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POLITY AND GOVERNANCE

CENTRE CALLS FOR TALKS; FARMERS WANT BETTER OFFER

CONTEXT: Farmer representatives and Union Ministers are preparing to hold another round of talks today as protesting farmers from Punjab continue to camp at different locations along the boundary with Haryana.



On Tuesday, scores of farmers from different parts of Punjab started their 'tractor-trolley' march to lay siege to Delhi to press for fulfilment of their demands. The protesters are demanding legally guaranteed MSP for crops, debt waiver, cancellation of international agreements impacting the agriculture sector, and a minimum pension of ₹ 5,000 for farmers and agriculture labour. The Kisan Mazdoor Morcha and the Samyukt Kisan Morcha (Non-Political) — the two umbrella bodies of around 200 farmers and farm labourer unions — had given the call for the 'Delhi Chalo' march.

As farmers reached Haryana's Shambu village near Ambala and Khanauri-Jind, the boundary with Punjab, they were stopped from entering the State. The Haryana government had put in place elaborate security arrangements with multi-layer barricades; since then, the farmers have been camping near the boundary. Police resorted to the use of tear gas to disperse them on Wednesday. Section 144 had been imposed in 15 districts of the Haryana and 64 companies of paramilitary forces and 50 companies of the Haryana Police were deployed.

The MSP-based procurement by the FCI has been the bedrock of food security, but the case for its reform is strong. Surplus producers of grain have benefited from the MSP scheme, but the scheme bypasses subsistence farmers in poorer regions. This uneven geographical spread of procurement has also led to unsustainable farm practices in some areas, while farmers in other regions of the country are always on the edge of penury. All this calls for a revamping of the public support for farming, which is essential for reasons that include national food security. This can be achieved better through wide political consultation and by encouraging the beneficiaries of the current system to diversify production and increase productivity.

POLITY AND GOVERNANCE

'MSP GUARANTEE ACROSS CROPS CAN RAISE INCOME AND DEMAND'

CONTEXT: Guaranteeing a Minimum Support Price (MSP) across crops would support farm incomes and spur consumption demand, estimating the "real cost" of such a guarantee at around ₹ 21,000 Cr.

Broader support

A guaranteed MSP across crops can benefit farmers and address crop imbalances, argues CRISIL

- A broader, guaranteed MSP will offer cash support to farmers when prices plummet below MSP, the ratings firm says
- It will also give farmers the freedom to sow crops of their choice and to be more amenable to their local conditions
- The government will have to procure only those crops whose mandi prices are lower than the MSP, notes CRISIL



While MSP-based procurement is done in only a few States, a guarantee will percolate its benefit to other regions. On 16 of the 23 crops for whom MSPs are announced account for over 90 % of India's farm output.

In MY 2023, when half the 16 crops traded above MSP and half below it, that would add up to ₹ 21,000 crore. The cost could be higher if the government offloads the commodities in mandis because then prices could fall further than what was seen in those markets in 2022-23.

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INTERNATIONAL RELATIONS

FORMER INDONESIAN GENERAL SUBIANTO CLAIMS POLL VICTORY

CONTEXT: Indonesia's Defence Minister Prabowo Subianto declared victory in a presidential election on Wednesday after unofficial vote counts showed him with a huge lead that could see him win in a single round.

Indonesia election 2024: nationwide quick count results

Indonesian presidential contender Prabowo Subianto declared victory in a presidential election after unofficial vote counts showed him with a huge lead. He had nearly 57-59% of votes, based on 88-98% votes counted at a sampling of polling stations nationwide.



Note: "Quick count results" are unofficial vote counts based on sampling, compiled by pollsters.

Sources: Indikator Politik Indonesia; Kompas

Photos: Ajeng Dinar Ulfiana and Willy Kurniawan, Reuters; Antara Foto/Aditya Pradana Putra via REUTERS Pasit Kongkunikornkul • Feb. 14, 2024 (Updated: Feb. 15, 2024) | REUTERS

Official count awaited

Mr. Baswedan and Mr. Pranowow urged the public not to draw conclusions on the outcome and to await the official result, which is expected by March 20 at the latest.

POLITY AND GOVERNANCE

T.N. PASSES RESOLUTION AGAINST 'ONE NATION, ONE ELECTION' PLAN

CONTEXT: The Tamil Nadu Assembly on Wednesday 'unanimously' adopted two resolutions against the Union government's 'One nation, One Election' proposal and the proposed delimitation after 2026.

The Tamil Nadu Assembly urges the Union government to not implement the delimitation process, carried out after 2026 on the basis of Census. The present ratio of the constituencies between the States in the Assemblies and both Houses of Parliament fixed on the basis of the population of 1971. States like Tamil Nadu should not be penalised for implementing socio-economic development programmes and welfare schemes over the past 50 years.

The Tamil Nadu Assembly urges the Union government to not implement the 'One Nation, One Election', against the basis of democracy; impractical; and not enshrined in the Constitution of India.

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INTERNATIONAL RELATIONS

THE ILLUSION OF CHANGE IN PAKISTAN

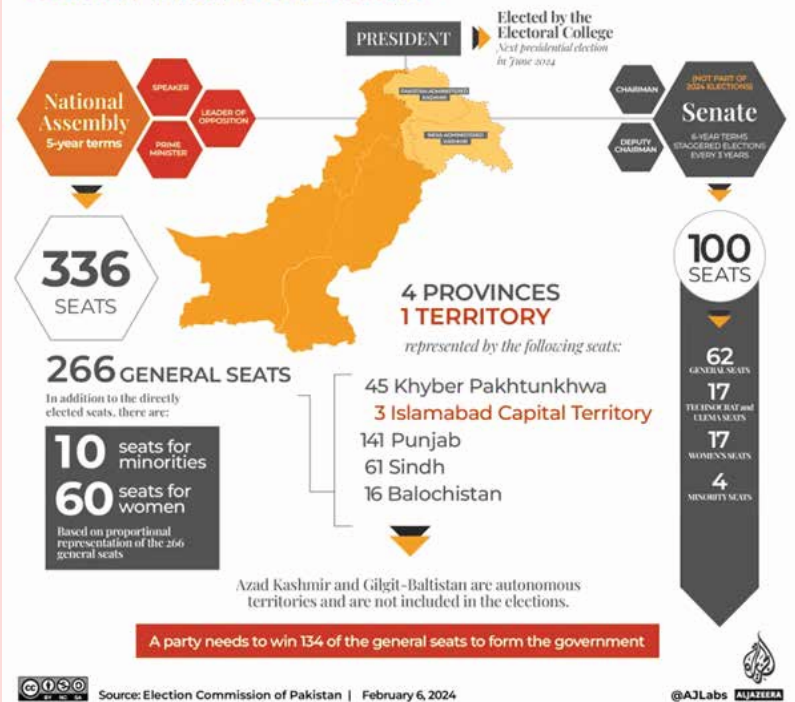
CONTEXT: Pakistan's recent election was considered a crucial one that would lead to a stable government with a clear mandate, end political instability, and start a process of political healing at the national level, especially in Punjab.

The Establishment (the military-dominated deep state) expected the elections would end the Imran revolt and the Pakistan Tehreek-e-Insaf (PTI) experiment. People expected the election process, polling and the final announcement to be free, fair and transparent.



PAKISTAN ELECTIONS 2024

Government structure



According to the results of the National Assembly, the PTI-backed independent candidates have won 93 seats, followed by the Pakistan Muslim League (PML)-N (75), the Pakistan Peoples

Party (PPP) (54), the Muttahida Qaumi Movement (MQM)-P (17) and the rest by smaller parties and independents. The PML-N, PPP and MQM-P may gain a few more reserved seats (60 for women and 10 for minorities) depending on the seats they have won.

The vote belongs to Imran Khan

The vote belongs to the PTI and Mr. Khan, even though the party did not have a level playing field. Mr. Khan has been arrested and charged with numerous cases and just before the elections, two court verdicts barred him from contesting in elections. The Establishment, pursuing methods to discipline Mr. Khan for the May 9 riots in 2023, forced most of the second-rung PTI leaders to leave the party. In Punjab, Jahangir Tareen launched the Istehkam-e-Pakistan Party (IPP) to dent the PTI's presence in Pakistan's largest province. Similarly, in the Khyber Pakhtunkhwa (KP) region, Pervez Khattak, another confidant of Mr. Khan and PTI's former defence minister, formed a faction. In a final blow, the Election Commission of Pakistan (ECP) debarred the PTI from contesting as a party (on the pretext of the party's failure to hold intra-party elections), and removed the "bat" symbol. With most of his trusted lieutenants leaving, multiple cases charged against him, and he himself incarcerated, it was an arduous task for Mr. Khan to find candidates to contest, keep up morale and ask his cadres to vote.

Despite all the above odds, the PTI-backed candidates won 93 seats for the National Assembly, 18 more than the PML-N. The PTI has secured over half of these seats from Punjab (around 50), supposedly the PML-N's home ground. In KP also, the PTI has swept, with other political parties securing seats in single digits. Though the PTI may not form the government, the 2024 election clearly belongs to Mr. Khan and the party.

What the Establishment wants, it gets

The election results should see the Establishment's best-laid plans crashing. The mandate is clearly against what it wanted. Many in Pakistan consider the pro-Imran vote as that against the Establishment. The Establishment would have wanted the PML-N to win, especially in Punjab, and expected its pre-election political engineering to dent the widespread support for Mr. Khan and the PTI. However, both these things have not happened.

This brings us to the second factor of these elections — that the Establishment will still call the shots. Ironically, it should still be happy that the PML-N has no absolute majority and has to work on a coalition to form the government in Islamabad and Lahore. An element of political instability will work in the Establishment's favour. Whether the vote is what it wanted, or against its plan, the Establishment will continue its political engineering. And political parties will fall in line; those who refuse, will face the wall and the jails, as Mr. Khan's case shows us.

Nawaz's diminishing returns

The third aspect of the elections is the Nawaz factor, or rather the lack of it. Nawaz Sharif came back to Pakistan on the Establishment's approval. The plan was that Mr. Sharif's return would increase the PML-N's chances and dent PTI's, especially in Punjab. However, the return of Mr. Sharif has not catapulted the PML-N back into the driver's seat — either at the national level or in Punjab. Except for a few seats in Balochistan and KP, most of the seats won by the PML-N come from Punjab. Even in Punjab, the PTI has won almost equal seats for the national and provincial assemblies. The PML-N will be unable to form a government in Punjab without the others' support. At the national level, discounting the reserved seats, the PML-N had won only ten more seats in 2024, vis-à-vis the 2018 elections.

While one could understand the PML-N's performance in the 2018 elections with Mr. Sharif exiled and the Establishment favouring Mr. Khan then, its 2024 performance, especially in Punjab, needs introspection. Compare it with the PTI and PPP, both of which have their home turfs — the KP and Sindh — intact and are likely to form a government independently in these two provinces.

Continuing political instability

The political instability of 2023 will continue into 2024. During 2021-22, the PML-N and PPP came together with a few other parties to form the Pakistan Democratic Movement (PDM) to overthrow the PTI government. Eventually, the coalition overthrew Mr. Khan's government in April 2022, resulting in Shehbaz Sharif becoming the Prime Minister, with support from the PPP and others. The PTI took to the streets against the PDM, creating political instability in Pakistan.

However, the situation hasn't changed much. Now the PPP and PML-N have agreed to form a government at the national level, along with other political parties minus the PTI. The outcome of this deal, looks more like PDM 2.0. The PTI, the Jamaat-e-Islami (JI) and a few other regional parties have already announced filing cases in courts, renouncing the results, and taking to the streets.

In KP and Sindh, there is clarity in verdict. People have voted for Mr. Khan and the PTI in KP. Similarly, in Sindh, the PPP has swept the province for national and provincial assembly seats, while MQM-P has retained its stronghold in Karachi. Balochistan, as usual, has seen mixed results, with no single party having substantial numbers — both for the national and provincial assemblies. For the provincial assembly, the PPP and JUI-F have secured 11 seats each, followed by the PML-N (10), PTI-backed independents (6) and others (13). Regional parties have been protesting against the results on charges of rigging.

Regional parties losing relevance

At the national level, except for the MQM-P (14 seats for the national assembly and 28 for the Sindh provincial assembly), no other regional party from the Sindh, Balochistan and KP have made an impact. The Grand Democratic Alliance (GDA), Awami National Party (ANP), Balochistan National Party (BNP), and others from the three provinces have made little or no impact. The PML-Q from Punjab could win only three for the national assembly.

Equally important is the case of religious political parties — JI, Jamiat Ulema-e-Islam (JUI-F) and the newly formed Tehreek-e-Labbaik Pakistan (TLP). The JI could not win a single seat for the national assembly; its emir — Sairajul Haq, taking responsibility has announced his resignation. The JUI-F has survived with a few seats for the national assembly (03), and a few for the provincial assemblies of KP and Balochistan. The TLP could secure only one seat — that too for the provincial assembly from Punjab. Therefore, for the time being, both regional and religious parties (perhaps except the MQM), are likely to remain provincial.

To conclude, the Establishment will hold the turf. Despite the PTI-backed candidates gaining more seats, a cursory overview of the elections will reveal the same at both the national and provincial level.



"Education is the ability to listen to almost anything without losing your temper or your self-confidence." - Robert Frost

ECONOMICS AND DEVELOPMENT

JAN. WHOLESALE INFLATION AT THREE-MONTH LOW OF 0.27%

CONTEXT: India's wholesale price inflation eased to a three-month low of 0.27% in January from 0.73% in December, with manufactured products' prices dropping 1.1% year-on-year and inflation in primary articles and food items easing to around 3.8% from more than 5% in the previous month.

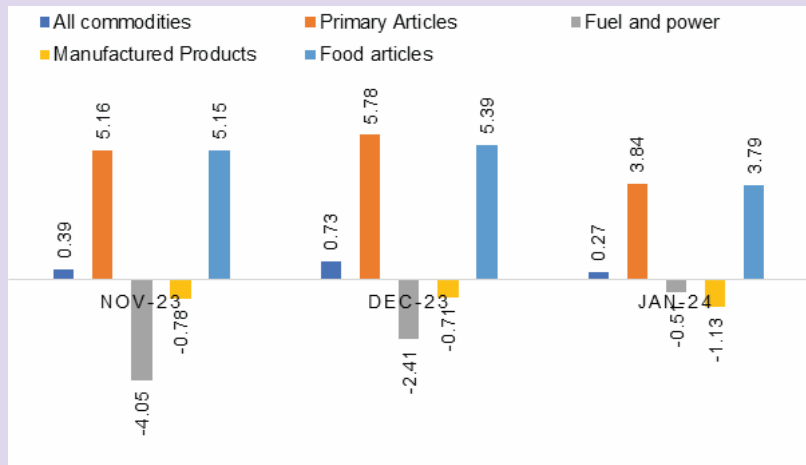


FIGURE: Column chart representation of the Annual rate of WPI inflation calculated over the corresponding month of previous year.

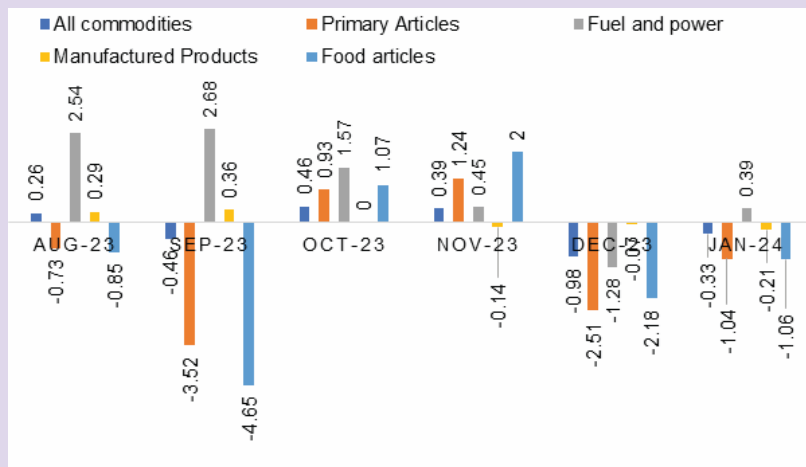


FIGURE: Column chart representation of the Monthly rate of change, based on month over month (M-o-M) WPI calculated over the preceding month.

The inflation in primary food articles also eased to a three-month low of 6.85% from 9.4% in December, with slight declines recorded in most items, including cereals, whose inflation rate eased to 4.1% in January from 5.9%. Fruits inflation dropped to a five-month low of 1% from 4.6% a month earlier.

However, overall inflation rates remained high for quite a few food items—onion inflation was 29.2%, down from 91.8% in December; vegetable prices were up 19.7% (down from 26.3%); pulses inflation was at a five-month low but still at 16.1%.

Paddy inflation dropped from 10.5% in December to 9.6% in January. Wheat and potato prices dropped 3.1% and 8.4%, respectively, while milk inflation eased to 5.4%. On a

month-on-month basis, the Wholesale Price Index reading was 0.33% lower while the Food Index dropped 1.1% from December levels.

ECONOMICS AND DEVELOPMENT

PENSION CONCERNS

CONTEXT: The Central Board of Trustees of the Employees' Provident Fund Organisation (EPFO) recommended for a 0.1 percentage-point increase in provident fund (PF) deposits for 2023-24.

The recommended rate of 8.25 % is 0.4-percentage points lower than in 2018-19, a pre-election year like 2023-24. It will involve the transfer of a record ₹1,07,000 crore to EPF members. In 2014, the BJP, with effect from September 2014 guaranteed a minimum pension of ₹ 1000, benefitting approximately 20.5 lakh pensioners. The Finance Ministry had rejected a proposal to double the minimum pension amount, citing a "huge rise" in the budgetary support needed under the Employees' Pension Scheme (EPS), 1995. There is one more component in the budgetary support which refers to the Central government's contribution at 1.16 % of wages up to an amount of ₹15,000 a month. For FY2024-25, the Ministry has projected ₹10,950 crore as budgetary support against the revised estimate of ₹ 9,760 crore for the current year. The Finance Ministry calculates that a 100% rise in the minimum pension would be more than the proportionate increase in the overall budgetary support as numerous pensioners had received much less than ₹1,000 as monthly pension till 2014.

Describing the EPS as a "Defined Contribution-Defined Benefit" social security scheme, all benefits were paid out of accumulations through contributions, and as per the fund's valuation as on March 31, 2019, there was "an actuarial deficit." However, this argument has been virtually demolished in the EPFO's annual report (2022-23). Notwithstanding its reasons not to hike the minimum pension, the government must note that the difference between the minimum and original pension was about ₹970 crore for 2022-23. So, the doubling of minimum pension is no strain. There are other key issues too such as equating the amount of spouse pension on a par with what a member-pensioner gets. In the case of higher PF pension, the rules have been framed after the 2022 Supreme Court judgment wherein most of the pre-2014 retirees would not be covered; there are around four lakh such applications for higher pension. A more expansive approach to PF pension matters will help senior citizens.

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ECONOMICS AND DEVELOPMENT

CONFIDENCE IN THE ECONOMY JUST SHY OF PRE-PANDEMIC LEVELS

Recovery tracker

The charts are based on data collated from various surveys conducted by the RBI on consumer confidence, orders received by manufacturing firms, the turnovers of the services and infrastructure sectors and demand for loans

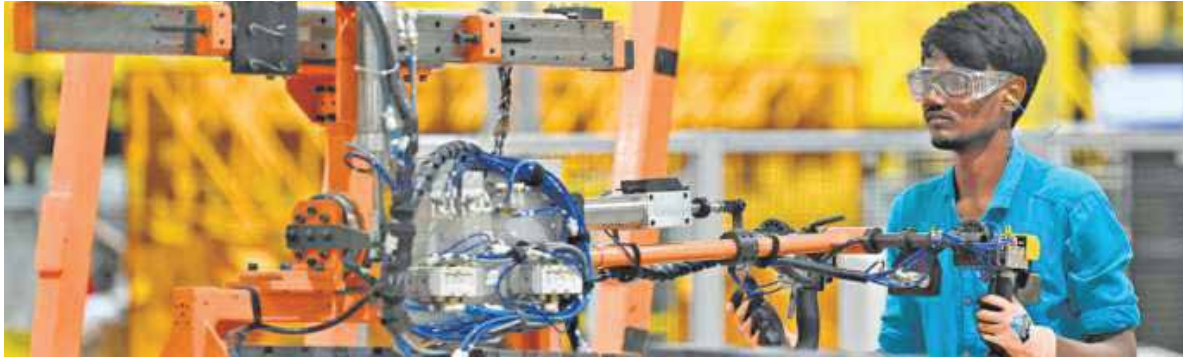


Chart 1: The charts show the result of the RBI's consumer confidence survey conducted across 19 major cities between January 2 and 11, 2024

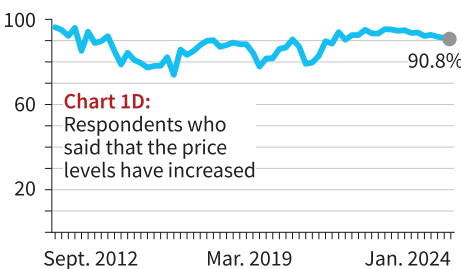
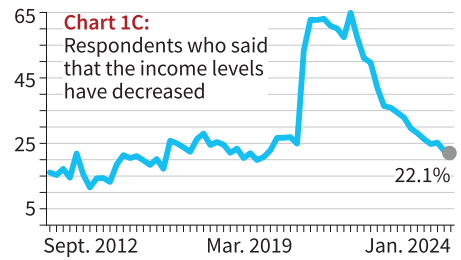
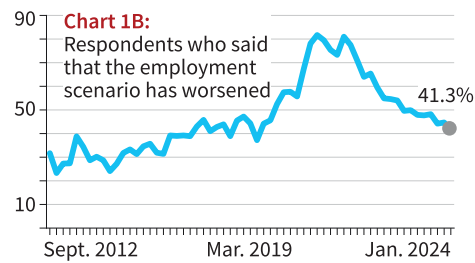
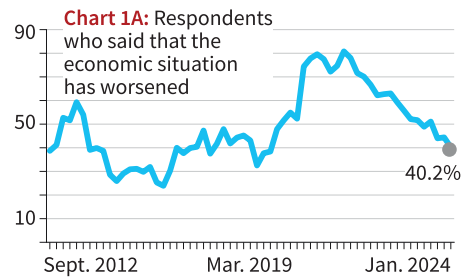


Chart 2: The chart shows the q-o-q growth (%) in the new orders received by manufacturing firms and the survey response of such companies

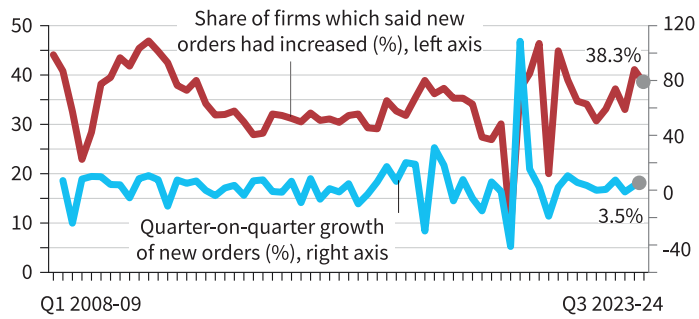


Chart 3: The chart plots the net response of companies of the services and infrastructure sectors

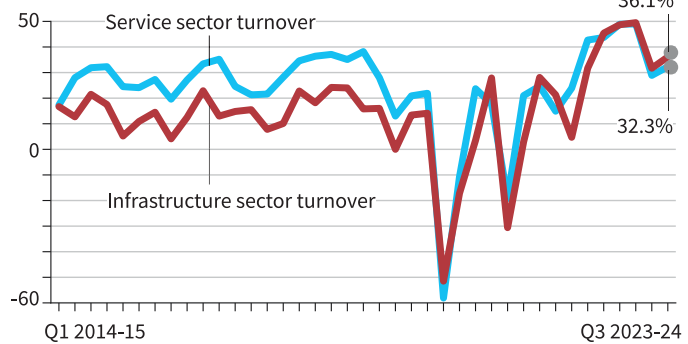
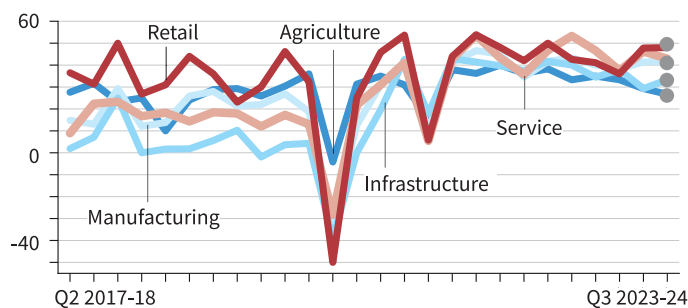


Chart 4: The chart shows the net response of the assessment of loan demand among various sectors, according to the RBI's bank lending survey





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New Delhi, Delhi-110022

Regional office

Vedhik IAS Academy
202, Raheja Chambers, 12,
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