

● POLITY

● ECONOMICS

● TECHNOLOGY

● ECOLOGY

POLITY AND GOVERNANCE

SC to hear pleas seeking stay on CAA on April 9

CONTEXT: The Supreme Court agreed to consider the question of staying the operation of the rules notified under the Citizenship (Amendment) Act or CAA on April 9, 2024. The Centre refused to make a statement that it would not grant fast-tracked citizenship to non-Muslim migrants from Afghanistan, Bangladesh and Pakistan during the pendency of the case.

The big test

Arguments coming before the Supreme Court on April 9:



- CAA rules operate solely on the basis of religious identity
- Once the process of granting citizenship starts under the CAA rules, it cannot be reversed
- CAA rules have done away with the scrutiny of applications of citizenship by District Collectors, and recommendations of State governments on applications

The Supreme Court on March 19 issued a notice to the Centre seeking its reply to the pleas seeking a stay on implementing the Citizenship (Amendment) Rules, 2024 by April 8, 2024. Tushar Mehta, Solicitor General of India has asked four weeks to file a reply to the pleas. Meanwhile, the Supreme Court bench headed by Chief Justice of India DY Chandrachud posted the matter for the next hearing on April 9, 2024. The pleas in the Supreme Court have sought a stay on the Citizenship (Amendment) Rules till the top court disposes of the petitions challenging the constitutional validity of CAA 2019.

On March 11, the Centre notified the rules for the implementation of the Citizenship (Amendment) Act, 2019, four years after it was passed by Parliament. The CAA law grants citizenship to undocumented migrants of all religions - except Muslims from Pakistan, Bangladesh, and Afghanistan who arrived in India before December 31, 2014. The Supreme Court was hearing a cluster of about 200 petitions challenging the CAA's implementation. The petitioners have claimed that the CAA discriminates against the Muslim community. It has been argued that this religious segregation is unreasonable and infringes on right to equality guaranteed under Article 14 of the Indian Constitution. The petitions opposing the CAA have alleged that excluding Muslims of Pakistan, Afghanistan and Bangladesh is a violation of Article 14.

POLITY & GOVERNANCE

SC issues summons to Ramdev in Patanjali misleading ads case

CONTEXT: The Supreme Court asked self-styled Yoga Guru Baba Ramdev to personally appear in a contempt case initiated against Patanjali Ayurveda for publishing misleading advertisements in violation of the Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954 despite an undertaking given to the court in November last year.

SUMMARY: A bench comprising Justices Hima Kohli and Ahsanuddin Amanullah has issued a show cause notice to Baba Ramdev, directing him to file a response against initiating contempt proceedings. The bench has also directed Acharya Balkrishna, the Managing Director of Patanjali Ayurveda, to appear in court along with Baba Ramdev for the next hearing on April 2. This action was taken as Balkrishna failed to file a response to the show cause notice issued to him on February 27. The Bench indicated that Baba Ramdev should be heard in the case due to his endorsement of Patanjali advertisements that were prohibited by the court on November 21, 2023. The Court had issued show cause notices to Patanjali and Balkrishna on February 27 for violating an assurance given to the Supreme Court on November 21, 2023, regarding refraining from advertising their products as "permanent relief" for diseases, in violation of the Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954 Act. The Indian Medical Association, the petitioner, had described Baba Ramdev's association with Patanjali as "everything and nothing at the same time". The court had previously directed Patanjali to refrain from making any misleading statements, especially in advertisements, and to not make any disparaging statements about other disciplines of medicine such as allopathy. The court expressed the opinion that there had been a violation of the provisions of the Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954.

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INTERNATIONAL RELATIONS

Ties that epitomise India's neighbourhood first policy

CONTEXT: The King of Bhutan paid a visit to India in November 2023 during which he hinted at his plans for a Mindfulness City at Gelephu in southern Bhutan, a Special Economic Zone to attract foreign investment and advance prosperity for that nation.

Despite vast differences in size and population, Bhutan and India have maintained a close and friendly relationship for over 50 years. Both nations see each other as equals, respecting each other's identity and unique practices. India has supported Bhutan's desire for economic prosperity while preserving its way of life. Bhutan, in turn, trusts that its sovereignty and identity are secure from India.

The Gelephu project

During his visit to India in November 2023, the King of Bhutan discussed plans for a Mindfulness City in Gelephu, southern Bhutan. This city, similar to a Special Economic Zone, aims to attract foreign investment and promote prosperity. India, including its businesses, is expected to play a significant role. The project will prioritize sustainability, well-being, and environmental concerns, aiming to increase income levels for Bhutan while maintaining its status as a carbon-negative country. Gelephu city will also focus on human well-being, offering yoga, rest, recreation, spa therapies, and mental relaxation channels.

The anchor of hydropower cooperation

India and Bhutan have a strong relationship built on hydropower cooperation, with several projects completed and commissioned to supply clean electricity to India and generate revenue for Bhutan. This cooperation has helped Bhutan graduate from the Least Developed Country status. The delayed Punatsangchhu-II hydropower project is expected to be completed in 2024, showcasing the success of the government-to-government model of cooperation in hydropower.

A new joint venture model for hydro-projects between India and Bhutan has not been successful, as none of the proposed five projects has progressed significantly. There is a suggestion that this new model is flawed, and it may be necessary to re-evaluate and develop a more practical and potentially successful approach for future hydro projects.

India has been a significant development assistance partner to Bhutan, contributing ₹ 5,000 Cr. to its recently concluded 12th Five Year Plan. Unlike merely pursuing projects for its own benefit, India focuses on the priorities of the Bhutanese people, ensuring that projects directly benefit them. This approach, marked by collaboration and discussion, is crucial for the successful partnership between New Delhi and Thimphu, and it is important that this model continues in the future.

AGRICULTURE

Guaranteed MSP is an ethical imperative

CONTEXT: The Minimum Support Price (MSP) regime is crucial for ensuring food security in India. However, beyond legal mandates, there is a need to maintain self-sufficiency in food production and address distribution challenges. Due to the unique nature of agriculture, farmers often lack influence over the price of their produce, leading to a 'market failure.' MSP aims to keep agricultural commodity prices above a certain benchmark to ensure farmers receive fair prices for their produce.

Produce and perish trap

The MSP is announced annually for 23 crops covering both the kharif and rabi seasons, well in advance of sowing, with 21 of them being food crops. However, despite the announcements, the implementation of MSP remains poor. Only 6% of farmers, primarily those cultivating paddy and wheat in States such as Punjab, benefit from MSP. Most transactions involving these essential food commodities occur below the MSP, rendering farming economically unviable for the majority of producers in India. As a result, farmers are trapped in a dangerous cycle of produce and perish, leading to crippling debt and deaths by suicide. All these emphasise the pressing need to ensure MSP, including the one recommended by the eminent agricultural scientist M.S. Swaminathan (with a 50% profit margin).

Several articles under the Constitution, as well as the United Nations Declaration on the Rights of Peasants, support the legal recourse to guaranteeing MSP. According to a recent opinion survey by an English TV channel, 83 % of landowners and 77 % of farm labourers expressed solidarity with the agitating farmers. Notably, 64 % of the public also endorsed the farmers' demand for a legal right to MSP.

Sugarcane growers benefit from a statutory MSP that sugar factories strictly adhere to when purchasing cane. Previous attempts in Maharashtra to prevent the purchase of agricultural produce below MSP failed due to a lack of political will and strategy. The Karnataka Agricultural Price Commission has laid out a clear roadmap, including potential financial commitments, to ensure a legally binding MSP for crops cultivated in the State. A private member bill on The Farmers' Right to Guaranteed Remunerative MSP for Agricultural Commodities was tabled in 2018, and Andhra Pradesh has unveiled a draft bill to guarantee MSP for crops. These efforts demonstrate that establishing legal recourse to MSP is a longstanding objective and achievable.

The solution

A minor amendment to State APMC Acts or the Essential Commodities Act could introduce a law ensuring no transactions occur below MSP. The budget outlay would not be as large if legal recourse to MSP is accompanied by essential linkages like crop planning, market intelligence, and post-harvest infrastructure development. These measures help manage post-harvest surpluses and prevent market distortion.

Even enhancing MSP to provide a 50 % profit margin over total cost is not challenging, considering that current margins already stand at around 22 %. Finally, effective procurement and distribution, as envisaged under the National Food Security Act, 2013, is the most appropriate means to not only ensure MSP but also address hunger



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and malnutrition.

The PM-AASHA comprises schemes for price support and price deficiency payment, along with incentives to private traders to ensure MSP. While it possessed all the necessary elements as precursors to guarantee the MSP, its side-lining in policy circles highlights how political expediency rules the roost.

At present, farmers hardly get 30 % of the price paid by the consumers; this will increase if MSP is guaranteed. Establishing a legally binding MSP will anger intermediaries as their share will get reduced. Often, government intervention, and particularly a legally binding MSP, is deemed a problem. It is this adherence to free market dogma that is preventing a just solution to the ongoing crisis in farmer incomes.

POLITY & GOVERNANCE

Many pharma companies that bought poll bonds faced regulatory actions

CONTEXT: Many top purchasers of electoral bonds had also been under the scanner of the Enforcement Directorate or the Income Tax (I-T) Department at some point in the past five years.

In July 2022, the Indian Tax Department conducted searches at more than 40 offices of Micro Labs Ltd., a pharmaceutical company based in Bengaluru, and the residences of its owners. The searches revealed evidence of unethical practices and freebies to medical professionals amounting to ₹1,000 crore. The National Pharmaceutical Pricing Authority (NPPA) asked the Indian Pharmaceutical Alliance (IPA) to investigate. In September, the IPA cleared Micro Labs in a report to the NPPA, refuting the ₹1,000-crore expenditure on freebies. Subsequently, Micro Labs purchased electoral bonds worth ₹16 crore over several transactions.

In October 2021, the I-T Department found ₹550 crore in unaccounted income and seized ₹142 crore in cash after searching Hetero pharmaceutical group offices across six states. In December 2021, residents of a village in Visakhapatnam demanded action against Hetero Drugs Ltd. for laying a pipeline without clearances. In April 2022, Hetero Drugs Ltd. and Hetero Labs Ltd. each purchased bonds worth ₹20 crore. Hetero group chairman Bandi Parthasaradhi Reddy is an investor in Hazelo Lab and Hindys Lab, both of which also purchased electoral bonds. Hazelo and Hindys each bought bonds worth ₹ 2.5 crore on July 6, 2022, and ₹10 crore each on April 12, 2023. Hindys also purchased bonds worth ₹ 5 crore on July 12, 2023.

The MSN Pharma group also faced an allegation of "unaccounted income" of ₹ 400 crore from the I-T Department in February 2021. In April 2022, MSN Pharmachem Pvt. Ltd. purchased bonds worth ₹ 20 crore and another tranche of bonds worth ₹ 6 crore on November 16, 2023.

Quality issues

Intas, Lupin, and Natco faced scrutiny from the U.S. FDA over quality control issues at their Indian drug-making facilities. In October 2022, Intas purchased bonds worth ₹20 crore. The U.S. FDA flagged serious quality control issues at Intas' Ahmedabad facility in

December 2022. Lupin also faced FDA criticism for subpar drug-making conditions at some Indian facilities in late 2022. In January 2023, Lupin purchased bonds worth ₹18 crore.

Natco purchased bonds worth ₹25 lakh in October 2019 and bonds worth ₹32 crore in October and November 2023. In August 2019, the FDA inspected a Natco facility near Hyderabad and noted six "observations." Natco said it would specify corrective actions within two weeks. In October 2023, at another facility in Rangareddy district, the FDA found unclean equipment.

In another example, on November 11, 2022, Mankind Pharma Ltd. purchased bonds worth ₹24 crore months ahead of its IPO in May 2023, with a value of ₹4,326 crore. Two days later, the I-T Department raided Mankind's premises over allegations of tax evasion.

INTERNAL SECURITY

Activist calls for border march in Ladakh to mark land lost to China

CONTEXT: Around 10,000 people from Ladakh under the leadership of climate activist and education reformer Sonam Wangchuk will march to the border along China to showcase the extent of land lost to China.



Around 10,000 people from Ladakh, led by climate activist and education reformer Sonam Wangchuk, plan to march to the border with China to demonstrate the extent of land lost to the neighboring country. Wangchuk has been protesting in Leh, surviving on only salt and water for the past 14 days, demanding constitutional safeguards for the Union Territory. He stated that shepherds are now restricted from accessing areas they used to go to freely, and the march aims to verify if land has indeed been lost.

The planned march in Ladakh, led by Sonam Wangchuk, will take place in the Finger area, Demchok, Chushul, and other areas along the Line of Actual Control with China. The march is scheduled for either March 27 or April 7. It aims to highlight the conversion of prime pasture lands into solar parks and the encroachment of land by China. Wangchuk expressed concerns over nomads losing their land to both corporates setting up plants and to Chinese encroachment.

No-go areas

Following the violent clash in Galwan on June 15, 2020, where 20 Indian soldiers were killed, several rounds of talks between the Indian and Chinese armies have led to disengagement and the creation of buffer zones. Sonam Wangchuk's protest, supported by locals, centers around the failure of Statehood talks between Ladakh civil society leaders and Union Home Minister Amit Shah on March 4.

POLITY & GOVERNANCE

27.6 million people engaged in forced labour in 2021: ILO

CONTEXT: A study by the International Labour Organization (ILO) released in Geneva reported forced labour generates illegal profits worth \$ 36 billion per year.

The report titled "Profits and poverty: The economics of forced labour" based on surveys conducted among workers, including Indians in Saudi Arabia and Qatar estimate an increase of 37 % of such illegal profits since 2014, fuelled by both a growth in the number of people forced into labour, as well as higher profits generated from the exploitation of victims. Traffickers and criminals are generating close to \$10,000 per victim, up from \$ 8,269 (adjusted for inflation) a decade ago.

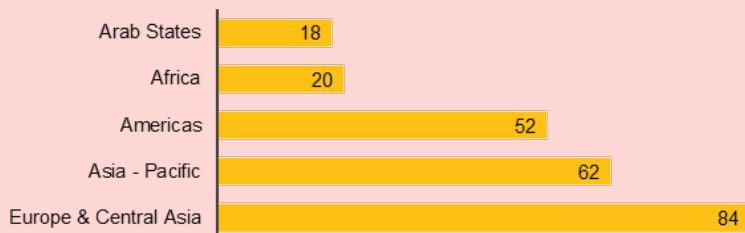


FIGURE: Bar chart representation of the region wise total annual illegal profits from forced labour.

The report also said forced commercial sexual exploitation accounts for more than two-thirds (73%) of the total illegal profits, despite accounting for only 27% of the total number of victims in privately imposed labour.

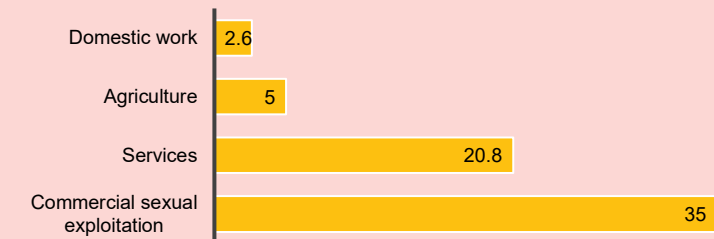


FIGURE: Bar chart representation of the sector-wise total annual illegal profits from forced labour.

These illegal profits are the wages that rightfully belong in the pockets of workers but instead remain in the hands of their exploiters, as a result of their coercive practices. Forced labour perpetuates cycles of poverty and exploitation and strikes at the heart of human dignity. There were 27.6 million people engaged in forced labour on any given day in 2021, the report said, meaning 3.5 people for every 1,000 people in the world. Between 2016 and 2021, the number of people in forced labour increased by 2.7 million.

ECONOMICS & DEVELOPMENT

'Food prices deterring inflation's fall'

CONTEXT: The repetitive incidence of short amplitude food price pressures has deterred a swifter fall in headline inflation towards the target of 4 %, even as inflation is on the ebb with broad-based softening of core inflation.

Food prices play spoiler

Repetitive incidence of short amplitude food price pressures deter a swifter fall in headline inflation, write RBI officials



- 'Core inflation's steady decline would have taken headline number towards 4% target sooner and faster but for food prices'
- Winter easing of vegetable prices had been shallow, short-lived, they observe
- Onion, potato prices have recorded an upsurge, data till March 15 show

RETAIL PRICE INFLATION

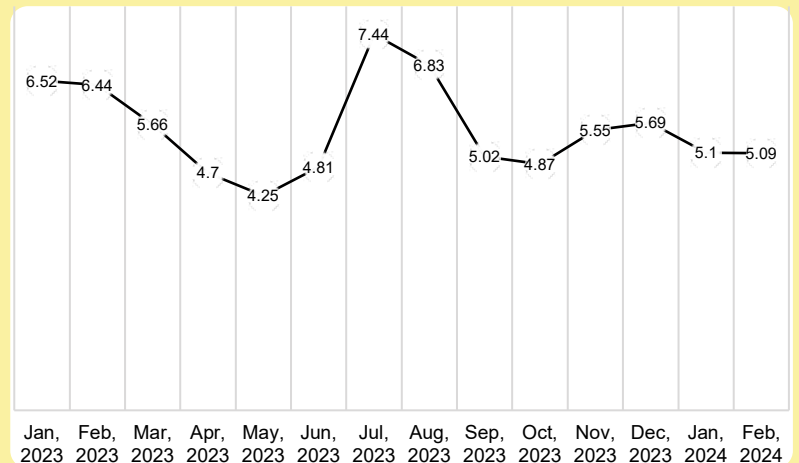


FIGURE: Line chart representation of retail price index-based inflation rates. Inset. Bar chart representation of the of **All India Retail Price Indices for food articles and Rates of Inflation (Base Year: 2011-12=100) for February, 2024.**

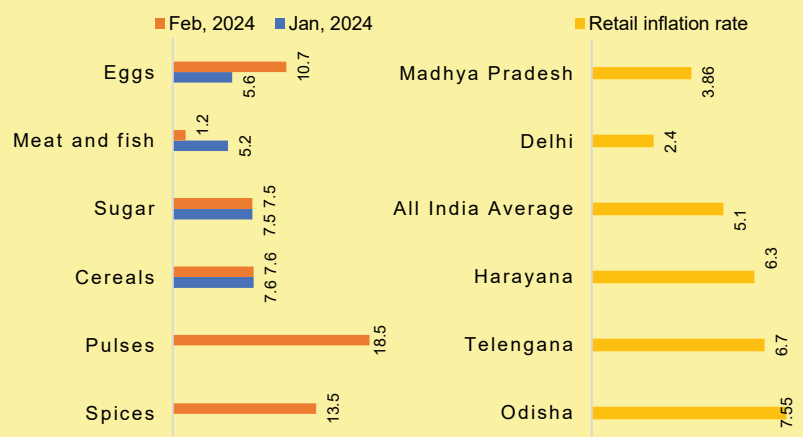
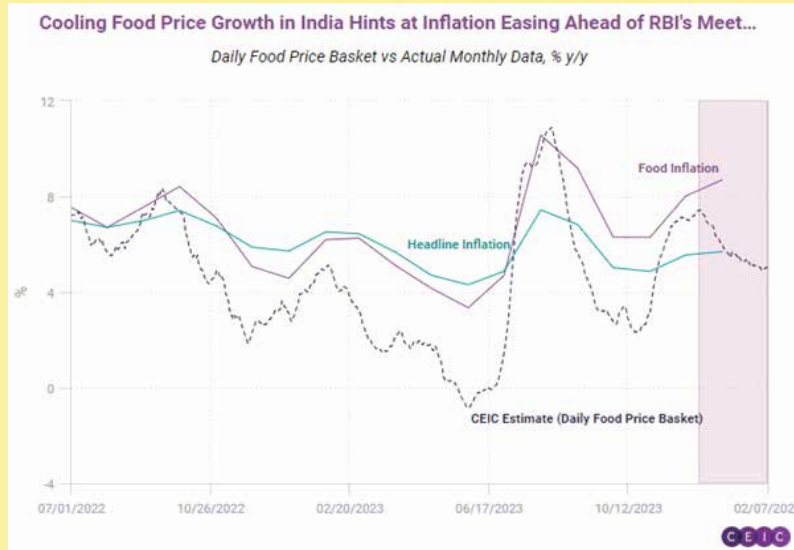


FIGURE: Column chart representation of All India Consumer Price Indices based rates of Inflation (Base Year: 2011-12=100) for February, 2024.

Consumer Food Price Index (CFPI) accelerated from 9 % in January to 9.2 % for urban residents. Rural India experienced an 8.2 % uptick in February, compared with 7.9 % in the previous month. Retail inflation stayed higher in rural India, unchanged from the 5.34 % recorded in January, while urban inflation eased slightly from 4.9 % to 4.8 % in February. Most economists expect inflation to stay in the 5.1 % - 5.2 % range in March as well.



Over the projection

Core inflation, excluding food and energy costs, remained below 4 % for the third month in a row. The current bout of inflation is purely food-driven, and will persist in the coming months as onion prices have bounced higher. The average year-on-year inflation in the fourth quarter of 2024 over the 5 % may further postpone RBI to cut interest rates.

Wholesale price inflation eased to a four-month low of 0.2 % in February, from January's 0.27 %, despite an acceleration in food and primary articles' inflation rates, owing to a sharper year-on-year drop in manufactured products' and fuel and power prices.

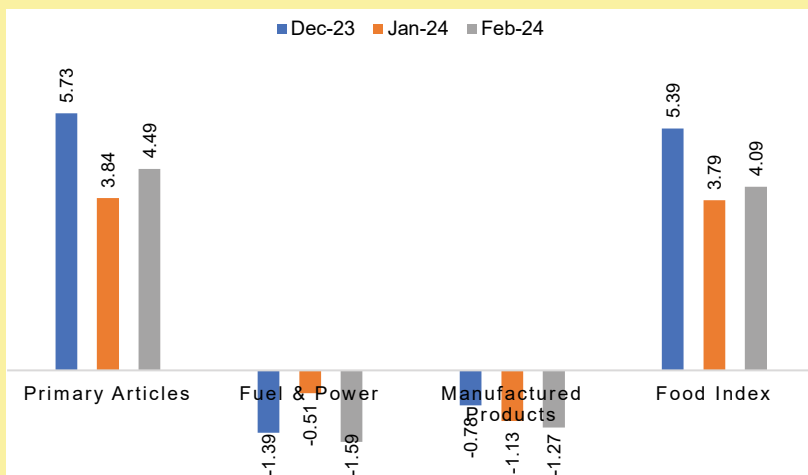


FIGURE: Column chart representation of inflation rate for the last three months of all commodities and WPI components

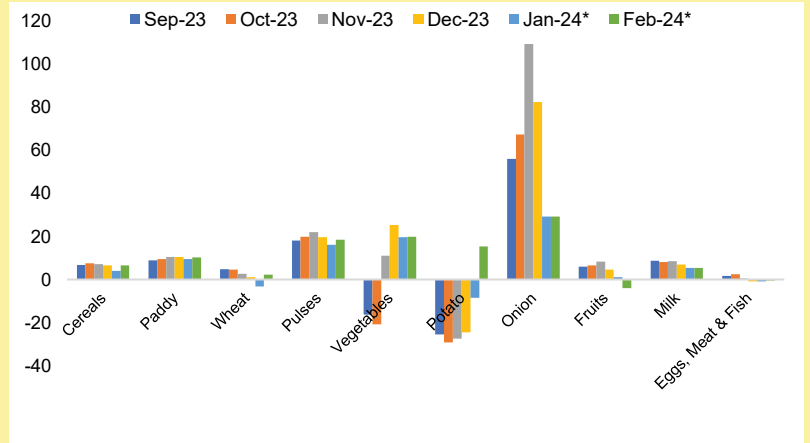


FIGURE: Column chart representation of All India Wholesale Rates of Inflation for food articles (Base Year: 2011-12=100) for February, 2024.

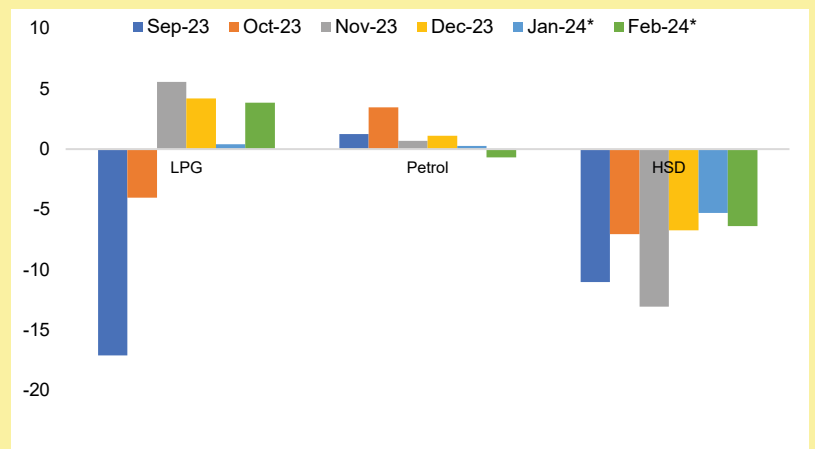


FIGURE: Column chart representation of All India Wholesale Rates of Inflation for fuel and power (Base Year: 2011-12=100) for February, 2024.

The Food Index quickened to 4.1 %, from 3.8 % in January, while primary articles' prices rose 4.5 %. On a sequential basis, the Wholesale Price Index (WPI) was 0.07% higher, with primary articles rising 0.22 % and food up 0.17 %.

SUMMARY: Reserve Bank of India (RBI) officials, including Deputy Governor Michael D. Patra, noted in an article in the RBI Bulletin that inflation is declining, with core inflation pulling down headline inflation toward the 4% target. However, repetitive short-term food price pressures have prevented faster declines. Recent Consumer Price Index (CPI) readings show shallow and short-lived easing of vegetable prices, while cereal prices remain strong and meat/fish prices have surged. Despite some food price increases, overall food price pressures have been limited by core disinflation. High-frequency data for March indicates declining cereal prices, increasing pulse prices, and softening edible oil prices. Tomato prices have corrected, while onion and potato prices have surged after recent softening. Fuel prices are also expected to deflate further in March due to a government-mandated reduction in liquefied petroleum gas (LPG) prices. Overall, headline inflation's momentum turned positive in February, offsetting a favourable base effect. The officials emphasized the need for monetary policy to remain cautious, guiding inflation toward the target while supporting economic growth.

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ECONOMICS & DEVELOPMENT

States raise record ₹50,206 cr. in debt, push up bond yields

CONTEXT: State Governments mobilised a record ₹ 50,206 crore on Tuesday through the auction of State Development Loan (SDL) bonds, even as their total borrowings in 2023-24 are likely to be far lower than the projected ₹ 10.88 lakh crore ahead of the financial year's closure.

SUMMARY: The record-high mop-up of ₹49,905 crore in State government bonds led to liquidity pressures, causing State borrowing rates to rise and widening the gap between central and State government bond yields. The weighted average cut-off of State government securities climbed to 7.45% from 7.38% the previous week. Despite an increase in 10-year government bond yields to 7.09%, similar tenure State loans' cut-off yields rose more sharply to 7.44%-7.5%. The final auction of State government bonds for the fiscal year 2024 is expected to be around ₹29,400 crore, maintaining high borrowing costs. States have borrowed ₹9.28 lakh crore so far, likely surpassing their projected borrowing plans even with the additional amount raised next week.

INTERNATIONAL RELATIONS

'Norway will invest almost half of \$100 billion under EFTA'

CONTEXT: Switzerland, the largest player is likely to contribute more than half of the \$ 100 billion free trade pact India recently signed with the European Free Trade Association (EFTA), while Norway will bring in the rest, with Iceland and Liechtenstein contributing as well, Norwegian Ambassador to India, May-Elin Stener.

SUMMARY: India signed a trade pact with EFTA countries (Switzerland, Norway, Iceland, and Liechtenstein) aiming to attract \$100 billion in investments and create one million jobs in 15 years. The pact offers tariff concessions for their pharmaceutical, chemical, and mineral exports to India. Norway, in particular, sees great potential in the Indian market, with 130 Norwegian companies already present in India. The pact is expected to attract more Norwegian investments and new entrants into India. Both countries are exploring collaborations in fisheries, agriculture, maritime, blue economy, and energy transition technologies. Norway, being a global maritime player, sees opportunities to share expertise with India, especially in sustainability, climate-related initiatives, and green technologies, areas where India's ambitions are already high.



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