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ECOLOGY AND ENVIRONMENT

KEY COP DOCUMENT CALLS FOR PROGRESS IN ADAPTING TO CLIMATE CHANGE BY 2030

CONTEXT: The draft of a climate document released on Sunday asked all countries to have a detailed Adaptation Plan to the current and future impacts of climate change in their territory by 2025, besides demonstration of progress in implementing such a plan by 2030.

Global temperatures have already risen 1.10 Celsius since pre-industrial times and brought in their wake an acceleration in climate-related disasters, exhaustive scientific investigations show. “Adaptation” refers to the adjustments in ecological, social or economic systems that countries must make in response to these, and other anticipated climate effects. These actions are country-specific and can range from building flood defences, setting up early warning systems for cyclones, switching to drought-resistant crops, to redesigning government policies.

At COP-21 in Paris, negotiators decided that a Global Goal on Adaptation (GGA) was necessary to get all countries on board a common framework for adaptation. Adaptation is expected to require developed countries to invest trillions of dollars in developing countries and island states, which are most at risk from climate hazards.

POLITY AND GOVERNANCE

VISHNU DEO SAI CHOSEN AS NEW CHHATTISGARH CM

CONTEXT: The Bharatiya Janata Party on Sunday chose Vishnu Deo Sai, a party veteran and former Union Minister, as the Chief Minister of Chhattisgarh. He will be the central Indian State’s fourth Chief Minister, and the first tribal leader to hold the post. He is also the first to hail from a region beyond the Other Backward Class-dominated central plains in Chhattisgarh’s 23-year-old history.

ECONOMICS AND DEVELOPMENT

FALLING BEHIND

CONTEXT: The Monetary Policy Committee decided to hold benchmark interest rates level, while raising its forecast for full-year GDP growth by 50 basis points.

The RBI Monetary Policy Committee flagged food price shocks-induced volatility in inflation. The “uncertainties in food prices along with unfavourable base effects are likely to lead to” headline inflation quickening in November-December, and that “recurring food price shocks are impeding the ongoing disinflation process” forced RBI to keep repo rate unchanged at 6.5 % for a fifth straight bi-monthly meeting.

The retail inflation has moderated since the MPC last met in early October, with the headline reading softening by almost two percentage points, from August’s 6.83 % to 4.87 % in October. The RBI’s latest ‘Households’ Inflation Expectations Survey’, undertaken in November, reveals that most households expect faster inflation in the three-months- ahead and one-year-ahead time horizons, and at median levels of 9.1 % and 10.1 %, respectively, unequivocally underlining the fact that price gain expectations are still far from durably anchored.

The Central Bank has cited robust investment, besides continued strengthening in manufacturing, buoyancy in construction and a gradual rural recovery to upgrade its projection for real GDP growth in the fiscal year ending in March 2024 to 7%, from 6.5% as recently as in October.

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ECONOMICS AND DEVELOPMENT

CALIBRATING A STRATEGY FOR INDIA'S FUTURE GROWTH

CONTEXT: The Reserve Bank of India projected India's growth in 2023-24 at 7 %, while the International Monetary Fund (IMF) and the World Bank have pegged it at 6.3 %. India is likely to realise the RBI's currently projected growth of 7 % in this fiscal year, with a growth of 7.8 % and 7.6 % in the first two quarters of 2023-24, respectively, and a broad-based recovery in the second quarter.

In the medium term, the IMF has projected an annual growth of 6.3 % up to 2028-29. India's future growth strategy needs to be calibrated in view of the changing global conditions. Many ongoing geopolitical conflicts such as the Russia-Ukraine war and the Israel-Hamas war have created a climate of sanctions, leading to breaks in supply chains as well as disruptions in international settlements due to non-access to systems such as SWIFT for the sanctioned countries. World real GDP growth has also fallen, leading to reduced demand for global exports. Many countries including India want to reduce their dependence on imported petroleum due to supply uncertainties and price volatility.

There is a movement towards deglobalisation. In India's case, exports experienced a sharp acceleration in the share of GDP during 2003-04 to 2008-09. This peaked at 25 % in 2013-14. In 2022-23, it was 22.8 %, having fallen to a trough of 18.7 % in 2019-20 and 2020-21.

Investment rate in medium term

India will have to rely relatively more on domestic growth drivers, including domestic savings to achieve and sustain a 7 % plus real growth in particular. The household sector's savings in financial assets which declined to 5.1 % of GDP in 2022-23 from an average of 7.8% during the pre-COVID-19 period of 2015-16 to 2019-20 — a fall of 2.7% points. This fall consisted of 2.2% points of increase in change in gross household financial liabilities and 0.5% points fall in change in gross household financial assets. At present, the nominal saving rate in 2022-23 is estimated to be about 29 % of GDP.

Savings are converted into gross fixed capital formation (GFCF) by adding net capital inflows and deducting change in stocks, valuables, and discrepancies. The estimated nominal investment rate, that is GFCF relative to GDP was 29.2 % in 2022-23. The deflator of capital goods is lower than that of all goods. Using the five-year average of the relative magnitude of the two deflators, the nominal investment rate of nearly 29 % would provide a real investment rate of about 33 %. This needs to be increased by 2 % points to provide investible resources amounting to 35 % of GDP, enabling a growth of 7 % at an Incremental Capital-Output Ratio (ICOR) of 5, which was its value in 2022-23. If the ICOR is lower, achievable growth would be higher.

Strategising enhanced employment

According to United Nations population projections, the share of India's working age population is projected to peak at 68.9% in 2030 while its overall dependency ratio would be at its lowest at 31.2%. These patterns call for increased allocation of resources for training and skilling India's growing working age population.

Employment growth is critically dependent on GDP growth and the structure of output. The growth rate of the working age population is projected to progressively fall from 1.2% in 2023-24 to 0% in 2048-49. In 2022-23, according to the Periodic Labour Force Survey (PLFS), the worker population ratio, showing the number of employed persons in the population above 15 years of age, increased to 51.8% from 44.1% in 2017-18, depicting an average increase of 1.5% points per year. The non-agricultural growth will have to be high enough to absorb labour released from agriculture which is estimated at 45.8% in 2022-23 by the PLFS. It should also be able to absorb the labour-substituting impact of new technology. Facilitating absorption of productivity-enhancing technologies including Artificial Intelligence (AI) and Generative AI would add to overall growth.

India has committed to certain targets to reduce carbon emissions in view of global climate concerns. In the COP26 Summit, in 2021, India had committed to reducing total carbon emissions by one billion tonnes between 2021 to 2030 and achieving the target of net zero emissions by 2070. India's own initiatives include the Green Grids Initiative (GGI) and One Sun One World One Grid (OSOWOG). It is also placing an emphasis on the use of electric vehicles and ethanol-based and hydrogen fuels. Climate-promoting technological changes may reduce the potential growth rate. This adverse impact can be minimised by emphasising service sector growth which is relatively climate friendly.

Fiscal responsibility

In recent years, there has been considerable slippage in achieving the fiscal responsibility targets. It is important to ensure that the combined fiscal deficit and debt to GDP ratios are brought down to 6% and 60%, respectively, so that the burden of interest payments relative to revenue receipts is kept within acceptable limits. This would enable achieving a balance or surplus on the revenue account of the central and State governments, which in turn would reduce government dissavings and augment the overall savings rate of the economy.

In the next two years, a growth rate of 6.5% seems feasible. This represents, partially, a recovery from the low growth rate in the COVID-19 period. Over the medium term, India's growth performance will be adversely affected by many factors, both domestic and external. Raising the savings and investment rates, improving the skill acquisition of the young entrants to the labour market and adopting a technology mix which is employment friendly are issues on which the country must focus to achieve a growth rate of 7% to 7.5%.

ECONOMICS AND DEVELOPMENT

WHAT IS THE CONTROVERSY OVER GERMANY'S DEBT BRAKE RULE?

CONTEXT: On November 15, Germany's constitutional court ruled the government move to reallocate € 60 billion, unused from the sums initially earmarked for the pandemic emergency, to a "climate and transformation fund" (KTF) as unlawful.

The Karlsruhe court ruled the breach of the fiscal deficit limits enshrined in 2009 on two counts - the move to channel underutilised allocations from one sector to another and the roll-over of debt from one fiscal year to the next.

What is the debt brake rule?

The fiscal consolidation measure, more or less the domestic version of the stringent borrowing and spending curbs built into the European Union (EU)'s Stability and Growth Pact (SGP) and the 2012 Fiscal Compact Treaty was enshrined into law in 2009 through an amendment to the German constitution. The debt brake rule, or the balanced budget rule, sets a cap on how much governments can borrow to finance various public projects. It restricts the federal government in Berlin from running a fiscal deficit in excess of 0.35 % of Gross Domestic Product (GDP) and in effect prohibits the country's 16 regions from any deficit spending.

What was the legal challenge about?

The opposition CDU and CSU, contended that investments in climate change and energy transition were part of the long-term financing activities of the state. As such, these could not be funded from the emergency exemption provided in the debt brake, related specifically to COVID-19 relief. The government countered that the diverted money addressed the economic consequences of the pandemic, insofar as the investment shortfall could be linked to the economic impact from COVID-19.

How has Germany fared after 2009?

Through successive years in the last decade, Germany's export driven economy registered impressive rates of growth and ran budget surpluses, backed by high levels of employment compared to other states in the single currency union. Businesses borrowed cheap, thanks to the European Central Bank (ECB)'s ultra-low interest rate policies. Therefore, the government slashed net borrowing to achieve a zero-deficit budget — a scenario Berlin sold as a simple case of practising what it professed, an ideal recipe for a single currency union reeling from a sovereign debt crisis.

In recent times, a cooling economy during a global downturn turned the spotlight on the cost of under-investment in infrastructure, viewed as critical to restore Germany's competitiveness. Commentators and business lobbies questioned the reticence to take advantage of the ECB's ultra-low rates of interest and expansive bond buying programme, while others pointed to higher taxation as a preferred route out of stagnant investment. Angela Merkel, then Chancellor, argued that Germany, with the world's largest number of elderly population, could not burden its shrinking young population with additional debt. In 2020, the debt brake rule was suspended to raise record levels of borrowing to fund various pandemic measures and was on course to be reinstated this year.

What next?

It is unclear, even after the Karlsruhe verdict, whether Berlin will moderate its stance on fiscal rectitude as EU leaders deliberate new proposals to customise debt and deficit rules specific to a country's macro-economic parameters.

ECOLOGY AND ENVIRONMENT

'CAUVERY BASIN LOST NEARLY 12,850 SQ. KM OF GREEN COVER'

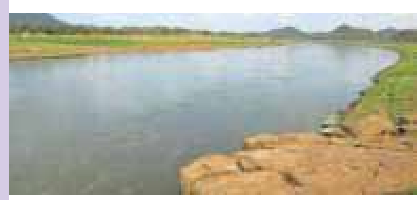
CONTEXT: A paper published by scientists and researchers at the Indian Institute of Science (IISc), Bengaluru noted that of the nearly 12,850 sq. km of Natural vegetation lost in the Cauvery basin, Karnataka has lost three-fourths, while Tamil Nadu's share is around one-fifth.

Shrinking greenery

Pattern of natural vegetation cover in the Cauvery basin over the years

(in sq. km)

Year	Karnataka	Kerala	Tamil Nadu	Total
1965	17,072.81	1,043.64	10,077.78	28,194.23
2016	7,408.50	764.16	7,172.42	15,345.08
Loss	9,664.31	279.48	2,905.36	12,849.15



Source: "Cauvery river: Land use dynamics biodiversity & hydrological status," a paper authored by T. V. Ramachandra, Vinay S., Bharath S. and Bharath H. Aithal, Indian Institute of Science, Bengaluru.

Natural vegetation on nearly 12,850 sq. km of land in the Cauvery basin was lost in the 50 years from 1965 to 2016. Natural-vegetation cover went down by around 46 % all these years. The quantum of reduction of dense vegetation was 35 % (6,123 sq. km) and that of degraded vegetation, 63 % (6,727 sq. km).

Areas that suffered adverse changes in the extent of forest cover include the Brahmagiri Wildlife Sanctuary, Bandipur National Park, Nagarhole National Park and the Cauvery Wildlife Sanctuary. In respect of the Bannerghatta National Park, the moist deciduous forest area, which was about 50 % in 1973, stood at 28.5 % in 2015 due to "anthropogenic pressure" on the National Park and its environs.

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INTERNAL SECURITY

CASES OF HUMAN TRAFFICKING VICTIMS BEING FORCED TO COMMIT CYBERCRIMES ON THE RISE

CONTEXT: Known as "Operation Storm Makers II", the Interpol exercise resulted in the arrest of 281 persons in different countries, on charges such as human trafficking, passport forgery, corruption, telecommunications fraud, and sexual exploitation.

The first Interpol operation against fraud schemes which has rescued over 149 human trafficking victims and opened over 360 investigations unearthed further evidence that the trend is expanding beyond the southeast Asian region. Credible sources indicate that at least 1,20,000 people across Myanmar may be held in situations where they are forced to carry out online scams, with estimates in Cambodia similarly at around 1,00,000. Other States in the region, including Lao PDR, the Philippines and Thailand, have also been identified as main countries of destination or transit where at least tens of thousands of people have been involved, noting that the scam syndicates generated annual revenues amounting to billions of dollars. The fraud schemes included fake cryptocurrency investments, fraudulent work-from-home offers, and lottery and online gambling scams. In August, a UN Human Rights Office report took up the issue and found that the frauds ranged from romance-investment scams and cryptofraud to illegal gambling.

Most people trafficked into the online scam operations are men, although women and adolescents are also among the victims. In October, Ugandan law enforcement had reported that several citizens were taken to Dubai on the promise of jobs and then to Myanmar via Thailand.

INTERNATIONAL RELATIONS

SWITZERLAND, NORWAY MINISTERS ARRIVING FOR DIALOGUE ON TRADE

CONTEXT: Indian officials remain optimistic of reaching an agreement on a trade pact with Nordic countries in the next few months, though several outstanding issues remain and Indian trade negotiators are busy trying to close free trade agreements with the U.K. and Australia.

Talks about the Trade and Economic Partnership Agreement (TEPA) and a Bilateral Investment Treaty (BIT) between India, and the four European countries which make up the European Free Trade Association (EFTA), outside the European Union (EU) — Iceland, Liechtenstein, Norway and Switzerland have not yet been closed despite 20 rounds of negotiations over the past 15 years.

Regarding trade in goods, India applies high tariffs on many of the EFTA countries' exports. We obviously look for a substantial reduction of trade barriers, particularly for such high-value-added products as machine tools, advanced chemicals and pharmaceuticals, Swiss chocolate, Norwegian and Icelandic fish, and so on.

Meanwhile, diplomatic sources said India's relatively small pool of skilled trade negotiators comprising officials in the Commerce and Industries Ministry and the MEA have been stretched thin with other negotiations which are still dragging on. The India-U.K. FTA talks, which were earlier meant to be "completed by Deepavali" in 2022, are still not ready for signing, although officials have been meeting regularly to resolve issues on tariffs, Rules of Origin, and market access for the U.K. legal and financial service firms to India.

India-EU talks over a comprehensive Bilateral Trade and Investment Agreement (BTIA) are also moving slowly, though the EU Commissioner for Agriculture Janusz Wojciechowski, who led a delegation to Delhi last week, said he was hopeful of an agreement in 2024.

In addition, despite signing an Early Harvest Agreement more than a year ago, the India-Australia Comprehensive Economic and Commercial Agreement (CECA) has still not been signed. U.K. Prime Minister Rishi Sunak is due for a bilateral visit to India and Australian Prime Minister Anthony Albanese is due to travel to India for the Quad summit in 2024, and officials say they are trying to complete the agreements before the visits are finalised.

POLITY AND GOVERNANCE

21.15 LAKH APPLICATIONS RECEIVED UNDER PM VISHWAKARMA SCHEME, SAYS SKILL MINISTRY

CONTEXT: The PM Vishwakarma Scheme, launched by the Centre on September 17, has received over 21 lakh applications in two-and-a-half months, data from the Ministry of Skill Development and Entrepreneurship (MSDE) show.

PM VISHWAKARMA SCHEME

The PM Vishwakarma Scheme is a Central Sector Scheme launched by the Ministry of Micro, Small and Medium Enterprises (MSME) on 17th September, 2023, to provide holistic and end-to-end support to artisans and craftspeople across India. The scheme aims to empower these individuals by enhancing their skills, providing access to credit and market linkages, and recognizing their talent and contribution.

The Vishwakarma Scheme provides formal training for upgrade and modernisation of traditional skills amid a changing economic landscape. It also offers financial assistance and creates avenues of "market linkage" for persons working in 18 trades and crafts. These include carpenter, boat-maker, armourer, blacksmith, hammer and tool kit maker, locksmith, goldsmith, potter, sculptor, cobbler, mason, basket-maker, doll and toy-maker, barber, garland maker, washerman, tailor, and fishing net-maker.

BENEFITS:

- Skill Development: The scheme offers various skill development programs to help artisans and craftspeople update their skills and learn new techniques. These programs are designed to be relevant to the current market demands and ensure that the artisans remain competitive.
- Credit Support: The scheme provides collateral-free loans to artisans and craftspeople at concessional rates of interest. This helps them access the necessary funds to purchase equipment, raw materials, and other resources needed to grow their businesses.
- Market Linkage: The scheme helps artisans and craftspeople connect with potential buyers and markets through various initiatives such as trade fairs, exhibitions, and online platforms. This helps them expand their reach and increase their sales.
- Recognition: The scheme recognizes the talent and contribution of artisans and craftspeople through various awards and recognition programs. This helps to motivate them and encourage them to continue their work.

ELIGIBILITY:

- Open to all traditional artisans and craftspeople who have been working with their hands or traditional tools for generations.
- Artisan or craftsperson at least 18 years old and should have a valid PAN card and Aadhaar card and not be a defaulter of any loan or government scheme.

The highest number of applications had come from Karnataka (6.28 lakh), followed by West Bengal (4.04 lakh), Assam (1.83 lakh), Uttar Pradesh (1.53 lakh) and Andhra Pradesh (1.21 lakh). In contrast, 15 States including Haryana, Kerala, Chhattisgarh, Himachal Pradesh, Uttarakhand, and northeastern States have sent fewer than 10,000 applications each.

POLITY AND GOVERNANCE

ON LISTING OF CASES IN THE SUPREME COURT

Two letters written separately by lawyers, Dushyant Dave and Prashant Bhushan, addressed directly to the Chief Justice of India D.Y. Chandrachud and the Supreme Court Registry, respectively, complaining of "irregularities" in the listing of cases have sharply divided the Bar.

What do the rules say?

The listing of cases in the Supreme Court of India is governed by a set of rules and procedures designed to ensure efficiency and fairness. These rules are outlined in various sources, including the Supreme Court Rules, 2014, the Handbook on Practice and Procedure and Office Procedure, and various circulars issued by the Court. Here are some key aspects of the rules for listing of cases in the Supreme Court of India.

- **TYPES OF CASES:** The Supreme Court hears various types of cases, including writ petitions, appeals, transfer petitions, contempt petitions, and Special Leave Petitions. Different rules and procedures may apply depending on the type of case.
- **CLASSIFICATION OF CASES:** Cases are classified based on their urgency, complexity, and subject matter. This classification helps to determine the bench before which the case will be heard and the priority for listing.

The Supreme Court Rules of 2013 do not explicitly mentions about the powers of the master of the roster to constitute roster, Benches and for allocation of cases. However, the Handbook on Practice and Procedure of the Court and Office Procedure on the judicial side published by the Supreme Court in 2017 explicitly says that the Registry functions on the general and special instructions and orders of the Chief Justice of India as regards allocation of work to a Bench and assignment of cases from one Bench, on account of non-availability, to another Bench.

Mr. Dave pointed to the section on 'cases, coram and listing' to note that once a case has been listed or notice issued or dismissed or disposed of or heard in part at admission hearing stage, it can only be listed before the Bench of the first coram and none other. Mr. Bhushan, in his turn, referred to Clause 15 of the 'Overview of the New Scheme for Automated Listing of Cases' published also in 2017, which noted that "subject to the orders of the Chief Justice of India, if the court directs listing or tagging with a matter pending in another court, and the matter is listed accordingly, the coram of the main matter, with which the matter is directed to listed/tagged, will prevail". He claimed that both Clause 15 and the procedure in the Handbook were "arbitrarily breached".

What has the Supreme Court said?

The SC has not officially responded to the letters. Supreme Court Bar Association president, senior advocate Adish C. Aggarwala, has written to the Chief Justice, expressing "shock" about Mr. Dave's open letter. He said the assignment of cases was not open to question on the judicial or the administrative side. The Supreme Court has in its judgment said the Chief Justice, as master of roster, occupied a position which is sui generis. It said the "entrustment of functions to the Chief Justice as the head of the institution is with the purpose of securing the position of the Supreme Court as an independent safeguard for the preservation of personal liberty. The oath of office demands nothing less".