides have also reportedly discussed a sequence of responses that would lead back to quasi-normalcy-restoration of statehood and elections in J&K, the reappointment of High Commissioners and the restoration of visas and people-to-people ties. These would include initiatives such as the Kartarpur Corridor, with Home Minister Amit Shah hinting this month that a

“Sharda Peeth Corridor” across to the temple in Pakistan-occupied Kashmir's Neelum Valley is being thought of.

The next step would be to revisit the nearly-ready agreement of 15 years ago, that Lambah writes, was legally vetted. One of the big changes from then to now was New Delhi's moves on August 5, 2019 (revoking J&K's special status and Statehood), which led Pakistan to snap trade and travel links and recall High Commissioners. However, a more long-term view of the moves might find that they did not change the basis for a settlement of the J&K dispute. To begin with, Article 370, which was always a temporary provision, and diluted over the decades, was never recognised by Pakistan.

The second move, on Article 35(A) redefining permanent residents of the State, has had little to no effect in changing demography thus far, and could only do so with consensus from every part of the erstwhile State. The third move, on gender parity in property inheritance, had already been implemented in 2002, when the J&K High Court ruled against the provision taking away property rights of women who married outside the State. The fourth, downgrading the State to a Union Territory will be reversed, according to the government, once elections are held.

More than the legal moves (that have changed little on the ground), is the focus on the means adopted to wrought those moves: unjust arrests and a continuing security crackdown on politicians and civil society, Internet bans and a stringent lockdown, and a targeting of journalists as well as human rights violations. Eventually, reversing these measures is part of any democracy's contract with its people, and the longer New Delhi takes to ease restrictions on the Valley, the more elusive “normalcy” will be. Even more necessary is to end cross-border terrorism from Pakistan that the people of J&K, including the Kashmiri Pandit community, have suffered from for decades now, and not just since 2019.

The LAC is the bigger challenge

The truth is that despite the precariousness of the situation within J&K, the LoC has been more or less stable for more than half a century. Any military operation by either India or Pakistan to reclaim the other side is unlikely to make much headway, and would undoubtedly unravel more than just the boundary between them. While Pakistani politicians have been heavily opposed to accepting any “status quo” solution to Kashmir, Pakistan's own internal crises (political and economic) ensure that it is on a weak wicket. It is the threat to India from China at the Line of Actual Control that is more likely to continue to be India's bigger challenge; and as a result, India's need for a more stable Line of Control grows (to avoid a two-front military engagement). Meanwhile, residents of J&K deserve a chance to prosper without the constant overhang of war and a proxy war between the two nuclear-armed neighbours. A bilateral agreement would also end the false hope of independence the residents of the Valley have been beguiled with for far too long. Revisiting the non-territorial near-agreement LoC of a decade-and-a-half ago is eventually the only way forward, regardless of how much time goes by, how much water flows in the Indus, or how many lives are lost before both sides deem it necessary to do so.

BOTANICAL GARDENS AND LIFE ON EARTH

On this Earth Day (April 22), we should celebrate the recent decision of the Tamil Nadu government to establish a large botanical garden (the Chengalpattu Botanical Garden) in the State as an important and welcome piece of news. Plants form the basis of civilisation. Humanity has had a long association with gardens ever since man learned to cultivate plants more than 11,000 years ago, marking the dawn of agriculture. The tradition of home gardens — planned spaces around homes to grow edible and medicinal plants — has been noted in ancient texts and depicted in cave paintings, showing the antiquity of gardening. Gardens capture a part of earth's biodiversity for our enjoyment; modern academic gardens often have hundreds and thousands of dried plant specimens for research.

Rulers, from ancient civilisations to modern ones, owned botanical gardens rich in native plants and plants collected from distant places. These patrons of botanical gardens not only funded but also oversaw botanical collections; a beautiful garden was an important metric of one's prosperity and eclectic administration.

Between the 15th to 17th centuries, European explorations led to the establishment of several academic botanical gardens, where both plant curiosities and research on plants were used to justify their establishment. The oldest of these, Orto Botanico di Padova in Italy, was founded in 1545, and the most well-known, the Royal Botanic Gardens in Kew near London, was formally

consolidated in 1840. Today, these botanical gardens are major centres of research and education on plants as well as famous tourist destinations.

The gardens in India

The oldest of the Indian academic gardens, the Acharya Jagadish Chandra (AJC) Bose Indian Botanic Garden, in Howrah, Kolkata, was established in 1787, albeit under a different name. The Garden is spread over 109 hectares. The city is also the headquarters of the Botanical Survey of India, and thus the country's major research centre in botanical surveys and documentation. The exact number of botanical gardens in India is not known — the published number ranges from between 10 to 35. Globally, botanical gardens are important centres for plant exploration, discovery and research, as well as biodiversity outreach. Indian botanical gardens have often lacked this wider perspective. Only a handful of botanical gardens, such as the Botanic Garden of the Council of Scientific and Industrial Research (CSIR)-National Botanical Research Institute, Lucknow (Uttar Pradesh), the Kerala State Council for Science, Technology and Environment (KSCSTE)-Jawaharlal Nehru Tropical Botanic Garden and Research Institute in Palode (Kerala), the AJC Indian Botanic Garden, and, more recently, the KSCSTE-Malabar Botanical Garden and Institute for Plant Sciences, Kozhikode (Kerala) have plant exploration and education programmes.

Limited knowledge, yet a chance for change

India is among the countries with a high diversity of plants and animals,

with an estimated 18,000 to 20,000 plant species. Plants are the structural foundations of our diverse ecological communities that feed us, provide us with nutrition and medicine, mitigate climate change, enrich our spirits, and secure us against an uncertain future. Yet, our knowledge of our vast botanical heritage is extremely limited.

Our scientific and educational institutions, with a few exceptions, have neglected many aspects of plant biology: taxonomy, ecology, evolution, plant-animal and plant mycorrhizal interactions, population ecology and stress biology to name a few. The neglect is hard to understand given the importance of plants in our daily lives, and our continued pursuit for novel cures and the restoration of nature.

The ₹300 crore Chengalpattu Botanical Garden (CBG), at Kadambur village in Chengalpattu district, is being planned across 138 hectares, and will be India's largest botanical garden.

The CBG has the potential to become a major centre for the exploration and discovery of our plant wealth, a centre of research, education, citizen science, and outreach in plant biology, and be a forceful voice in conservation. The Royal Botanic Gardens in Kew has been chosen as a key partner for technical expertise on what plants to use and how to maintain them. While the Kew gardens are indisputably one of the largest and sophisticated botanical gardens

in the northern hemisphere, many institutions and individuals in India also have the relevant and appropriate expertise in the design and development of gardens. In the past two decades, the botanical gardens in Singapore, Thailand, and Indonesia, to name a few, have set new standards in their research and outreach programmes while maintaining their recreational and ecotourism features. Collaboration with such gardens that share many plant species could be immensely beneficial.

As a standard

Given the complex engineering that goes behind the construction and maintenance of a successful garden, botanical gardens today represent a metric of national success, from the perspectives of science, technology, and outreach, just as in the golden ages of this region, dating as far back as the Maurya monarch, Aśoka, when a botanical garden was a display of prosperity, scientific dispositions, and eclectic administration.

And it is not just the botanical garden. In this era of climate change and declining biodiversity, we need every inch of our backyards and elsewhere to nurture native plants and associated living organisms, to remind ourselves and the generations to come of the need to heal our earth through the power of plants.



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