

VEDHIK

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IAS ACADEMY

The New Learning Mantra

FOREWORD

We, at Team Vedhik is happy to introduce a new initiative - "Daily Current Affairs_The Hindu" compilations to help you with UPSC Civil Services Examination preparation. We believe this initiative - "Daily Current Affairs_The Hindu" would help students, especially beginners save time and streamline their preparations with regard to Current Affairs. A content page and an Appendix has been added segregating and mapping the content to the syllabus.

It is an appreciable efforts by Vedhik IAS Academy helping aspirants of UPSC Civil Services Examinations. I would like to express my sincere gratitude to Dr. Babu Sebastian, former VC - MG University in extending all support to this endeavour. Finally I also extend my thanks to thank Ms. Shilpa Sasidharan and Mr. Shahul Hameed for their assistance in the preparing the compilations.

We welcome your valuable comments so that further improvement may be made in the forthcoming material. We look forward to feedback, comments and suggestions on how to improve and add value for students. Every care has been taken to avoid typing errors and if any reader comes across any such error, the authors shall feel obliged if they are informed at their Email ID.

CONTENTS

- News -Indo-Pacific region will shape the century Blinken
GSP 02 B
- News - Russia launches Belarus military drills
GSP 02 C
- Editorials - Local job laws that raise constitutional questions
GSP 02 E
- News - Restore peace, HC says in hijab case Part I
GSP 02 E
- News -Restore peace, High Court says in hijab case Part II
GSP 02 E
- Editorials - Is the institution of Governor subverting
federal structure
GSP 02 I

CONTENTS

- Editorials - Frozen by uncertainty
GSP 03 A
- Editorials - Wrong signal
GSP 03 A
- News - RBI retains 'status quo' to spur growth
GSP 03 A
- Editorials - An MSP scheme to transform Indian agriculture
GSP 03 K
- News -Cryptos are a threat to financial stability Das
GSP 03 R

Indo-Pacific region will shape the century: Blinken

More than ever before, we need partnerships, he says

ASSOCIATED PRESS
CANBERRA

The United States remains focussed long-term on the Indo-Pacific region despite concerns over Russian aggression toward Ukraine, U.S. Secretary of State Antony Blinken said on Thursday.

Mr. Blinken is in the Australian city of Melbourne for a meeting on Friday with his counterparts from Australia, India and Japan. The four nations form the “Quad,” a bloc of Indo-Pacific democracies that was created to counter China’s influence.

“There are a few other things going on in the world right now, some of you may have noticed. We have a bit of a challenge with Ukraine and Russian aggression. We’re working 24/7 on that,” Mr. Blinken said in his first public address since arriving in Australia on Wednesday.

“But we know, the President knows and each of you knows this better than anyone else, that so much of this century is going to be shaped by what happens



Antony Blinken

here in the Indo-Pacific region,” he added.

Shared vision

The Indo-Pacific is the fastest growing region in the world, accounting for two-thirds of global economic growth over the past five years and home to half the world’s population, Mr. Blinken said. What matters in the region matters around the world and challenges like climate change and COVID-19 can’t be tackled by any nation alone, he said.

“More than ever before, we need partnerships, we need alliances, we need coalitions of countries willing to put their efforts, their resources, their minds into

tackling these problems,” Mr. Blinken said. “What really drives us is a shared vision” of a “free and open society”, he added.

Mr. Blinken’s trip is designed to reinforce America’s interests in Asia and its intent to push back against increasing Chinese assertiveness in the region. He will also visit Fiji and discuss pressing concerns about North Korea with his Japanese and South Korean counterparts in Hawaii.

Mr. Blinken said like-minded countries were standing up for shared values rather than against China. “This is not about standing against anyone in particular, it is about standing up for a rules-based order,” Mr. Blinken told Australian Broadcasting Corp.

Asked whether the Biden administration viewed Russia or China as the greater threat to global security, Mr. Blinken replied: “These are ... very different challenges. Russia right now poses an immediate challenge.”

Russia launches Belarus military drills

Ukraine denounces the exercises as 'psychological pressure', France terms them 'a very violent gesture'

AGENCE FRANCE-PRESSE
MOSCOW

Russia rolled its tanks across Belarus on Thursday for live-fire drills that drew an ominous warning from NATO and added urgency to Western efforts to avert a feared invasion of Ukraine.

NATO said Russia's deployment of missiles, heavy armour and machine-gun toting soldiers marked a "dangerous moment" for Europe some three decades after the Soviet Union's collapse.

The war games – set to run until February 20 – followed a gradual Russian military build-up around Ukraine that some U.S. estimates say has reached 1,30,000 soldiers grouped in dozens of combat brigades.

Western leaders have been shuttling to Moscow in an effort to keep the lines of communication open, giving Russia a chance to air its grievances about NATO's expansion into eastern Europe and ex-Soviet states.

British Foreign Secretary Liz Truss took a tough message to Moscow on Thursday, accusing Russia of adopting a



War games: The S-400 air defence system being prepared during the joint exercise of the armed forces of Russia and Belarus in the Brest region of Belarus. •AFP

"threatening posture" and urging the Kremlin to withdraw its forces to prove it had no plans to mount an attack.

Kiev denounced the war games as "psychological pressure", while French Foreign Minister Jean-Yves Le Drian called the exercises "a very violent gesture".

Six warship

Russia has also sent six warship through the Bosphorus for naval drills on the Black Sea and the neighbouring Sea of Azov.

Kiev condemned their presence as an "unprecedented" attempt to cut off Ukraine from both seas.

Moscow and Minsk have not disclosed how many troops are participating, but the United States has said around 30,000 soldiers were being dispatched to Belarus from locations including Russia's Far East.

Russia's Defence Ministry said the exercises would centre around "suppressing and repelling external aggression". The Kremlin has insisted that the troops will

go home after the exercises.

But Ukraine's President Volodymyr Zelensky said "the accumulation of forces at the border is psychological pressure from our neighbours".

Kiev has launched its own military drills expected to mirror Russia's games, but officials have said little about them out of apparent fear of escalating tensions. "All the (Russian) talk about some mythical threat from NATO or Ukraine is nonsense," Ukrainian Foreign Minister Dmytro Kuleba said.

Local job laws that raise constitutional questions

State laws that limit the rights of out-of-State citizens go against the idea of India being one nation



M.R. MADHAVAN

The Supreme Court of India will soon hear a petition to remove the stay on the Haryana State Employment of Local Candidates Act, or the Haryana Act, that reserves 75% of jobs in the private sector in the State for local residents. The Act applies to jobs that pay up to ₹30,000 per month, and employers have to register all such employees on a designated portal. The Government may also exempt certain industries by notification, and has so far exempted new start-ups and new Information Technology Enabled Services (ITES) companies, as well as short-term employment, farm labour, domestic work, and promotions and transfers within the State. The Act was enacted in February 2021, and brought into effect in January 2022. Last week, the Punjab and Haryana High Court admitted a petition challenging the constitutionality of the Act, and stayed the implementation until it heard the case. The petition in the Supreme Court is by the Haryana government to remove the stay.

At the core of the issue

Other States such as Andhra Pradesh and Jharkhand have passed similar Bills. The Andhra Pradesh legislation has been challenged in the Andhra Pradesh High Court. These Acts raise several constitutional questions. The Supreme

Court will first have to decide whether it will wait for the High Courts to decide the respective cases (and then hear any appeal), or whether it will draw the cases to itself as similar substantial constitutional issues are pending across High Courts.

There are at least three important constitutional questions that arise from this Act. First, Article 19 (1)(g) of the Constitution guarantees freedom to carry out any occupation, trade or business. There may be reasonable restrictions “in the interests of the general public”, and in particular related to specifying any professional or technical qualifications, or to reserve a sector for government monopoly. This Act, by requiring private businesses to reserve 75% of lower end jobs for locals, encroaches upon their right to carry out any occupation.

In 2002, in the T.M.A. Pai Foundation case, the Supreme Court stated that private educational institutions have autonomy in their administration and management. In 2005, in the P.A. Inamdar case, it said that reservation cannot be mandated on educational institutions that do not receive financial aid from the state, as that would affect the freedom of occupation. In 2005, the Constitution was amended to allow reservation in private educational institutions for socially and educationally backward classes and Scheduled Castes and Scheduled Tribes. Note that this amendment applies to admissions in private educational institutions and not to jobs in the private sector.

Second, the provision of reservation by virtue of domicile or residence may be unconstitutional.



GETTY IMAGES/ISTOCKPHOTO

Article 16 of the Constitution specifically provides for equality of opportunity for all citizens in public employment. It prohibits discrimination on several grounds including place of birth and residence. However, it permits Parliament to make law that requires residence within a State for appointment to a public office. Note two points here. This enabling provision is for public employment and not for private sector jobs. And the law needs to be made by Parliament, and not by a State legislature.

Point of a ‘special case’

There have been several cases related to public employment. For example, the Supreme Court, in 2002, ruled that preference given to applicants from a particular region of Rajasthan for appointment as government teachers was unconstitutional. It said that reservations can be made for backward classes of citizens but this cannot be solely on account of residence or domicile. In 1995, Rules in Andhra Pradesh that gave preference to candidates who had studied in the Telugu medium were struck down on grounds that it discriminated against more meritorious candidates.

The third question is whether 75% reservation is permitted. In the Indra Sawhney case in 1992,

the Supreme Court capped reservations in public services at 50%. It however said that there may be extraordinary situations which may need a relaxation in this rule. It gave examples of far-flung and remote areas, where the population may need to be treated in a different way. It also specified that “in doing so, extreme caution is to be exercised and a special case made out”. That is, the onus is on the State to make a special case of exceptional circumstances, for the 50% upper limit on reservations to be relaxed.

This question has arisen in several cases later. Telangana (2017), Rajasthan (2019) and Maharashtra (2018) have passed Acts which breach the 50% limit. The Maharashtra Act, which provided reservations for Marathas was struck down by the Supreme Court in May 2021 on grounds of breaching the 50% limit. It stated that the 50% limit is “to fulfil the objective of equality”, and that to breach the limit “is to have a society which is not founded on equality but on caste rule”.

Affects equality

The Haryana Act does not further “caste rule” as it is for all residents of the State irrespective of caste but it breaches the notion of equality of all citizens of India. Again, note that all these cases relate to either public employment or to admissions to educational institutions, while the Haryana Act is about private sector employment. However, one may contend that any reservation requirement imposed on the private sector should not be higher than the limits on the public sector.

Over the last three years, three

States have enacted laws that limit employment for citizens from outside the State. These laws raise questions on the conception of India as a nation. The Constitution conceptualises India as one nation with all citizens having equal rights to live, travel and work anywhere in the country. These State laws go against this vision by restricting the right of out-of-State citizens to find employment in the State. This restriction may also indirectly affect the right to reside across India as finding employment becomes difficult. If more States follow similar policies, it would be difficult for citizens to migrate from their State to other States to find work.

Another fallout

There would be adverse economic implications of such policies. Other than potentially increasing costs for companies, there may also be an increase in income inequality across States as citizens of poorer States with fewer job opportunities are trapped within their States. There may also be serious consequences to the idea of India as a nation. Can people across States imagine themselves as citizens of one nation if they cannot freely find work and settle down across the nation? The courts, while looking at the narrow questions of whether these laws violate fundamental rights, should also examine whether they breach the basic structure of the Constitution that views India as one nation which is a union of States, and not as a conglomeration of independent States.

M.R. Madhavan is President of PRS Legislative Research, New Delhi

Restore peace, HC says in hijab case

Bench adjourns hearing on petitions to Feb. 14

SPECIAL CORRESPONDENT
BENGALURU

Indicating that it will pass an interim order, a three-judge Bench of the High Court of Karnataka on Thursday adjourned to February 14 the further hearing on petitions questioning the ban on wearing of hijabs (head scarves) by Muslim girl students on college premises.

Towards the end of day's hearing, Chief Justice Ritu Raj Awasthi indicated to the advocates for the petitioner-students and the State Advocate General that the court will pass an interim order for starting the educational in-



Show of support: Women protesting over the Karnataka hijab row, in Visakhapatnam on Thursday. ■ K.R. DEEPAK

stitutions and that all students should not insist on wearing head scarves or saffron shawls till the Bench decides the issues raised in the petitions. The Chief Justice said peace and tranquillity in the State would have to be

restored and the court was prepared to hear the matter on day-to-day basis and decide at the earliest.

However, senior advocate Davadatt Kamat, appearing for some of the students, said if the court passed such

an order, even if for a short period, it would amount to "suspension" of the right of freedom to religion of the Muslim girl students.

CONTINUED ON ► PAGE 8

MORE REPORTS ► PAGES 2 & 8

Restore peace, High Court says in hijab case

Mr. Kamat requested the court to record his objection if the Bench was considering to pass an order restraining use of religious attire by all the students till the petitions were decided as it would be "total affront to the petitioners' rights".

Following this submission, the Bench, also consisting of Justices Krishna S. Dixit and Jaibunnisa M. Khazi, said it would pass an appropriate order and adjourned the hearing till February 14.

Earlier, senior advocate Sanjay Hegde, appearing for the four Muslim girl students of the Government PU College for Girls, contended that the Karnataka Education Act, 1983 had no provision for regulating uniform.

Mr. Hegde also argued that the Rule 11 of the Karnataka Educational Institutions (Classification, Regu-

lation and Prescription of Curricula, etc.) Rules, 1995, under which the government on February 5, 2022 issued a guideline on dress code, was not applicable to the pre-university colleges. The Rules, notified in 2006 for pre-university colleges, had no provision for dress code, he claimed.

Meanwhile, Advocate General Prabhuling K. Navadgi told the Bench that the government wanted to restart the educational institutions but it did not want to see students coming in attire of their choice but should follow the uniform prescribed by the respective institutions.

At this stage, Mr. Kamat said there was no dispute about wearing of uniform and the petitioners too were ready to wear the prescribed uniform but want to wear a hijab of the colour matching the uniform.

Is the institution of Governor subverting federal structure?

PARLEY

Regular discussions are the best way to resolve differences between Governors and Chief Ministers

Governor R.N. Ravi returning the National Eligibility-cum-Entrance Test (NEET) Bill passed by the Tamil Nadu Assembly and the running battle between West Bengal Governor Jagdeep Dhankhar and Chief Minister Mamata Banerjee underline again the problematic role that governors play in Indian politics. In a conversation moderated by Amit Baruah, Gopalkrishna Gandhi and Shadan Farasat discuss this issue. Edited excerpts:

What do you make of this battle between the West Bengal Governor and Chief Minister? Can a State run if two constitutional functionaries are at loggerheads?

Gopalkrishna Gandhi: The situation in West Bengal is a somewhat extreme example of a situation which has existed in many States over a period of time – of inherent tension between the Governor, who is appointed by the President, and the State government, headed by a popularly elected Chief Minister. In Bengal, the Governor and the Chief Minister could have shown their perspectives both to each other and to the people of the State in a manner in which the two offices would not have been diminished.

It is not surprising in a democracy, which has room for a non-elected head of state and an elected head of government, to have very different perspectives on legislative, administrative and political matters. It is perfectly possible for these different perspectives to be played out in a way that does not hurt one another or the institutions of the state. Much depends, therefore, on the personalities involved. I don't want to go into the personalities of the two leaders that we are talking about. And I say leader consciously, even for the Governor, because the Governor is head of state and he leads in many ways the political narrative, the constitutional narrative, and the narrative of governance in the State, because he or she heads the State, and cannot but head the State without reading the State.

I want to talk about a concept which governs the non-elected and elected functionaries of the State in

India. The President of India is indirectly elected. He's seen more as a person who has assumed the office through a constitutional mechanism which is elective in a very technical sense but is essentially beyond elections. The President has the opportunity, the facility and the duty to look upon anything that comes before him with only the Constitution in mind. And so the President can afford to take a view which is not popular either with the executive or with public or media opinion. If the President goes along the grain of public opinion, and is faithful to the letter and spirit of the Constitution, there is no way in which the President's view can be ignored. So also the Governor. Conversations between the Governor and the Chief Minister are extremely important and follow serious decisions, negotiations, important analyses and decisions. The law is clear that the elected government has the final say on any matter.

What is your sense of the role of the Governor, especially with the Tamil Nadu Governor returning a Bill that seeks to exempt State students from the NEET exam?

Shadan Farasat: The role of the Governor, constitutionally speaking, is quite well defined. Article 163 is clear that the Governor is bound by the aid and advice of the Council of Ministers. Although a government is run in the name of the President or the Governor, the real power that it exercises is with the elected wing. The role of the Governor or the President, as it may be, with some differences, is effectively just nominal. Having said that, Governor has the ability to engage with the government at a private level and the power of persuasion as a constitutional head. What we are seeing in West Bengal is quite extraordinary. The Governor on social media openly expresses disagreement day in and day out with the policies of the government. The Governor, as a nominal head of the state, cannot have a view different from the elected government, or at least express it publicly.



The Governor, as a nominal head of the state, cannot have a view different from the elected government, or at least express it publicly.

SHADAN FARASAT

Insofar as Tamil Nadu is concerned, the Governor may have a view that exemption from NEET is not necessary. The legislature of Tamil Nadu has passed a legislation. There are some constitutional issues involved if there is some conflict with either a central law or which raises the issues of repugnancy where presidential assent may be required. If there is an issue of repugnancy, the Governor has to lay it and place it before the President.

The Bill was passed again by the Tamil Nadu Assembly. What happens now?

SF: If there is the issue of repugnancy, he will have to send it to the President. The power to undo repugnancy is only with the President acting on the aid and advice of the Union Cabinet and Council of Ministers. That the Bill was passed again shows that whatever reservations the Governor may have had have now been reconsidered by the legislature. And the legislature still holds its view in terms of passing that legislation. And to that extent, it's that much weightier.

Mr. Gandhi, you were Governor of West Bengal from 2004 to 2009. Your comments on the Nandigram issue didn't go down very well with the State government of the day. Tell us a little bit about your experience.

GG: It is very important for there to be a dialogue between the Chief Minister and the Governor. Now, it's important for us to know that while the Constitution is clear about the role of the Governor (he can only act on the advice of the government), the Governor is also accountable to the people of the State. He can't be having a conversation with

parties in which the Governor has been appointed by the present ruling dispensation in the Centre. They are working with some degree of cordiality, perhaps with some difficult moments, but nonetheless with cordiality, and that says a lot about the office of the Governor and the incumbent Chief Ministers.

There have been many occasions when the Centre has sounded out a Chief Minister before appointing a Governor. Can that convention be restored?

GG: I would say the convention of the Union government, the President, the Home Minister and the Prime Minister sounding out the Chief Minister about an incumbent is a healthy convention. If it is observed in the breach, then the beginning of the Governor's incumbency is, to that extent, rocked. It is also possible that the Chief Minister, not having been sounded, can find in the Governor a perfectly genial, senior colleague to work with. So, yes, sounding out is a desirable convention, but much more important is the selection of the person. And there, apart from the very first few years under Jawaharlal Nehru when persons of integrity, though not without political affiliation (many of them were Congresspersons), shed their political bias as soon as they entered Raj Bhavan, that has not been the case in subsequent years, certainly not during Indra Gandhi's prime ministership, and also not the case with the party that defeated her. Mrs. Gandhi invoked Article 356 39 times, but the next government also invoked it something like nine times in that brief period. So, much depends on the person.

The Governors who signed the recommendation for President's Rule did not do any service to either the Constitution or to their own conscience. The few who may have demurred are the Governors who have done a service. Here, I must mention the example of B.K. Nehru in Jammu and Kashmir whose views ran counter to those of Mrs. Gandhi. He was a shining example of a Governor who could be independent even in the context of Article 356 and other policy directives from the Centre regarding the State.

How can the delicate balance,

envisaged between the Centre and States in the Constitution, be maintained?

SF: I think there is always a balance to be drawn. The Constitution, as originally envisaged, had a pro-Centre government tilt because we were coming from a national movement and there were concerns about how well the federation would hold up. But, in practice, we have federated quite well. The best way to resolve differences is through discussion. Of course, if there is party positioning alone, which is guiding the Governor who has been appointed by a certain political party, then it's unlikely to be resolved through discussion. In that case, it is essential that courts function effectively. Unfortunately, our courts, even in important constitutional matters, including concerning some of the issues of a federal setup, have kept the issues pending. One of the examples is the J&K issue. One part is Article 370 itself. The other is the conversion of a full-fledged State to two Union Territories without taking the views of the State Assembly. Now, that second issue will equally apply to any other State in India. It is effectively very essential for understanding federalism. So, when things don't work out through engagement and statesmanship, it is the courts which have to give an answer quickly.

Mr. Gandhi, what is your sense of this balance between the Centre and States?

GG: The balance between the Centre and the States has been envisioned by the framers of the Constitution. It is an extraordinary balance. In making that balance work, the President has an extraordinary role. In the appointment of Governors, again, the President has a huge role, because in that balance, the glue is provided by the Governors. Presidents have spoken candidly about names that have come to them from the Prime Minister of the day about Governors' appointees and the President said, sorry, I don't think this is a very good name and the Prime Minister accepted that. So, in the choice of the Governors, the President has a huge role and if those Governors are appointed with care, then the balance is, to that extent, more secure.



Gopalkrishna Gandhi is distinguished professor of history and politics, Ashoka University



Shadan Farasat is an advocate practising law at the Supreme Court of India



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Frozen by uncertainty

RBI has forsaken its mandate of ensuring price stability to give an impetus to the economy

The Monetary Policy Committee's decision to leave interest rates unchanged and retain its "accommodative" policy stance, albeit with one member dissenting over the stance, shows a central bank frozen into inaction by the "Knightian" or unquantifiable uncertainty surrounding the pandemic-hit economy. In sticking with the status quo, the RBI's policymakers have underscored that they find themselves trapped in a no man's land. On the one hand, both the global and domestic economy have suffered a loss of momentum in the wake of the Omicron wave and prognosticating prospects for the recovery has become even more risky in the face of the uncertainty shrouding the pandemic. In India, private consumption, which is the mainstay of domestic demand, shows little signs of regaining traction. Add to the mix the persistent increase in international commodity prices, a surge in volatility in international financial markets and global supply bottlenecks, and the risks to the outlook are further heightened. The most telling manifestation of the RBI's prognosis for growth is its forecast for GDP expansion in 2022-23 – a markedly lower 7.8% when compared with the 8.0%-8.5% projection made in the Economic Survey. With the contact-intensive components of the services sector and private investment also becalmed, the central bank in fact expects growth in the next fiscal to sharply tail off over the course of the year: slowing from a 17.2% expansion in Q1, to 4.5% in Q4.

Nor is there any respite on the price stability front, the RBI's brave attempts at downplaying the risks notwithstanding. Consumer Price Index-based inflation is seen peaking in the current, fourth fiscal quarter and averaging 5.7% after 'moving close' to the upper tolerance threshold of 6% in January, according to RBI Governor Shaktikanta Das. And disconcertingly, even as Mr. Das acknowledges that the hardening of global crude oil prices poses a major upside risk to the outlook for price gains, monetary authorities appear to have plumped for backing their own optimistic assumptions. An expected softening in vegetable prices on account of winter arrivals, and the improving prospects for food-grains production have prompted them to posit that the "improving inflation outlook" gives them comfort to continue to keep policy 'growth supportive'. With the MPC's forecast for inflation to average 4.5% over 2022-23 predicated on another significant uncertainty, a normal monsoon, the RBI's rate setting panel has risked forsaking its primary mandate of ensuring price stability at the altar of imparting a monetary impetus to the economy. At a time when inflation is at multi-decadal highs in a number of countries, prompting several major central banks including the Federal Reserve in the U.S. to start normalising policy, there is a real danger of the RBI falling behind the curve.

Wrong signal

HC order accepting national security bogey to shut down channel is concerning

The Kerala High Court judgment upholding the Government's revoking the broadcasting permission given to Malayalam news channel MediaOne is plainly wrong. The I&B Ministry did not renew the channel's permission to uplink and downlink signals after the Union Home Ministry declined security clearance. The company and some employees challenged the action. The court seems to have endorsed the Government's stand that it was a national security issue and, therefore, there was no need to observe the principles of natural justice. The Government claimed there were sufficient reasons, even though they were not disclosed. It is unfortunate that the court chose to accept the submission of documents in a sealed cover and agree with the authorities that there were intelligence inputs that warranted the denial of security clearance, without the petitioners being shown the contents. The court's decision goes against emerging jurisprudence that any restriction on fundamental rights must not only be reasonable, as permitted in the Constitution, but also withstand the test of proportionality. In this case, broadcasting involves the inter-connected rights concerning media freedom, freedom to disseminate information and the freedom to consume information. All these fall under the framework of freedom of speech and expression. The court seems to have accepted the restriction without examining its reasonableness in any way. It has negated not only the channel's right to broadcast but also its viewers' right to know.

It is astounding that the court dismissed the precedent set in a recent case that national security cannot be used as a pretext to avoid any judicial examination of restrictions imposed by the state. Raising the spectre of national security did not give a free pass to the Government, the court had noted in the case involving allegations of the use of Pegasus, a spyware, against citizens. By claiming that it was in a case that involved the 'right to privacy' and not germane to the MediaOne case, the judge seems to have erred. The need for circumspection against the bogey of national security being raised to deny or curtail fundamental rights is a general principle, and not confined to a particular right. Further, it is plainly unacceptable that the much-derided form of 'sealed cover' justice is being used as an aid to adjudication. Even though courts recognise that the scope for judicial review in matters of national security is limited, any claim that a particular action was based on that ground ought to be substantiated by the Government, even if it is reluctant to disclose all details. If this practice of using confidential intelligence claims to revoke the permission given to a channel to operate is encouraged, freedom of the media will be in great peril.

RBI retains 'status quo' to spur growth

Central bank's MPC holds interest rates, keeps stance 'accommodative' to ensure durable recovery

SPECIAL CORRESPONDENT
MUMBAI

The RBI's Monetary Policy Committee (MPC) on Thursday kept policy interest rates unchanged and by a 5-1 majority voted to continue the 'accommodative' stance as long as necessary to revive and sustain growth on a durable basis while ensuring that inflation remains within the target going forward.

Flagging potential downside risks from the "highly contagious Omicron variant", the MPC noted there had been some loss of momentum in economic activity as reflected in high frequency indicators.

"The demand for contact-intensive services is still muted," Governor Shaktikanta Das said in his statement adding, "MPC also noted that



Price peak: RBI expects headline CPI inflation to peak in the current quarter and moderate thereafter. ■ G. RAMAKRISHNA

consumer price inflation has edged higher since its last meeting, but largely along anticipated lines". Also, while core inflation remained elevated, demand-pull pressures were still muted, Mr. Das added.

"The renewed surge in in-

ternational crude oil prices, however, needs close monitoring," he said. Stating that headline inflation would peak in the current quarter within the tolerance band and then moderate closer to target in the second half of 2022-23, he said this had pro-

vided room for policy to remain accommodative.

'Support warranted'

"Taking into consideration the outlook for inflation and growth, in particular the comfort provided by the improving inflation outlook, the uncertainties related to Omicron and global spillovers, the MPC was of the view that continued policy support is warranted for a durable and broad-based recovery," he stressed.

Observing that there was some loss of the momentum of near-term growth while global factors were turning adverse, Mr. Das said: "Looking ahead, domestic growth drivers are gradually improving. Considering all these factors, real GDP growth is projected at 7.8% for 2022-23

with Q1 at 17.2%, Q2 at 7%, Q3 at 4.3%, and Q4 at 4.5%".

Emphasising that core inflation remained elevated at tolerance testing levels, although the continuing pass through of fuel tax cuts would help to moderate input cost pressures, Mr. Das said, "CPI reading for January 2022 is expected to move closer to the upper tolerance band, largely due to adverse base effects." The CPI inflation for 2022-23 is projected at 4.5% with Q1 at 4.9%, Q2 at 5%, Q3 at 4% and Q4 at 4.2%, with risks broadly balanced, he said.

"Our monetary policy would continue to be guided by its primary mandate of price stability over the medium term, while also ensuring a strong and sustained economic recovery," he added.

An MSP scheme to transform Indian agriculture

A decentralised plan would aid price stabilisation, offer income support, and also cope with the indebtedness of farmers



AMIT BHADURI &
KAUSTAV BANERJEE

The ongoing struggle of farmers is not for political power. It is a struggle to transform Indian agriculture and the livelihoods of the farming majority which are in ruins in most parts of the country. The compulsion of our time is to give a new direction to a peaceful peoples' movement to generate momentum in small peasant agriculture, which in turn could give real content to our democracy. Setting aside false promises of doubling the farmers' income by the Government or pretending that market-friendly reforms will do the trick, we propose a different way of designing a minimum support price (MSP).

A background

The massive solidarity (despite deeply divisive social faultlines) seen in the recent farmers' movement has already shaken the Himalayan arrogance of the Government. Maintaining that solidarity is essential, which means MSP must look especially into the requirements of farmers and the landless. MSP could serve, in principle, three purposes – price stabilisation in the food grains market, income support to farmers, and also as a mechanism for coping with the indebtedness of farmers.

The price stabilisation policy for food grains in India evolved over time, first with the Essential Commodities Act in 1955 to counter price rise due to speculative private trading and then MSP in the 1960s. A buffer stock policy

with the public storage of food grains for market intervention was developed over time to involve different kinds of mechanisms such as: setting cost-based minimum procurement price; paying the difference between procurement price and market price; storing the procured surplus for sale through the Public Distribution System (PDS) at issue price, and market intervention to stabilise price when deemed necessary. These induced farmers to shift to a high-yielding varieties cropping pattern during the Green Revolution, while ensuring food security for citizens. This task required interlinking procurement, storage and distribution with more centralised investment and control of each of these tasks.

Partial coverage

The procurement and PDS from the Green Revolution period provided assured price incentives for rice, wheat and sugar (the flagships of the Green Revolution), but left out some 20 crops now under discussion for MSP including millets, coarse cereals, pulses and oilseeds. As a result, this partial MSP coverage skewed the cropping pattern against several coarse grains and millets particularly in rain-fed areas. The area under cultivation of rice and wheat from the time of the Green Revolution till recently increased from 30 million hectares to 44 million hectares and nine million hectares to 31 million hectares, respectively, while that of coarse cereals plunged from 37 million hectares to 25 million hectares. Although part of the diet of many people across the country, these left-out crops (grown mostly in rain-fed conditions) were not made available in ration shops. Almost 68% of Indian agriculture is rain fed and the crops grown in these regions are usually more drought resistant, nutritious and staple in the diet of the poorer sub-



FILE PHOTO/ANKHLESH KUMAR

sistence farmers. This has been a particularly vulnerable point of our food security system; greater coverage of all 23 crops under MSP is a way of improving both food security and income support to the poorest farmers in rain-fed regions.

Economic cost

The centralised mechanism for ensuring distribution of the procured stock of rice and wheat at MSP entails bringing the procured grains to centralised Food Corporation warehouses. Here they are milled, made ready for consumption and sent back to each district/province, and from there to villages/slums/wards for distribution through fair price (ration) shops at an issue price fixed by the government which is below the market price to make it affordable for poor households.

The total economic cost involving subsidy for selling below market price along with procurement costs, distribution costs of freight, handling, storage, interest and administrative charges along with costs borne due to transit and storage losses would be around ₹3 lakh-crore. Sugarcane comes under a separate category because all this is organised through private sugar mills and is often plagued by delays.

If price is charged in a range according to harvest conditions, the total economic cost will vary with-

in a price "band".

As a band

MSP has to be conceived as a list of some 23 crops with a more flexible arrangement. Each crop within a band of maximum and a minimum price depending on harvest conditions (i.e. higher price in a bad and lower price in a good harvest year in general) will have its price set in the band. The price of some selected coarse grains can be fixed at the upper end of its band to encourage their production in rain fed areas. In this way, the objectives of income support to farmers, price stabilisation and food security and inducing more climate-friendly cropping patterns can be combined to an extent. Wide coverage of MSP through income support to farmers would generate massive positive economic externalities through raising industrial demand especially for the unorganised sector. This will help in extending solidarity among farmers and non-farmers while creating a chain reaction of demand expansion through multipliers for the whole economy.

For estimating the additional cost of a wider MSP; of the total grains produced some 45%-50% is for farmers' self-consumption and the rest is marketed surplus. This marketed surplus sets the upper bound of total procurement cost from which must be deducted the net revenue recovered through the PDS (if all these crops are sold through ration shops). Our preliminary estimate puts it in the range of ₹5 lakh-crore, far less than the ₹17 lakh-crore estimated by the government. It is of the same order of magnitude as DA to public sector employees (less than 5% of the population, and the total tax break and income foregone announced in the Budget for a handful of industrial houses (₹3 lakh-crore), not to speak of a wilful de-

fault of bank loans by a handful of borrowers (well over ₹10 lakh-crore). This expenditure will benefit more than half the population directly and another 20%-25% of the population indirectly in the unorganised sector – over 70% of India's citizens.

A real breakthrough in the recurring problem of agricultural debt can be made by the linking of selling of grains under MSP to provision of bank credit particularly for small farmers. The farmer can get a certificate selling grains at MSP which would be credit points proportional to the amount sold; this will entitle them to a bank loan as their right, and calibrate the fluctuations between good and bad harvest years by storing the certificates for later use. This mechanism would go a long way not only in addressing the indebtedness in the farming community but also has the virtue of great administrative simplicity in disbursing bank loans.

It needs emphasising that how effectively such an MSP scheme could be implemented would depend largely on decentralising the implementing agencies under the constitutionally mandated supervision of panchayats. The near miracle we have witnessed in organising and unifying the farmers' movement across caste, class and gender through the panchayat and maha-panchayat system in Punjab, Haryana and West Uttar Pradesh raises hope that they will turn their attention to decentralising the MSP implementation mechanism. The movement enabled massive and effective mobilisation through these decentralised bodies. Therefore, they are capable of doing it again.

Amit Bhaduri has taught economics across various universities. Kaustav Banerjee teaches at Dr. B.R. Ambedkar University Delhi

Cryptos are a threat to financial stability: Das

‘Lack of underlying is risk to investors’

SPECIAL CORRESPONDENT

MUMBAI

RBI Governor Shaktikanta Das on Thursday said that cryptocurrencies were a threat to the country’s financial stability and had no underlying value.

“Investors in cryptocurrencies, when they are investing, should keep in mind that whatever they are investing is at their own risk. They should also keep in mind that cryptocurrencies have no underlying [asset], not even a tulip.”

The tulip reference is to a 17th-century market bubble when investors bet on the price of tulip bulbs.

“Private cryptocurrency or whatever the name you call [it by] is a big threat to our macroeconomic and fi-



ancial stability,” Mr. Das said in response to a question on cryptocurrencies at a post-monetary policy press conference.

Mr. Das said the RBI was working carefully to introduce its own Central Bank Digital Currency (CBDC).

“We are making progress on CBDC after... cautiously examining it because there are risks,” he added.

General Studies Paper I	
A	History of Indian culture will cover the salient aspects of art forms, literature and architecture from ancient to modern times;
B	Modern Indian history from about the middle of the eighteenth century until the present-significant events, personalities, issues;
C	Freedom struggle-its various stages and important contributors / contributions from different parts of the country;
D	Post-independence consolidation and reorganization within the country;
E	History of the world will include events from 18 th century such as industrial revolution, world wars, re-drawal of national boundaries, colonization, decolonization,
F	Political philosophies like communism, capitalism, socialism etc.-their forms and effect on the society
G	Salient features of Indian Society, Diversity of India;
H	Effects of globalization on Indian society;
I	Role of women and women's organization;
J	Social empowerment, communalism, regionalism & secularism
K	Salient features of world's physical geography;
L	Geographical features and their location- changes in critical geographical features (including water bodies and ice-caps) and in flora and fauna and the effects of such changes;
M	Important Geophysical phenomena such as earthquakes, Tsunami, Volcanic activity, cyclone etc.
N	Distribution of key natural resources across the world (including South Asia and the Indian subcontinent);
O	Factors responsible for the location of primary, secondary, and tertiary sector industries in various parts of the world (including India);
P	Population and associated issues;
Q	Urbanization, their problems and their remedies
General Studies Paper II	
A	India and its neighbourhood- relations;
B	Important International institutions, agencies and fora- their structure, mandate;
C	Effect of policies and politics of developed and developing countries on India's interests;
D	Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests.
E	Indian Constitution, historical underpinnings, evolution, features, amendments, significant provisions and basic structure;
F	Comparison of the Indian Constitutional scheme with other countries;
G	Functions and responsibilities of the Union and the States, issues and challenges pertaining to the federal structure, devolution of powers and finances up to local levels and challenges therein; Inclusive growth and issues arising from it;
H	Parliament and State Legislatures - structure, functioning, conduct of business, powers & privileges and issues arising out of these;
I	Structure, organization and functioning of the executive and the judiciary, Ministries and Departments;

J	Separation of powers between various organs dispute redressal mechanisms and institutions;
K	Appointment to various Constitutional posts, powers, functions and responsibilities of various Constitutional bodies;
L	Statutory, regulatory and various quasi-judicial bodies;
M	Mechanisms, laws, institutions and bodies constituted for the protection and betterment of these vulnerable sections;
N	Salient features of the Representation of People's Act;
O	Important aspects of governance, transparency and accountability, e-governance- applications, models, successes, limitations, and potential;
P	Citizens charters, transparency & accountability and institutional and other measures;
Q	Issues relating to poverty and hunger,
R	Welfare schemes for vulnerable sections of the population by the Centre and States, Performance of these schemes;
S	Issues relating to development and management of social sector / services relating to education and human resources;
T	Issues relating to development and management of social sector / services relating to health
General Studies Paper III	
A	Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment;
B	Effects of liberalization on the economy, changes in industrial policy and their effects on industrial growth;
C	Inclusive growth and issues arising from it;
D	Infrastructure Energy, Ports, Roads, Airports, Railways etc. Government budgeting;
E	Land reforms in India
F	Major crops, cropping patterns in various parts of the country, different types of irrigation and irrigation systems;
G	Storage, transport and marketing of agricultural produce and issues and related constraints;
H	e-technology in the aid of farmers; Technology Missions; Economics of Animal-Rearing.
I	Issues of buffer stocks and food security, Public Distribution System- objectives, functioning, limitations, revamping;
J	Food processing and related industries in India – scope and significance, location, upstream and downstream requirements, supply chain management;
K	Issues related to direct and indirect farm subsidies and minimum support prices
L	Awareness in the fields of IT, Space, Computers, robotics, nano-technology, bio-technology;
M	Indigenization of technology and developing new technology;
N	Developments and their applications and effects in everyday life;
O	Issues relating to intellectual property rights
P	Conservation, environmental pollution and degradation, environmental impact assessment
Q	Disaster and disaster management
R	Challenges to internal security through communication networks, role of media and social networking sites in internal security challenges, basics of cyber security;
S	Money-laundering and its prevention;

T	Various forces and their mandate;
U	Security challenges and their management in border areas;
V	Linkages of organized crime with terrorism;
W	Role of external state and non-state actors in creating challenges to internal security;
X	Linkages between development and spread of extremism.
General Studies Paper IV	
A	Ethics and Human Interface: Essence, determinants and consequences of Ethics in human actions;
B	Dimensions of ethics;
C	Ethics in private and public relationships. Human Values - lessons from the lives and teachings of great leaders, reformers and administrators;
D	Role of family, society and educational institutions in inculcating values.
E	Attitude: Content, structure, function; its influence and relation with thought and behaviour;
F	Moral and political attitudes;
G	Social influence and persuasion.
H	Aptitude and foundational values for Civil Service , integrity, impartiality and non-partisanship, objectivity, dedication to public service, empathy, tolerance and compassion towards the weaker sections.
I	Emotional intelligence-concepts, and their utilities and application in administration and governance.
J	Contributions of moral thinkers and philosophers from India and world.
K	Public/Civil service values and Ethics in Public administration: Status and problems;
L	Ethical concerns and dilemmas in government and private institutions;
M	Laws, rules, regulations and conscience as
N	sources of ethical guidance;
O	Accountability and ethical governance; strengthening of ethical and moral values in governance; ethical issues in international relations and funding;
P	Corporate governance.
Q	Probity in Governance: Concept of public service;
R	Philosophical basis of governance and probity;
S	Information sharing and transparency in government, Right to Information, Codes of Ethics, Codes of Conduct, Citizen's Charters, Work culture, Quality of service delivery, Utilization of public funds, challenges of corruption.
T	Case Studies on above issues.