

## ● POLITY

## ● ECONOMICS

## ● TECHNOLOGY

## ● ECOLOGY

## INTERNATIONAL RELATIONS

## THE KATCHATHEEVU CONTROVERSY

**Context :**

Katchatheevu, an uninhabited and barren 285 acre islet about 14 nautical miles off Rameswaram. TN demand for retrieval of the islet from Sri Lanka, which will put a permanent end to the problems of fishermen of the State.

Addressing a fishermen's conference in Mandapam of Ramanathapuram district, TN CM pointed out that following his letters to Prime Minister Narendra Modi, fishermen arrested by the Sri Lankan authorities, were released but the boats and fish nets, essential to the livelihoods of the fishermen, had not been returned. Last month, ahead of the visit of Sri Lanka's President to New Delhi, the Chief Minister urged Mr. Modi to raise the issue with the dignitary.

**The History of Katchatheevu**

- During June 26-28, 1974, the then Prime Ministers of India and Sri Lanka, Indira Gandhi and Sirim R.D. Bandaranaike, signed an agreement to demarcate the boundary between the two countries in the historic waters from Palk Strait to Adam's Bridge.
- A joint statement issued on June 28, 1974, stated that a boundary had been defined "in conformity with the historical evidence, legal international principles and precedents." It also pointed out that "this boundary falls one mile off the west coast of the uninhabited" Katchatheevu.
- Katchatheevu is crucial for traditional fishing by both India and Sri Lanka. The 1974 agreement acknowledged fishing rights, but the 1976 pact emphasized needing permission for fishing in each other's waters. Tamil Nadu seeks return for cross-border issues, while Sri Lanka's Northern Province opposes due to harmful fishing methods.
- India-Sri Lanka negotiations stemmed from differing historical claims. Sri Lanka cited Portuguese occupation (1505-1658) for sovereignty, while India argued that Ramnad's Raja had historical possession. Lok Sabha debate in July 1974 noted exhaustive historical research behind the decision.
- The 1974 pact sparked opposition, leading to walkouts by DMK, AIADMK, Jan Sangh, Swatantra, and Socialist Party during parliamentary debates. Jan Sangh's Atal Bihari Vajpayee claimed decision was made without public or parliamentary inclusion. In 1973, Chief Minister M. Karunanidhi urged retaining Katchatheevu as it belonged to India, not just Tamil Nadu. M.G. Ramachandran criticized Karunanidhi for mishandling the issue and called for his resignation.
- In August 2013, the Union government told the Supreme Court that Katchatheevu's retrieval wasn't relevant as no Indian territory was ceded to Sri Lanka. It clarified the islet's dispute was addressed by 1974 and 1976 agreements. In December 2022, the Centre noted Katchatheevu's location on the Sri Lankan side of the maritime boundary, with the matter pending in the Supreme Court.

## POLITY AND GOVERNANCE

## SC JUDGMENT DELIVERED FOUR DECADES AGO COUNTERS PRESIDENT'S RULE IN J&amp;K

- A decisive hurdle confronts the Centre's assertion that the "breakdown of constitutional machinery" in Jammu and Kashmir justified President's Rule under Article 356 in December 2018 and paved the way for the abrogation of Article 370, dissolving the state.
- The case revolves around ex-Tamil Nadu Chief Minister M. Karunanidhi. The 1971 verdict, comprising just one paragraph, was presented by senior advocate Shekhar Naphade to a five-judge Bench led by Chief Justice D.Y. Chandrachud. It contests the President's authority to claim "constitutional machinery breakdown" when the Governor, appointed by the President, holds state authority.
- In the nutshell, the 1971 ruling states that if a Governor disbands a State's Legislative Assembly and wields state powers, the President's claim of "constitutional machinery failure" under Article 356 is null.
- In Jammu and Kashmir, the Governor dissolved the State Legislative Assembly on November 21, 2018. President's Rule proclamation under Article 356 followed on December 19, 2018, ratified by Parliament on January 3, 2019. On August 5, 2019, a new provision, Article 367(4), replaced 'Constituent Assembly of the State' with 'Legislative Assembly of the State' in the proviso to Article 370(3). Parliament then abrogated Article 370 and reorganized the state.

**INTERNAL SECURITY**

**KUKI BODY TO REIMPOSE HIGHWAY BLOCKADE**

**CONTEXT:** The Committee on Tribal Unity (COTU), Kangpokpi announced reimposition of the blockade of the Dimapur-Imphal National Highway-2 in protest against the failure of the Government of India to protect the Kuki-Zo community, and its failure to ensure free movement of goods meant for the hill districts. Earlier, the Meitei groups has blocked another route in the south that deliver supplies to the hill areas of Churachandpur and Tengnoupal. On August 19, an Assam Rifles convoy from Imphal could not proceed to deliver medicines, which included vaccines for children, to Kuki-dominated Churachandpur.

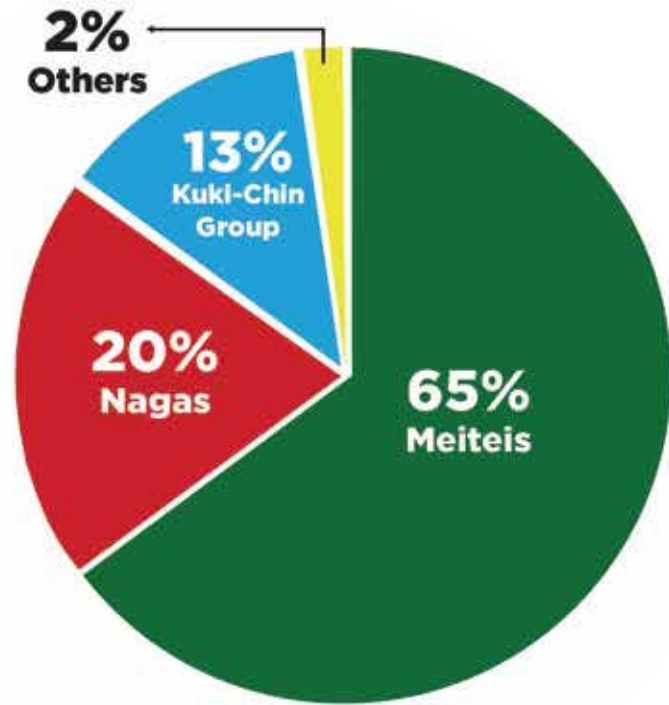
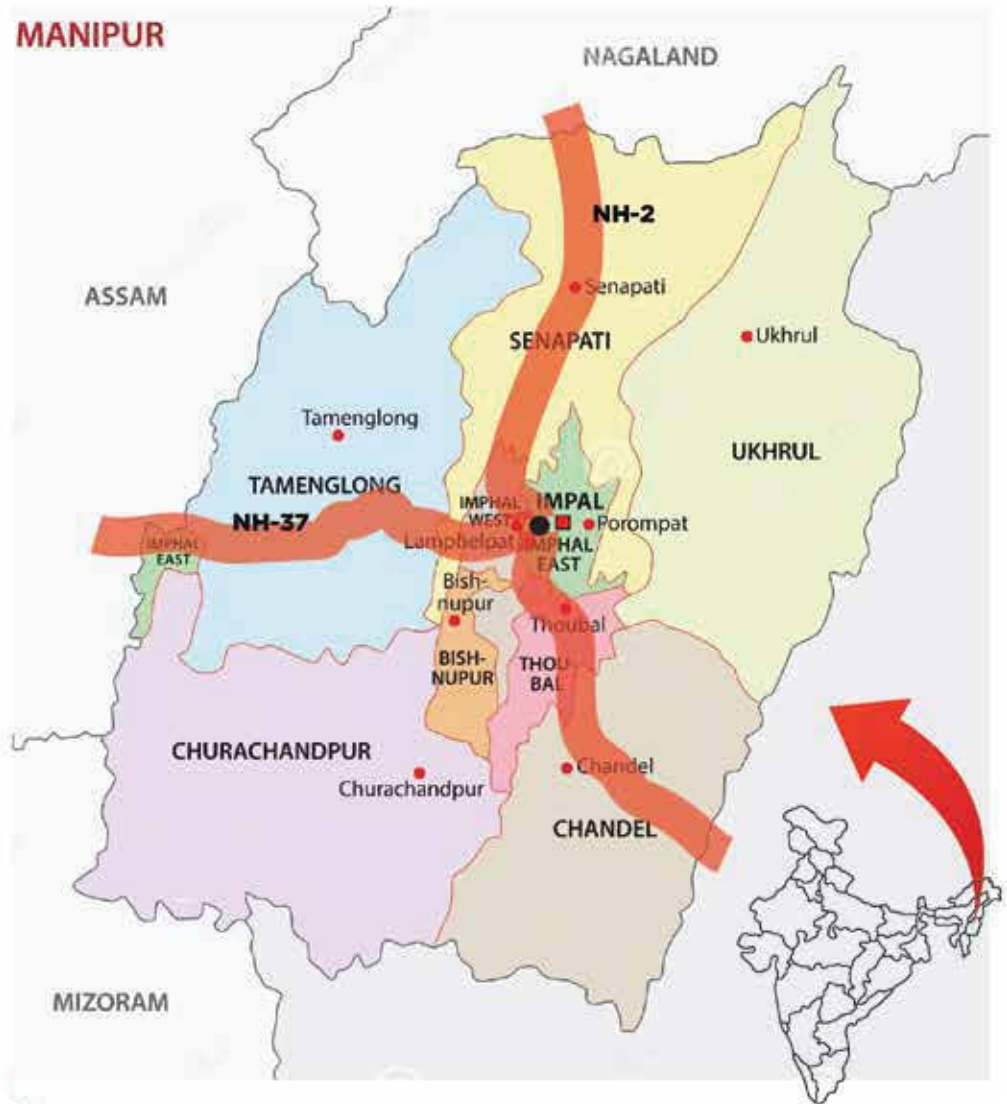


FIGURE: Pie chart representation of the population composition of Manipur.

Central and State security agencies have taken steps to allow uninterrupted vehicle movement. Convoys of Assam Rifles moved to Churachandpur to ensure uninterrupted supply of medicines and essential commodities to tribal-dominated Kangpokpi and Senapati districts. Tribal groups called to block the Jiribam-Imphal NH-37 also.

**ECONOMICS AND DEVELOPMENT**

**RBI'S NEW PILOT FOR FRICTIONLESS CREDIT**

**CONTEXT:** On August 17, the RBI commenced a pilot programme endeavouring to evaluate the feasibility and functionality of the 'Public Tech Platform for Frictionless Credit'.

**CREDIT APPRAISAL PROCESS:** Any loan is preceded by a credit appraisal process to evaluate and accordingly predict the prospective borrowers' ability for repayment of credit/loan and adhering to the credit agreement. Financial information with different entities like central and state governments, account aggregators, banks, credit information companies, and digital identity authorities creates hindrances in frictionless and timely delivery of rule-based lending.

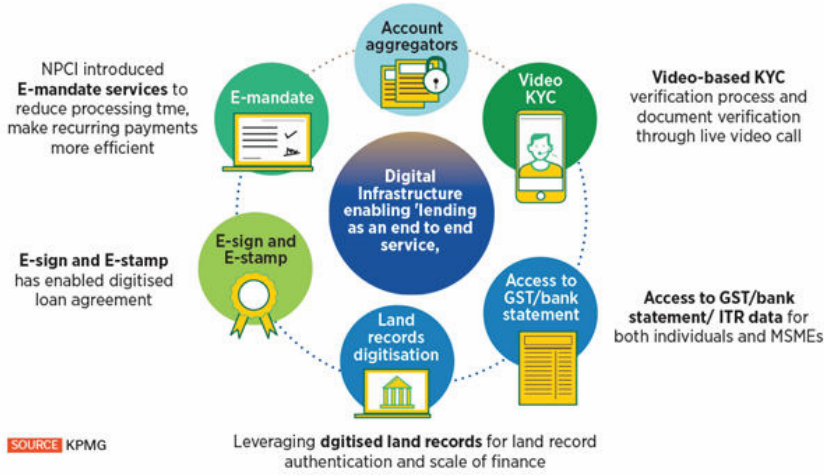
**PILOT PROJECT:** The RBI launched a pilot project testing an End-to-end digitalisation of the lending process in a paperless and hassle-free manner for Kisan Credit Card (KCC) loans, of less than ₹1.6 lakh, in September 2022. The pilot is currently

ongoing in select districts of Madhya Pradesh, Tamil Nadu, Karnataka, Uttar Pradesh and Maharashtra.

**PROPOSED PUBLIC PLATFORM:** The Reserve Bank Innovation Hub (RBIH), a wholly owned subsidiary of the RBI proposed an end-to-end platform with an open architecture, open Application Programming Interfaces (API) and standards, to which all financial sector players would be able to connect seamlessly in a 'plug and play' model. Access to a fused multi-dimensional information ensures fact-based and quick credit assessments extending the credit to a larger set of borrowers with good credit history. The borrowers too would benefit by the resulting lower cost of accessing capital, which would translate into productive investment spending. Availing formal credit may entail multiple visits to the bank alongside cumbersome documentation.

### Key drivers for innovation in financial inclusion

Account aggregator to manage consent for financial data sharing



RBI survey indicated that processing of farm loans used to take two to four weeks and cost about 6 % of the loan's total value. A platform linking with services like Aadhar e-KYC, Aadhar e-signing, land records from onboarded State governments, satellite data, PAN validation, transliteration, account aggregation by account aggregators (AAs), milk pouring data from select dairy co-operatives, and house/property search data would help provide dairy loans, MSME loans (without collateral), personal loans and home loans in a hassle-free manner. Thus, it would cover all aspects of farming operations (essential to understand the exposure and default risk for loans of the nature) alongside those necessary for ascertaining financial profiles.

*"Intelligence plus character-that is the goal of true education. — Martin Luther King Jr.*



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AGRICULTURE

## INDIA'S MONSOON – TAMING INFLATION

**CONTEXT:** India had received 7 % less rainfall cumulatively this monsoon compared to the long period average (LPA). India is expected to receive an average of less than 180 mm of rainfall this August, the lowest since records began in 1901. The kharif sowing of pulses has come down by 10 % compared to last year. Given that retail inflation of pulses accelerated to 13% in July, and especially with the retail inflation of toor dal rising to 34 %, a historically low August rainfall may increase food prices further.

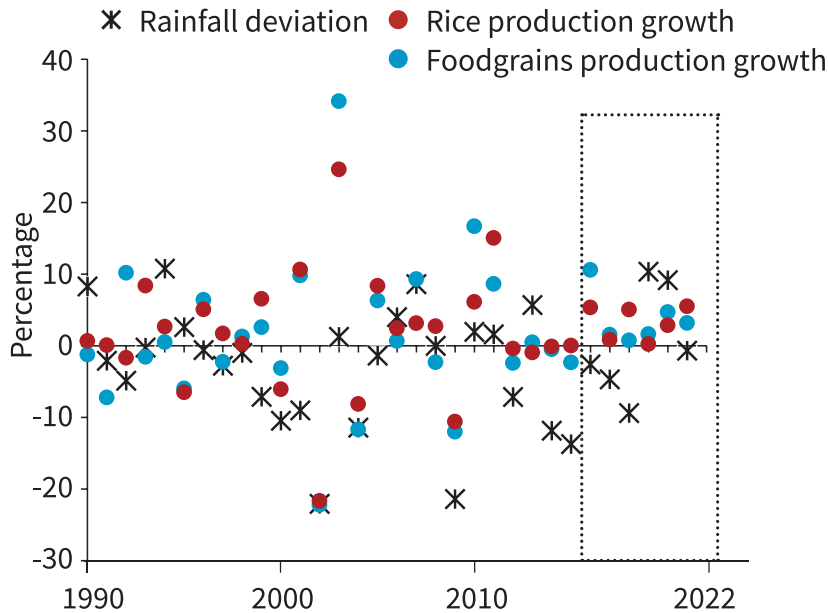


Chart 1 plots the rainfall deviation from the LPA (in %) and the

change in foodgrains production (in %). Despite receiving below-average rainfall in four of the past six years since 2016 (highlighted area in the graph), the production of foodgrains and rice has consistently grown each year. This change in trend, the paper argues, might be due to the States improving their irrigation coverage over time.

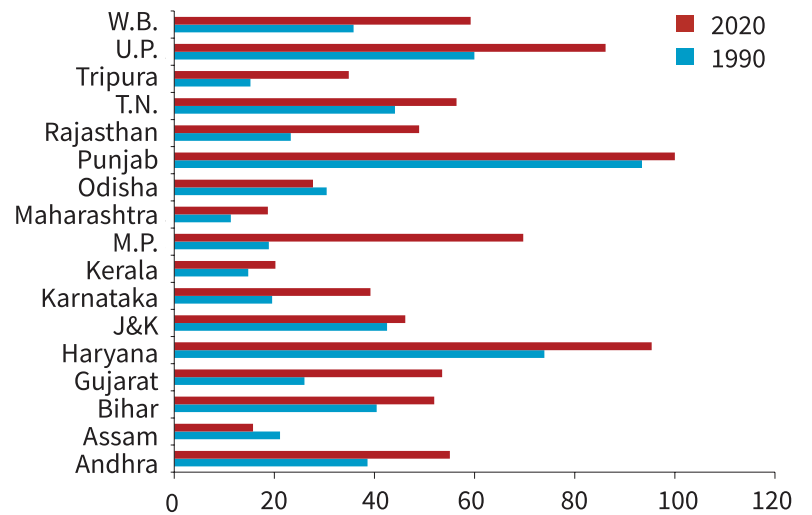


Chart 2 shows the State-wise percentage of net sown area irrigated in 1990 and 2020. In most of the States, the share of irrigated area has grown considerably in the last two decades. Out of 17 major States, nine had more than half of their net sown area irrigated in 2020, a significant increase from only three States in 1990.

**Chart 3** | The rainfall deviation from the LPA (in %) and the change in rice production (in %) in less irrigated States

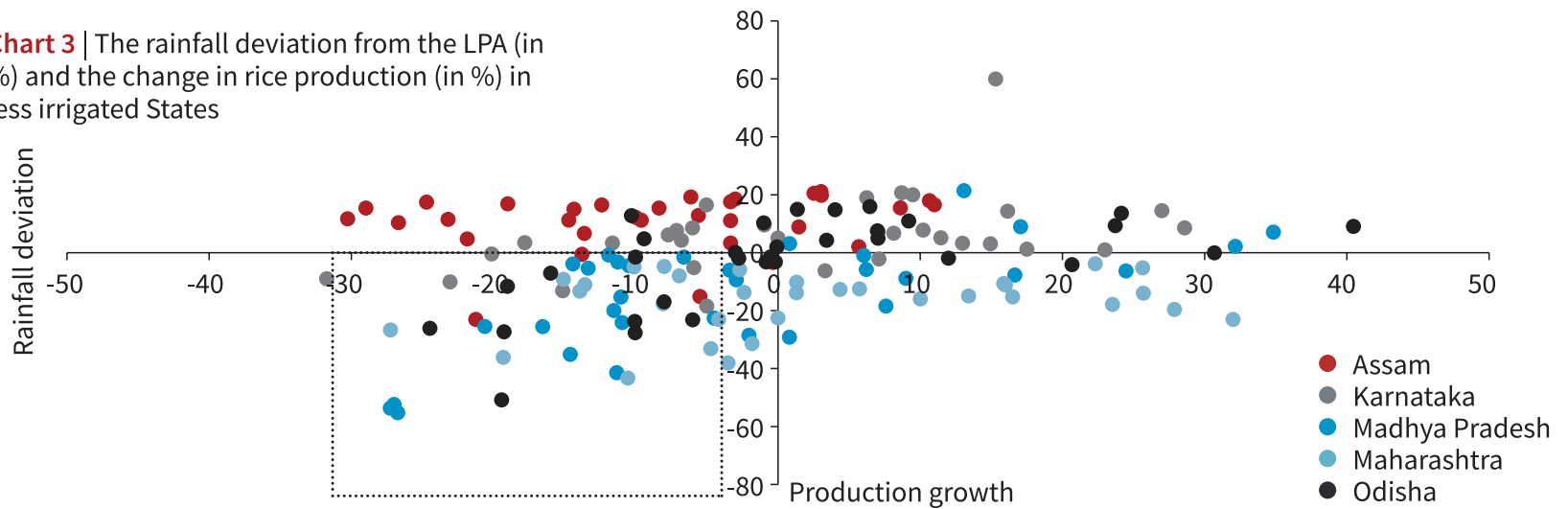


Chart 3 plots the rainfall deviation from the LPA (in %) and the change in rice production (in %) in less irrigated States: Assam, Karnataka, Madhya Pradesh, Maharashtra, and Odisha. The chart plots the data for the last 30 years. Each circle corresponds to figures of a State-year pair (such as 2000-Assam, 1995-Karnataka). In States with lower irrigation levels (where the net irrigated area was less than 40% of the net sown area), rice production typically decreased during periods of insufficient rainfall. As can be seen in the highlighted portion of the chart, except for Assam, in all other States the circles are near the bottom (low production) when they are far to the left (low rainfall).

**Chart 4** | The rainfall deviation from the LPA (in %) and the change in foodgrains production (in %) in better irrigated States

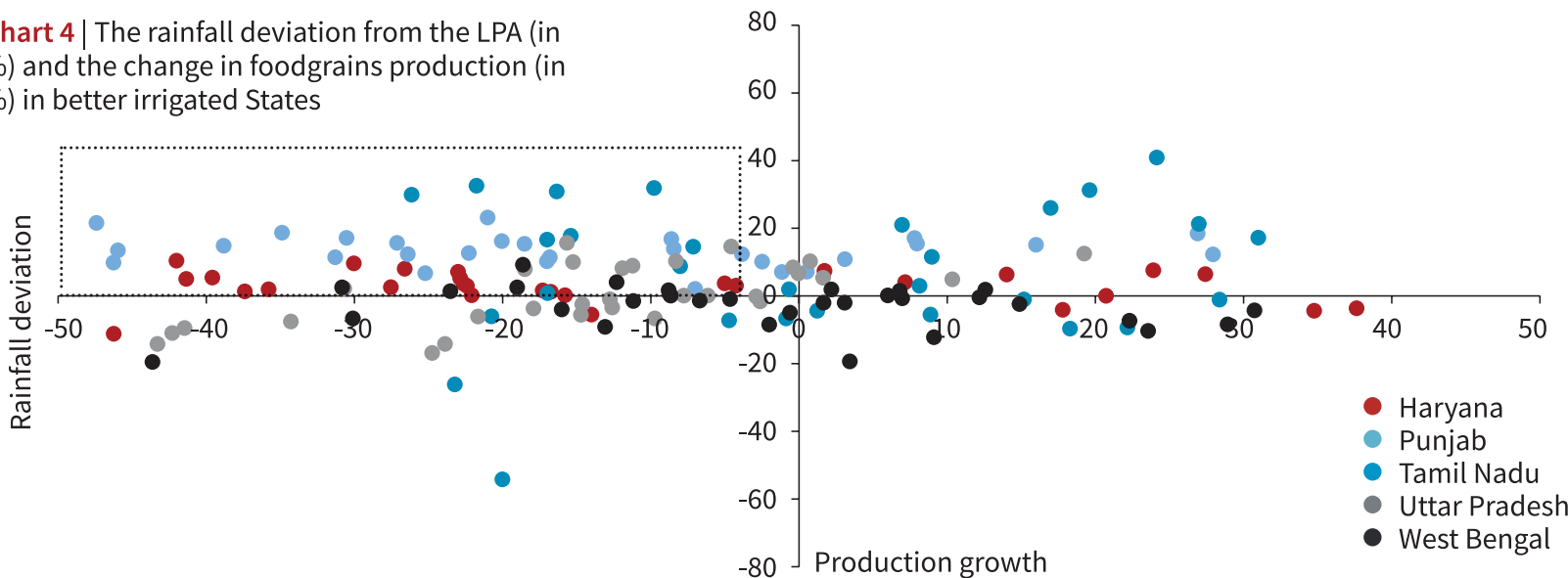


Chart 4 plots the rainfall deviation from the LPA (in %) and the change in foodgrains production (in %) in better irrigated States: Haryana, Punjab, Tamil Nadu, Uttar Pradesh, and West Bengal. In many States, with substantial irrigation coverage (where over 40% of the net sown area is irrigated), rice production often increased even during periods of low rainfall.

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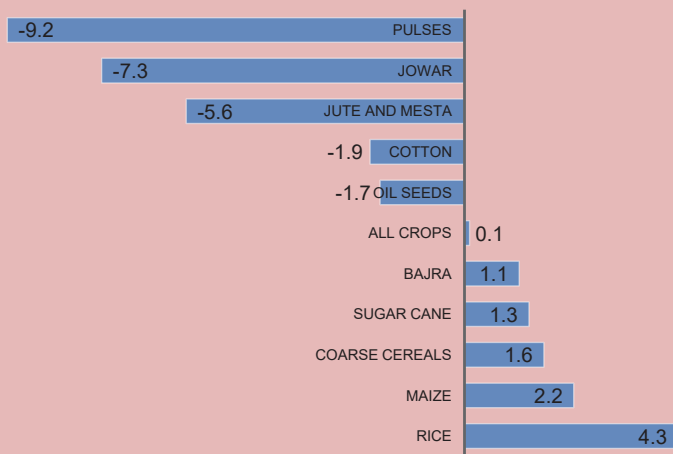


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**FIGURE:** Column chart representation of the acreage of crops on an Year on Year (Y-o-Y) basis. (Source: Union Ministry for Food and Consumer Affairs)

With sowing season about to end, the sown area for pulses in the kharif season at 114.9 lakh hectares is almost 9.2 % below last year's levels, on back of lower sowing of both urad (-15.3 %) and tur (-6.4 %). The prices of pulses have also risen sharply in

recent months, accelerating to 13.3 % in July from 10.6 % in June on back of pulses such as tur dal and moong dal, which surged 34.1% and 9.1%, respectively, in July.

Sown area for cereals and rice grew by 1.6 % and 4.3 % respectively that could help moderate their price rise in the coming months.

The vegetable prices increased by 37 % firing up retail inflation to a 15-month high of 7.4% in July. The Centre enhanced the buffer stock of onion from 3 lakh tonnes to 5 lakh tonnes with National Cooperative Consumers' Federation of India (NCCF) and the National Agricultural Cooperative Marketing Federation of India (NAFED) procuring 1 lakh tonne each to achieve the additional procurement target alongside calibrated sale of the procured stocks in major consumption centres ₹25 a kg. Earlier, the Centre imposed a 40 % duty on export of onions.

The procurement for the buffer, targeted release of stocks and imposition of export duty will benefit farmers and consumers by assuring remunerative prices to onion farmers while ensuring continuous availability to consumers at affordable prices is expected to cool off the prices.



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