

● POLITY

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POLITY AND GOVERNANCE

114 SEATS, MIGRANT QUOTA CLEARED FOR J&K ASSEMBLY

CONTEXT: The Lok Sabha on Wednesday passed the Jammu and Kashmir Reorganisation (Amendment) Bill, 2023.

Making changes

A look at the J&K Reorganisation (Amendment) Bill and the J&K Reservation (Amendment) Bill

- The Reorganisation Bill increases the total number of seats in the J&K Assembly to 114 from 107

- Nine seats are reserved for the Scheduled Tribes for the first time

- It also empowers the Lieutenant-Governor to nominate three members to the Assembly - two members from the Kashmiri migrant



Point of view: Home Minister Amit Shah speaks in the Lok Sabha on Wednesday. PTI

community, with one nominee being a woman, and one member from among the people from PoK who took refuge in India following the wars with Pakistan in 1947, 1965 and 1971

- The Reservation Bill seeks to replace the term “weak and underprivileged classes (social castes)” in the J&K Reservation Act, 2004 to “other backward classes”

The Delimitation Commission was constituted in 2020 under Justice Ranjana Prakash Desai (Retd. SC Judge) to carry out the delimitation exercise on the basis of the 2011 Census. The Delimitation Commission allotted six new seats to the Jammu region and one new seat to Kashmir and reserved 16 seats, out of 90, for the Scheduled Tribes and Scheduled Castes.

SEAT DISTRIBUTION IN THE J&K LEGISLATIVE ASSEMBLY

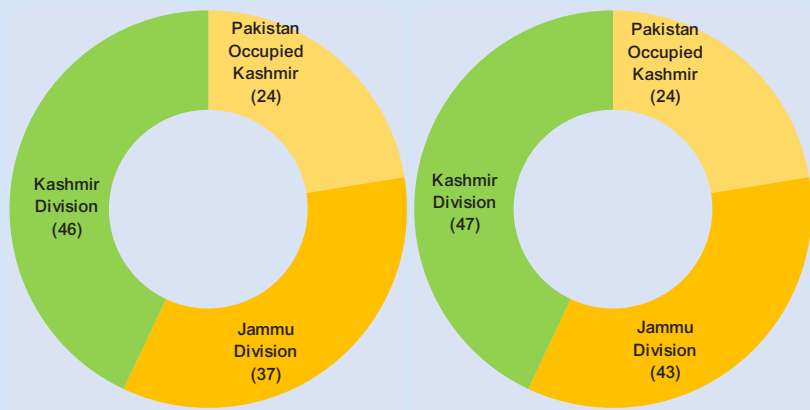


FIGURE (L) Pie chart representation of composition of the Legislative Assembly of Jammu and Kashmir before delimitation. **(R)** Pie chart representation of composition of the Legislative Assembly of Jammu and Kashmir after delimitation.

ECONOMICS AND DEVELOPMENT

CREATING CERTAINTY

CONTEXT: The Goods and Services Tax (GST) has yielded almost ₹ 3.4 lakh Cr. through October and November. The GST revenues in October marked the second highest monthly collections, November's kitty is the third highest.

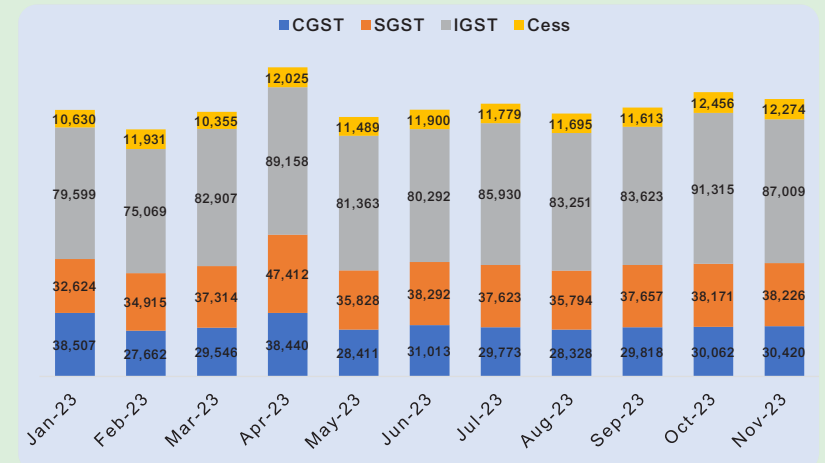


FIGURE: Column chart representation of components of GST receipts (Cr.) (on Y-o-Y basis).

The average monthly collection so far in 2023-24 stands at ₹1.66 lakh Cr. October's GST inflows were up 13.4 % and November's by 15.1 %, with revenues from domestic transactions up 20 %, the highest in 14 months bolstered by festive fervour. Prior to this two-month spike, GST revenues had crossed ₹1.65 lakh Cr. on only three occasions, which were typically driven by year-end compliances., and economists believe central GST receipts may surpass Budget estimates even if one factors in a relative slowdown in the final quarter of this year.

That certainty needs to be pursued at a broader level to provide genuine comfort to investors about India's tax regime being stable and predictable. For one, pending taxpayer appeals against central GST levies have risen by a quarter this year to hit nearly 15,000 cases by October and it is necessary that appellate tribunals cleared by the GST Council become operational at the earliest to unwind this pendency and set clear precedents for future tax treatment disputes.



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INTERNATIONAL RELATIONS

NAVIGATING THE U.S.-CHINA RELATIONSHIP

CONTEXT: The US President Joe Biden and his Chinese counterpart Xi Jinping held a summit, their second, in San Francisco on November 15, on the side-lines of the Asia-Pacific Economic Cooperation conference. Their aim was to resurrect a bilateral relationship that is now at its lowest point since Washington and Beijing established diplomatic ties in 1979.



What did the meet accomplish?

The status of Taiwan, a self-ruled island remains a bone of contention between China and US. Under the “one-China” policy, Washington accepts Beijing as the only legitimate government of China and acknowledges, but does not endorse, Taiwan as part of that country, and provides concrete security guarantees under the Taiwan Relations Act. President Biden has on several occasions pledged that the U.S. would intervene if China attacked Taiwan.

Beijing condemned the visit of Nancy Pelosi, the then Speaker of the U.S. House of Representatives Taiwan in August 2022, the first visit by a Speaker in 25 years as constituting a serious violation of the status quo. More recently, House Speaker Kevin McCarthy received Taiwan’s President Tsai Ing-wen in April in California, the highest American official to do so on U.S. soil.

US and China decided to restore military-to-military communications between the two nuclear weapons states, critical to prevent potentially catastrophic miscalculations. The respective defence forces will now resume regular exchange of information under the Military Maritime Consultative Agreement that started in 1998. The consultation was suspended following the visit of Nancy Pelosi to Taiwan.

Where does the trade dispute stand?

The Trump administration has blacklisted several Chinese Artificial Intelligence (AI) start-ups for alleged human rights abuses in Xinjiang in 2019. In June 2021, President

Biden issued an executive order blacklisting 59 defence and surveillance companies under the so-called “Chinese military-industrial complex”, further extended to exports of advanced computer chips for the manufacture of semiconductors in October 2023. In August, Biden administration prohibited US investments in the high-tech arena. The curbs bar US and non-US firms, whose products contain American technology, from supplying hardware and software to specific Chinese companies, besides prohibiting American citizens and firms from collaborating with Chinese chip makers, except under special permission. The rationale behind the export bans is to undercut Beijing’s strides in AI and supercomputing, which have powered its supersonic and nuclear weapons capability, which Washington views as detrimental to its security interests.

China clamped a ban in July on gallium and germanium exports, raw materials used in the production of microchips and weapons systems, listed in the U.S. inventory of materials critical for economic and national security. In October, curbs were imposed on exports of various types of graphite, a vital mineral for the production of electric vehicle batteries, where China enjoys dominance in the global supply chain. The government further tightened its anti-espionage and data protection laws on the grounds of strengthening national security, forcing firms to designate “for China” digital tools, set up China specific email ids and hive-off country exclusive servers.

What is the way forward?

The escalation of the bilateral dispute was epitomised in the muscular approach that the U.S. adopted to shore up global hegemony during the Trump presidency and, conversely, China’s quest for world military and technological supremacy that has crystallised under President Xi. The contours of this conflict have not fundamentally altered under President Biden’s leadership. But a slight dose of realism seems to have been infused into navigating this complex relationship. There is in evidence a greater accent on exploring pragmatic avenues of coexistence through de-risking the two economies, rather than disengagement or ‘decoupling’. This is a subtle but significant shift, and the only hope in the short term that the superpowers will climb down from their hard positions.

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POLITY AND GOVERNANCE

THE ROLE OF SPECIAL INQUIRY COMMITTEES OF PARLIAMENT

CONTEXT: The Ethics Committee examining the complaints accused Mahua Moitra, Trinamool Congress MP of sharing her log-in credentials with the businessman asking questions to target a business house at the behest of a businessman in exchange for cash is believed to have recommended her expulsion from the Lok Sabha for her “unethical conduct” and “breach of privileges”.

What is the role of ethics committee?

The Ethics Committee was constituted in Rajya Sabha in 1997 and in Lok Sabha in 2000 to oversee the moral and ethical conduct of members and examine cases of ‘unethical conduct’ referred to it. The Committee examines complaints filed against members of the House by other members; outsiders through a member; or referred by the Speaker to make a prima facie inquiry before deciding to examine a complaint and presents its report to the Speaker, who places it before the House for consideration. The Ethics Committee enforces the code of conduct of House Members, besides examining the cases of misconduct and recommends appropriate action to engage in maintaining discipline and decorum in Parliament.

What are Special Inquiry Committee?

The Special Inquiry Committee examines the more serious accusations against a member. In 1951, a special committee found a member guilty of promoting a business interest by putting questions in return for financial benefits. A special committee was inquired into the ‘cash for query’ scam of 2005 where 10 MPs of Lok Sabha were recommended for expulsion.

Is an expulsion constitutional?

Article 101 lists down the grounds for vacation of a seat by an MP. It includes voluntary resignation, disqualification and continuous absence from the House for 60 sittings. Expulsion is not mentioned explicitly in the Constitution. The Supreme Court has provided conflicting judgments in this regard. In Raja Ram Pal versus Hon’ble Speaker (2007), it upheld the power of Parliament to expel its members for breach of privilege by interpreting Article 101 to include expulsion as a ground.

But in Amarinder Singh versus Special committee, Punjab Vidhan Sabha (2010), the Supreme Court held expulsion by the State Assembly as unconstitutional. It held that such scenarios would frustrate the objectives of Parliamentary democracy.

How to reconcile privileges of the House and democratic representation?

The allegations of ‘cash for query’ against Mahua Moitra are serious in nature. The privileges of the House developed in medieval Britain to protect the House of

Commons from an authoritarian King. It is important to preserve the dignity and privilege of the House. It is equally imperative, if not more in a modern democracy, to ensure that democratic representation is not prejudiced for political reasons. It must be noted that Parliamentary Committee proceedings are not as detailed as a judicial case that is conducted as per the Evidence Act. Even in this case, the ethics committee is believed to have recommended legal inquiry and the CBI has already registered a preliminary inquiry. It would be prudent to set up fast track courts to conduct trials for such cases in a time bound manner of say 60 days. If they are convicted in such a trial, it would result in their disqualification under the Representation of the People Act, 1951. Otherwise, they should continue to be a member of the House.

INTERNATIONAL RELATIONS

INDIA REMINDS MYANMAR TO RETURN TO ‘FEDERAL DEMOCRACY’

CONTEXT: India asked Myanmar to return to the path of federal democracy as conflict intensifies between armed resistance groups and the Myanmar military in the Chin, Shan and Sagaing provinces.



A transition

Foreign Secretary Vinay Mohan Kwatra, who held a Foreign Office consultation with a Myanmar delegation led by Deputy Foreign Minister of Myanmar U Lwin Oo discussed a wide range of issues covering the situation along the border, security, trade, commerce, connectivity, status of bilateral development projects in Myanmar and concerns related to transnational crimes.

Myanmar’s military has been battling armed insurgents who have forced it out of several townships over the past few weeks. Following intense fighting, thousands of Myanmar nationals including former military personnel recently sought refuge in India.

The Indian side reiterated its support to Myanmar for a transition towards a federal democracy and continued to support people-centric socio-economic developmental projects, including connectivity projects and projects under the Rakhine State Development Programme and Border Area Development Programme for the benefit of the people of Myanmar.

HISTORY, ART AND CULTURE

GARBA DANCE OF GUJARAT MAKES IT TO UNESCO LIST

CONTEXT: Gujarat's traditional dance form 'Garba' was on Wednesday included in the list of Intangible Cultural Heritage by the United Nations Educational, Scientific and Cultural Organization (UNESCO).

The popular dance form is the 15th cultural item from India to make it to the UNESCO list. Kolkata's Durga Puja was the last one added two years ago. The inclusion has been made under the provisions of the 2003 Convention for the Safeguarding of Intangible Cultural Heritage. The international cultural body described the 'Garba' as a ritualistic and devotional dance performed in India.

Garba is a form of Gujarati dance which originates from the state of Gujarat, India. The name is derived from the Sanskrit term Garbha. Many traditional garbas are performed around a centrally lit lamp or a picture or statue of the Hindu goddess Shakti. Traditionally, it is performed during the nine-day Hindu festival [Navratri]. Either the lamp (the Garba Deep) or an image of the Goddess, Durga (also called Amba) is placed in the middle of concentric rings as an object of veneration.

The word garba comes from the Sanskrit word for womb and so implies gestation or pregnancy — life. Traditionally, the dance is performed around a clay lantern with a light inside, called a Garbha Deep ("womb lamp"). This lantern represents life, and the foetus in the womb in particular. The dancers thus honour Durga, the feminine form of divinity.

ECONOMICS AND DEVELOPMENT

'FOOD PRICES LIKELY SHOT UP IN NOV.'

CONTEXT: The cost of a typical vegetarian food plate in India surged by 10 % in November on a month-on-month basis, owing to rising onion and tomato prices, while the price of a non-vegetarian meal rose 5 % over October.

Pricey meals

The price of an average vegetarian meal surges to a three-month high of ₹30.3 in November, according to CRISIL

- The rise in meal price attributed to 58% and 35% month-on-month increases in onion and tomato prices, respectively
- Cost of pulses, whose sowing has been lower this year, rises 21%
- Cost of non-vegetarian meal rises at a slower pace due to marginal decline in the price of broilers



Even as the overall retail inflation eased in October to a four-month low of 4.87 %, food costs for households virtually remained unchanged from September at 6.6 %.

In November, the average vegetarian meal costs ₹ 30.3, almost 9 % more compared to November 2022. a three-month high based on input costs. The uptick was attributable to a substantial 58 % and 35 % on-month increase in onion and tomato prices, respectively, prompted by festive demand and lower output in the kharif season due to erratic rainfall conditions.

Besides onion, pulses, whose sowing has been lower than last year in this kharif season surged 21 % higher than the 18.8 % uptick recorded in the official consumer price inflation data for October.

The cost of the non-vegetarian plate increased at a slower pace than that of the vegetarian plate because of a marginal 1 % - 3 % decline in the prices of broilers, which account for about 50 % of a non-vegetarian's food costs.



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POLITY AND GOVERNANCE

MP INDEX REDUCTION UNDER THE NDA IS FLAWED

The MPI story

The United Nations Development Programme (UNDP) seized upon capabilities to construct an overall measure of human development with uniform weights of the three components: health, education and standard of living and their sub-indices. Following this methodology, NITI Aayog and the UNDP released recently a National Multidimensional Poverty Index / MPI: A Progress Review 2023, also replicated in the UNDP Report, Making Our Future: New Directions for Human Development in Asia and the Pacific, released on November 7, 2023.

Astonishingly, the MPI 2023 estimates show a near-halving of India's national MPI value and a decline from 24.85 % to 14.96 % between 2015-16 and 2019-21. This reduction of 9.89 % implies that about 135.5 million people have exited poverty between 2015-16 and 2019-21. Besides, the intensity of poverty, which measures the average deprivation among the people living in multidimensional poverty, reduced from 47.14 % to 44.39 %. GDP growth has declined from 8 % in 2015-16 to 3.78 % in 2019-20 and slumped -6.60 in 2020-21, as also per capita income.

Highlights: MPI Progress Report 2023

Steep decline in **Poverty Headcount Ratio**



135 million (13.5 crore)

people exited multidimensional poverty between 2015-16 and 2019-21



India on track to achieve **SDG Target 1.2** (reducing multi-dimensional poverty by at least half) much ahead of 2030

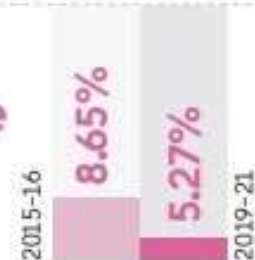
All **12** indicators have shown improvement

suggesting that impact of Government interventions is increasingly visible on ground

Fastest decline in percentage of multidimensional poor in rural areas from



Reduction in the incidence of poverty in urban areas



The **Intensity of poverty**, which measures the average deprivation among the people living in multidimensional poverty improved from about



UP, Bihar, MP, Odisha and Rajasthan recorded steepest decline in number of **MPI poor**



Improvement in **nutrition, years of schooling, sanitation, and cooking fuel** played a significant role in reducing the MPI value

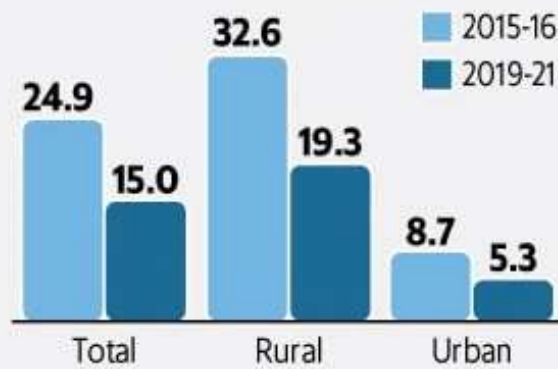
Poverty rose in India's most populous State, Uttar Pradesh, by over seven percentage points. Of the States that went to the elections in November (Chhattisgarh, Madhya Pradesh, Mizoram, Rajasthan and Telangana), we find that the

MPI fell in Chhattisgarh (by over six percentage points), in Rajasthan (by two percentage points) and, most strikingly, in Madhya Pradesh (by about eight percentage points).

CHANGING FORTUNES

Around 24.9% of Indians were assessed as multidimensionally poor in 2015-16, but that share came down to 15% in 2019-21.

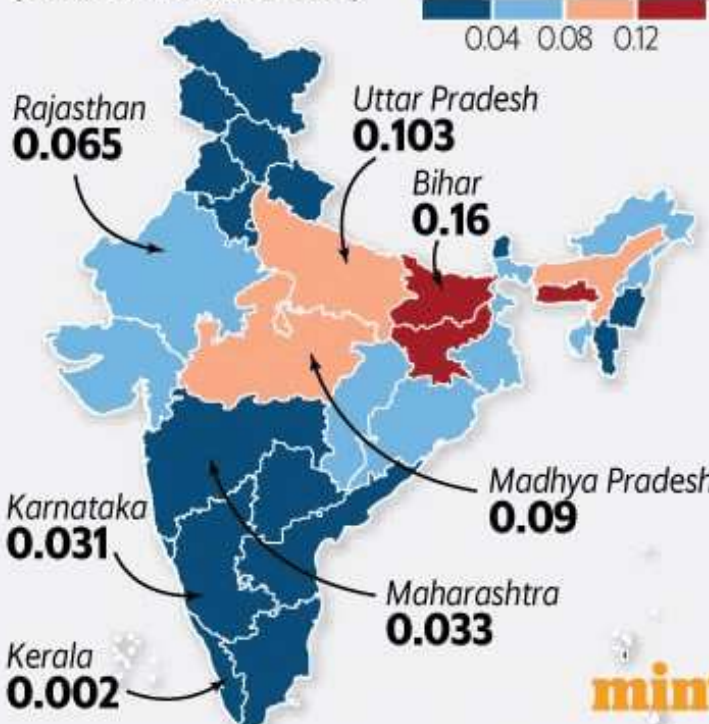
Share of multidimensionally poor persons in population (in %)



Biggest areas of 'deprivation' (figures denote % share of population 'deprived' in each indicator)



Multidimensional poverty index (scale: 0-1) (the lower, the better)



Biggest drops in share of multidimensionally poor population (percentage points)



A multidimensionally poor person is one who is at least 33.3% deprived overall (this is based on 12 indicators, all of which has a different weightage). Headcount ratio is the share of multidimensionally poor persons in population. Intensity refers to the average extent of deprivation among such persons (hence always >33.3%). The MPI value is headcount multiplied by intensity.

Source: Niti Aayog

First, the MPI relies upon National Family Health Survey (NFHS) 4 and 5, which are not detailed enough for its estimation. Moreover, NFHS 5 is blocked as its estimate of open defecation contradicted exaggerated official claim of its complete elimination. In fact, an eminent demographer, who led NFHS 5 was suspended. Intriguingly, while the survey was blocked for its alleged unreliability, NITI Aayog and the UNDP had no qualms about using it. Ideally, NFHS 4 and 5 should have been combined with the 75th Round of the NSS on household consumption expenditure. Unfortunately, this was abandoned too, as leaked poverty estimates indicated a rise.

Focus on covariates

Our recent analysis focuses on covariates of the MPI that include per capita state income, its square, share of criminals among State MPs, share of urban population, and health and education expenditure and unobserved state fixed effects (e.g., how progressive a State is). If we compare elasticities of MPI with respect to each covariate (i.e., proportionate change in MPI due to a proportionate change in a covariate such as State per capita income), the largest reduction in MPI is due to higher State per capita income. As

State-level estimates suggest a decline in educational expenditure, a rise in MPI is likely. Although State-level health expenditure rose to combat COVID-19, it fell far short of what was needed. If the share of Members of Parliament with criminal cases in total State MPs exceeded 20 %, the higher was the MPI. This is not surprising as criminal Members of the Legislative Assembly and MPs are notoriously corrupt and siphon-off funds allocated for social safety nets and area development programmes. Indeed, what is alarming is their rising share — 24 % of the winners in the Lok Sabha election in 2004 had a criminal background; it rose to 30 % in the 2009 general election, 34 % in the 2014 election, and 43% in the 2019 election.

The reduction between 2015 and 2019-21 is considerably lower than the official estimate: 4.7 % compared with 9.89 %.

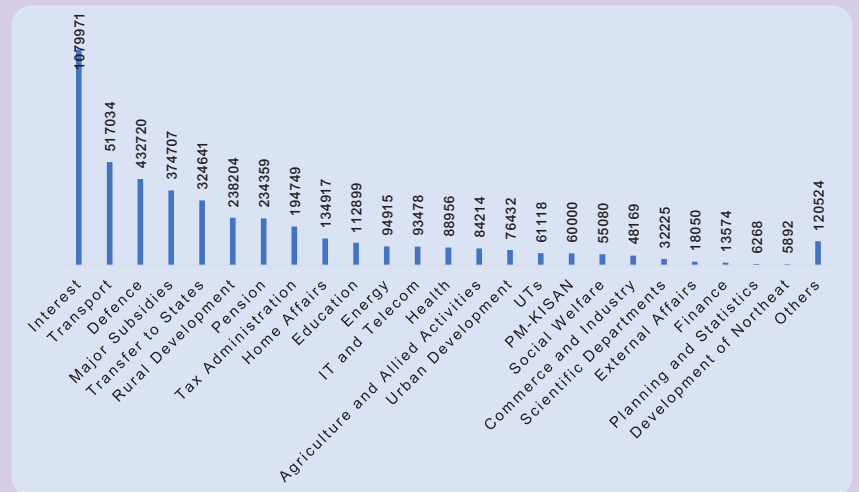
In conclusion, not only does the MPI exaggerate the NDA’s success in fighting deprivation but also perhaps more seriously obfuscates conventional measures of it which may unravel a contradictory story of poverty.

POLITY AND GOVERNANCE

GOVT. SEEKS PARLIAMENT NOD FOR EXTRA SPENDING FOR FY24

CONTEXT: The Union government on Wednesday sought parliament’s approval for spending an additional ₹ 1.29 lakh Cr.in the current fiscal year, mainly towards higher subsidies for farmers and a rural employment guarantee programme.

The net additional spending for the current fiscal year ending March 31, would be ₹ 58,378 Cr., while the rest would be accommodated by reshuffling expenses. The additional spendings would include ₹ 13,351 Cr. for fertiliser subsidies, while it would spend another ₹ 14,524 Cr. for a rural jobs scheme. The additional fertiliser subsidies will raise the total subsidy for the current fiscal year by almost 8 % to ₹ 1.88 lakh Cr., while the minimum wage paying rural income scheme will be raised by almost 24 % to ₹ 74,524 Cr. for the current fiscal year.



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