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**VEDHIK**  
DAILY NEWS ANALYSIS

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## **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.

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# Govt. reaches out to all OIC members

## MEA sends heads of missions memo on dealing with diplomatic fallout

**SUHASINI HAIDAR**  
NEW DELHI

In its responses to the diplomatic storm over the comments made by BJP leaders Nupur Sharma and Naveen Kumar, the government took a stern view of the statement by the 57-member Organisation of Islamic Cooperation (OIC), but it subsequently made a special effort at ensuring that Indian Ambassadors based in every OIC country were briefed and sent “talking points” to deal with the situation on June 5.

Significantly, the reference to the leaders as “fringe elements” was not in the brief by the Ministry of External Affairs (MEA), sources said. It had possibly emerged from a telephone conversation and was used “mistakenly” in the press statements issued by the embassies in Doha and Kuwait.

The phrase had caused some consternation, as it appeared to be misleading, given that Ms. Sharma and Mr. Kumar were prominent leaders of the BJP. “The initial press statements wrongly

described them as fringe elements,” an official said, adding that the intention of the phrase was to convey that the views they had expressed were “views of the fringe, not the government or the party”.

The six-point memo was sent to all the heads of mission (HOMs) in OIC countries on Sunday, hours after the Ambassadors in Qatar and Kuwait were summoned.

The missive, cleared by Foreign Secretary Vinay Kwatra, told them to “monitor the developments and report them promptly” to New Delhi. It also counselled them to draft a statement which made all the points: that the Indian government respects all religions; that the comments denigrating a religious personality did not represent the government or the BJP, that “strong action” had been taken against those making the comments, and that the BJP had issued its own press release reiterating these points.

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# Govt. reaches out to all OIC members

In addition, the government asked the HOMs to caution their hosts that “vested interests” that are against bilateral relations are “inciting” people and that India and the host country must “work together” against such “mischievous elements”, without naming India’s concerns about Pakistan.

In Islamabad on Tuesday, Pakistan Foreign Secretary Sohail Mehmood also met all OIC Ambassadors and “briefed them on the developments regarding the highly derogatory remarks by two senior officials of India’s ruling party BJP”, indicating that Pakistan intends to continue to pursue the issue. According to a number of officials *The Hindu* con-

tacted, the MEA had gone into “damage control” mode on Saturday evening itself, when it was conveyed to Vice-President M. Venkaiah Naidu’s accompanying entourage, as they were *en route* from Senegal, that the Vice-President’s counterpart in Doha, the Deputy Emir of Qatar, would not be able to host him for the ceremonial banquet planned for Sunday due to “medical reasons”.

The Qatari government explained that the Deputy Emir was isolating due to a suspected exposure to COVID-19, but did not suggest that he would depute someone in his absence to host the event, which suggested there was more to the decision.

# India aims to join NSG: Minister

S. Jaishankar was speaking on foreign policy decisions of the government

**SPECIAL CORRESPONDENT**  
NEW DELHI

In a message aimed at China blocking India's membership at the Nuclear Suppliers Group (NSG), External Affairs Minister S. Jaishankar on June 7 said that India looks forward to joining the NSG, overcoming "political impediments".

Mr. Jaishankar was addressing foreign diplomats in Delhi, on the foreign policy achievements of the Modi government in the past eight years.

"We want to make in India, but make with the world. India has a deep belief of the world being a family and expresses it through greater development. Last eight years has seen a tripling of our lines of credit commitments," Mr. Jaishankar said.

The 48-member NSG is an elite club of countries that deals with the trade in nu-



S. Jaishankar with Chinese Foreign Minister Wang Yi. China has been stridently opposing India's NSG bid. ■PTI

clear technology and fissile materials besides contributing to the non-proliferation of nuclear weapons.

"Strengthening a rules-based order is a natural inclination of a polity like India. We value all opportunities to contribute to it," he said.

Mr. Jaishankar said India's membership of the MTCR (Missile Technology Control Regime), Australia Group and the Wassenaar Arrange-

ment are significant.

All these groupings are multilateral export control regimes.

Stating that "India is proof that democracies can deliver", the Minister said the country's neighbourhood first policy is "clearly associated with a generous and non reciprocal approach to our immediate proximities".

Mr. Jaishankar remarked that the Indian foreign poli-

cy has been displaying greater conceptual and operational clarity. "There has been a spike in our activities for the global south," he said.

"FTAs that India has concluded and negotiations on the way with others have picked up momentum," Mr. Jaishankar added.

Regarding COVID-19, the Union minister said that the pandemic has brought out "the overcentralised model of globalisation." China has been stridently opposing India's NSG bid primarily on the grounds that New Delhi is not a signatory to the Nuclear Non-Proliferation Treaty. Its opposition has made India's entry into the group difficult as the NSG works on the principle of consensus.

"The India that you live in and report on is obviously different from the one before. It is a proof that democracies can deliver," he said.

*(With PTI inputs)*

# Advisory Board on disability not reconstituted since 2020

It is to meet on June 24 to decide on Accessible India Campaign, says official

**DAMINI NATH**  
NEW DELHI

The Central Advisory Board (CAB) on Disability, which is mandated to meet every six months under the Rights of Persons with Disabilities Act, 2016, has not been reconstituted since the previous Board's three-year term ended in November 2020, something that has been flagged by activists.

On Monday, at a press conference to discuss the "achievements" of his Ministry during the eight years of the Narendra Modi regime, Union Social Justice and Empowerment Minister Virendra Kumar did not respond to a question about the targets of the Accessible India Campaign, whose deadline is set to end in June.

Instead, Anjali Bhawra, Secretary of the Department of Empowerment of Persons with Disabilities (DEPwD), replied that the CAB would hold a meeting on June 24 where the achievements of the Centre and the States would be discussed. She did not comment on whether the deadline would be extended. However, as on Tuesday, the CAB had not



The Central Advisory Board must facilitate the evolution of a comprehensive policy on disabilities. ■ B. JOTHI RAMALINGAM

been reconstituted but the process was on, according to DEPwD officials who requested not to be named.

The government had appointed the CAB on November 8, 2017, naming government officials and nominated members.

The CAB, which has a three-year tenure, is supposed to function as the "national-level consultative and advisory body on disability matters", according to the Act. The panel is meant to "facilitate the continuous evolution of a comprehensive policy for the empowerment of persons with disabilities and the full enjoyment of rights", the Act says.

Satendra Singh, a physi-

cian and disability rights activist, said he had written to the Ministry in December 2021 and again in May this year reminding them about the reconstitution of the CAB. Dr. Singh said the only response he had received was the one informing him that his email had been forwarded to the officer concerned.

## Need of the hour

"The CAB is the highest policy making body for disability issues. It was the need of the hour during the COVID-19 pandemic, but the government did not reconstitute it. It's strange to see the Ministry giving COVID as an excuse for non-constitution as

the entire world switched to remote meetings as reasonable accommodation. The CAB is needed the most as we didn't have a permanent Chief Commissioner for PwD, Rehabilitation Council of India and National Trust chairpersons," Dr. Singh said.

Muralidharan, general secretary of the National Platform for the Rights of the Disabled, said the delay in reconstituting the CAB "revealed the lack of seriousness" on the part of the government.

"This government has been high on rhetoric and less on delivery. This has been more than exposed by the missing of targets year after year in the flagship Accessible India Campaign. Merely constituting the CAB is also not enough. It has to meet regularly and have meaningful discussions. In the current format, the CAB is heavily loaded by bureaucrats and officials and has very minuscule representation from people with disabilities and their organisations. In any case, it is the chosen few who will make it to the board," he said.

# Freeze on new IAS deputation rules

## 8 States opposed Centre's proposal to overcome acute shortage of civil servants

**VIJAITA SINGH**  
NEW DELHI

As the Centre continues to face a shortage of Indian Administrative Service (IAS) and Indian Police Service (IPS) officers, a proposal mooted last December to send them and Indian Forest Service (IFoS) officers on Central deputation without necessarily taking the State governments' approval appears to have been put in cold storage.

The Department of Personnel and Training (DoPT) said in a Right to Information (RTI) response that a final view on the proposal is yet to be taken and it cannot disclose the information held in a "fiduciary relationship".

### Multiple issues

The proposal was moved as the Union government is facing an acute shortage of All India Services – IAS, IPS and IFoS – officers, and despite existing provisions, the States are not sponsoring an adequate number of officers for Central deputation. In many cases, the officers are not willing to serve in the Union government.

According to the DoPT, only 10% of mid-level IAS officers were posted with the



Only 10% of mid-level IAS officers were posted with the Union government in 2021.

■ GETTY IMAGES/ISTOCKPHOTO

Union government in 2021, a sharp fall from 19% in 2014.

On May 13, the Appointments Committee of the Cabinet approved the appointment of 23 officers of the rank of Joint Secretary in various Ministries, out of which only six were IAS officers and one belonged to the IPS. The remaining belonged to other Central services such as the Indian Audit and Accounts Service, Indian Civil Accounts Service, Indian Railway Service of Electrical Engineers, Indian Post and Telecommunication Accounts and Finance Service, and Indian Ordnance Factories Service.

Till November 2021, 20

posts in the level of Joint Secretary were vacant in the Government of India (GOI). A Joint Secretary is the third highest-ranking officer in the GOI.

In 2021, the Union Public Service Commission (UPSC) recommended 31 candidates, mainly from the private sector, for appointment as Joint Secretary, Director and Deputy Secretary in various Union Ministries under the "lateral entry" programme. The last such lateral appointments were made in 2019, when nine candidates were selected. Two resigned later.

The DoPT asked the States to respond to its proposal to amend the IAS (Cadre) Rules, 1954 first on December 20, 2021. It sent reminders on December 27 and January 6 and further revised the proposal on January 12, empowering the Union government to relieve AIS officers and depute them to its offices even if the State governments disagreed.

So far, eight States – Odisha, Meghalaya, Jharkhand, Rajasthan, West Bengal, Kerala, Tamil Nadu and Telangana – have opposed the move.

In response to queries by

*The Hindu* under the RTI Act, 2005 on the response sent by the State governments, the DoPT said the comments were under examination.

"Comments have been sought from States, Union Territories in terms of the provisions contained in Section 3 of All India Services Act, 1951 on a proposal to amend Rule 6(1) of the Indian Administrative IAS (Cadre) Rules, 1954. The comments/inputs received from various State cadres/joint cadres and other stakeholders on the proposal are currently under examination, and a final view of the Government of India on the matter is yet to be taken," the DoPT said.

The reply added: "Therefore, information sought is held in fiduciary relationship and exempted disclosure in terms of Section 8 (1) e of the RTI Act, 2005."

The Section, which exempts a public authority from disclosing information, states: "Information available to a person in his fiduciary relationship, unless the competent authority is satisfied that the larger public interest warrants the disclosure of such information."

# New rules allow ex-officers to hold CDS post

**DINAKAR PERI**

NEW DELHI

Setting the stage for appointment of the next Chief of Defence Staff (CDS), the government has amended Service Rules of the Army, Navy and Air Force, allowing retired Service Chiefs and three-star officers eligible for consideration for the country's top military post.

However, with an age li-

mit that the retired officer should not have attained 62 years on the date of appointment, retired Service chiefs are largely ruled out, especially so for the present consideration.

“The Central Government may, if considered necessary, in public interest, appoint as CDS, an officer who is serving as Lieutenant General or General or an officer

who has retired in the rank of Lieutenant General or General but has not attained the age of 62 on the date of appointment,” the amendment in the Service Rules of the Army says in the gazette dated June 6, 2022. Similar amendment was made in the service rules of Navy and Air Force as well.

**CONTINUED ON ► PAGE 10**

## New rules allow retired officers to hold CDS post

As the government considers several officers for the post, this amendment makes all three-star rank officers who have retired in the last two years eligible, as Lieutenant Generals in the Army, Vice-Admirals in the Navy and Air Marshals in the Air Force retire at the age of 60.

The gazette notification of December 2019, before the appointment of the first CDS, did not specifically state that serving officers of Lieutenant General rank and equivalent are eligible to be considered.

In December 2019, the government approved the creation of the post of CDS, who would also function as the Principal Military Adviser to

the Defence Minister and Permanent Chairman, Chiefs of Staff Committee (COSC).

In addition, the Department of Military Affairs (DMA) was created as the fifth department in the Ministry of Defence (MoD), with the CDS functioning as its Secretary.

Gen. Bipin Rawat, who had served as the 27th Army Chief from December 31, 2016 till December 31, 2019, took over as the first CDS on January 1, 2020. He, along with his wife Madhulika Rawat and 12 others, was killed in a chopper crash on December 8, 2021. The post of CDS has been lying vacant since then.

# The shadows over global growth recovery are long

The developing economies have to prepare for tighter financial conditions and spillovers from geopolitical volatility



M. SURESH BABU

Though it was not a full recovery from the aftershocks of the COVID-19 pandemic, the global economy was on the mend until the invasion of Ukraine by Russia. Economic prospects have worsened since then, exacerbating the divergence between the economic recoveries of advanced economies and those of the developing ones. The prevailing uncertainties in global growth prospects come in the aftermath of frequent disruptions to worldwide supply chains in the last two years with recurrent lockdowns in key manufacturing hubs, creating supply bottlenecks.

As a consequence of the current situation, two key macroeconomic variables have a persistent effect on growth rebound. First, there is a tenacious price pressure, leading to policy trade-offs especially in developing economies; and second, there have been capital outflows and a tightening of financial conditions, affecting investment and growth in the medium and long term.

## Inflation concerns

Globally, inflation has become a central concern. In some of the advanced economies, it has reached its highest level in the last 40 years. According to the International Monetary Fund (IMF), “inflation is expected to remain elevated for longer”. For 2022, it says

“inflation is projected at 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies and in 2023 it is projected at 2.5 percent for the advanced economy group and 6.5 percent for emerging market and developing economies”. So, for the immediate foreseeable future, commodity prices, oil and gas prices, and with a lag, food prices, would remain high. The major contributors to high inflation are energy and food prices. A spike in oil and gas prices due to a tight fossil fuel supply and geopolitical uncertainty have led to substantial increases in energy costs worldwide. In developing economies, rising food prices have had cascading effects, culminating in higher overall inflation. This gets intensified if poor weather hits harvests and rising oil prices drive up the cost of producing and transporting fertilizers.

## Impact on households

In developing economies, higher prices for food impacts different sections of the population differently, depending on the types of food consumed and the share of food expenditure in a household's consumption basket. Households in the low-income strata often consume diets with just one type of grain and are particularly vulnerable to price changes. Higher energy prices affect cereal prices as a result of rising transportation costs and increased input prices such as fertilizers. This is aggravated by shortages due to disruptions in agricultural inputs (especially fertilizers) which impact supply and market availability. Persistent short supply and increases in food and fuel prices could significantly



increase the risk of social unrest as the poorer sections are pushed to the edge of heightened deprivation.

## Capital outflows

Apart from inflation, the other macroeconomic factor impeding growth recovery is the sudden spurt in capital outflows from emerging markets and developing economies. Capital outflows have increased in recent months. Emerging markets suffered their first portfolio outflows in a year in March 2022. The Institute of International Finance (IIF) says “foreign net portfolio outflows for emerging markets came to \$9.8 billion in March. Developing stocks lost \$6.7 billion, while bonds saw \$3.1 billion depart. Investors have become more selective, as higher risk sensitivity mounts due to tighter monetary conditions and rising inflation. Moving forward we see greater volatility on flows dynamics, as some countries have bottomed up and could potentially benefit from higher commodity prices but may also be greatly exposed to risk factors”. Interest rates tightening in the United States is associated with capital flow reversals from emerging markets. For developing economies, the result of sudden large capital outflows is currency depreciation and tighter external

sector conditions, leading to growth fluctuations. To complicate matters, domestic fiscal policy space has already been eroded in many developing countries by COVID-19-related spending. The increase in global interest rates will further reduce this contracted fiscal space in many economies.

## Policy options

Though the factors contributing to high inflation (energy and food prices which are driven by global supply shocks) are beyond the control of central banks, they need to carefully monitor the pass-through of rising international prices to domestic inflation to calibrate their responses. It is also imperative that the pace of policy tightening needs to be attuned to prevailing economic situations and activity levels. Central banks could also signal a readiness to shift the monetary stance to maintain the credibility of their inflation-targeting frameworks by clearly communicating the importance of inflation stabilisation in their objectives and backing it with policy actions. As sudden capital flow reversals can threaten financial stability, foreign exchange interventions could address market imbalances.

As the IMF's ‘World Economic Outlook’ makes it clear, data from developing countries show that debt levels have touched an all-time high following a huge fiscal expansion in many countries during the novel coronavirus pandemic. Massive expenditure programmes directed toward the health sector and income support measures had become necessary as part of such fiscal expansion. There exists an imperative to

prune expenditure and get back to the road of fiscal consolidation. However, a push for consolidation should not prevent governments from prioritising spending to protect and help vulnerable populations affected by price increases and the pandemic. Expenditure pruning should encompass targeted income support measures that can be used to alleviate stress on household budgets. Such measures should be designed to deliver maximum relief to the most vulnerable at lower costs.

## Safety nets needed

In the post-pandemic global economy, there will be a likely cross-sectoral labour reallocation. Economies are bracing for transitions and the energy transition could be the most significant one. These transitions require labour market and income support policies that are designed to provide safety nets for workers without hindering employment growth. Along with temporary public support for displaced workers, training programmes and hiring subsidies should remain a priority. The message from the current phase of global growth is clear. Policymakers in the developing economies have to prepare for tighter financial conditions and spillovers from geopolitical volatility. Pockets of elevated vulnerabilities within sections of the population have to be identified for early action and a set of selected prudential tools to target them needs to be devised.

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# The weight of the GST Council ruling

The Supreme Court judgment is a treatise on the democratic and federal imports of the GST legislations



R. SRINIVASAN

In *Union of India Anr. vs Mohit Minerals Pvt. Ltd.*, the Supreme Court of India on May 19, 2022 while deciding on a petition relating to the levy of Integrated Goods and Services Tax (IGST) on ocean freight paid by the foreign seller to a foreign shipping company, ruled, “The recommendations of the GST Council are not binding on either the Union or the States...”. While the issue before the Court was with reference to the levy of IGST on a particular transaction, the question is why should the Supreme Court of India have to deliberate at length on the nature of recommendations of the GST Council?

Some States have rejoiced over the ruling and said that this has restored the autonomy of States to legislate on GST.

## As a ‘super body’

Immediately after the pronouncement of the judgment, the Revenue Secretary of the Government of India said: “... (this) reiterates the scheme of things in the constitution and the GST laws... the council will continue to work in future the way it has worked in the last 5 years.” This creates the notion that the Union government is in agreement with this ruling and there is no question of law in this regard.

On the contrary, the Union government (represented by the Additional Solicitor General) submitted to the Supreme Court in this case that the recommendations of the GST Council are binding on the executive and the legislature while they frame laws relating to the GST by the power under Article 246A. Thus, the Government of India was of the opinion that the GST Council could function as a super Parliament/Assembly by sending binding recommendations on laws, rules and regulations with

reference to the GST to the Union and State governments.

Article 246A gives powers to the Union and State governments simultaneously to legislate on the GST. In other words, the two tiers of the Indian Union can simultaneously legislate on matters of the GST (except the IGST, which is in the legislative domain of the Union government); obviously it can be inferred that neither of the legislations can supersede each other.

## Overridden in some cases

Article 279A stipulates the creation of the GST Council and its functions. The Council has to function as a platform to bring the Union and State governments together, and as a mark of cooperative federalism, the Council shall, unanimously or through a majority of 75% of weighted votes, decide on all matters pertaining to GST and recommend such decisions to the Union and State governments. The purpose of GST, as a harmonised commodity tax, is to make India a single market. The Government of India further argues, “Neither can Article 279A override Article 246A nor can Article 246A be made subject to Article 279A.” However, cooperative federalism is to operate through the GST Council to bring in harmony and alignment in matters pertaining to the GST from both governments. Given this background, the Union government had almost delegated the powers to create laws under the GST Act Section 5(1) to the GST Council through repeated use of the phrase “notification on the recommendation of the (GST) council”. Hence, the constitutional validity of the Council’s recommendation should be upheld; generally, the recommendations of the GST Council could be overridden only in exceptional cases, as argued by the Additional Solicitor General.

While the respondents in this case were represented by several senior lawyers, hardly anyone made a substantive response to the issue of the supremacy of the GST Council in this matter. However, the judges of the Supreme Court have spent nearly a third of



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the 152-page order to deliberate and resolve this issue. Section C of this order gives an elaborate history of the constitutional amendment to bring GST as a tax that could be simultaneously legislated by the Union and State governments. It is a treatise on the democratic and federal imports of the GST legislations.

## There is a clear line

In 2013, while replying to a query from the Standing Committee on Finance that was debating the 2011 Constitutional Amendment Bill, the Attorney General emphatically said, “The powers of the legislature over the Finance are sacrosanct and are not affected by the setting up of the GST Council.” Thus, in the beginning of the debate on Constitutional Amendment to bring in GST, the clear line of demarcation of powers between the legislature and the GST Council was drawn. However, the issue of conflict between the Union and State governments has to be resolved on a platform such as the GST Council.

The judges of the Supreme Court have recorded, “Since the Constitution does not envisage a repugnance provision to resolve inconsistencies between the Central and State laws on GST, the GST Council must ideally function, as provided by Article 279A(6) in a harmonised manner to reach a workable fiscal model through cooperation and collaboration.”

The fact that the Union government holds one-third weight for its votes and all States have two-thirds of the weight for their votes, gives automatic veto power to the Union government because a resolution can be passed with at least three-fourths of the weighted

votes. This imbalance in the voting rights between the Union and State governments, makes democratic decision-making difficult. Further, though all the States are not equal in terms of tax capacity, everyone has equal weight for their votes. This creates another political problem as the smaller States with lesser economic stakes can be easily influenced by interest groups.

## Debates are more political

Of course in this context, the debates in the GST Council will be on political lines rather than on the economics of taxation; the GST Council has borne witness to several such instances. When the States governed by Opposition parties are vocal on counterpoints, the States governed by the same party at the Union government are mute spectators. It is a fact that States have not got full compensation for the shortfall in GST revenue collection during the COVID-19 pandemic period and that States wanted to extend GST compensation beyond June 2022 given the current recession and widely expected slow growth in effective revenue under the GST. The Union government and States ruled by the Bharatiya Janata Party and its alliance partners were not cooperating with States ruled by Opposition parties in reaching an amicable resolution on the issues of compensation during the pandemic period or even for debating the extension of compensation cess after June 2022.

If the contestations are healthy in a federation (and even in such circumstances), it requires extraordinary political acumen and statesmanship from all leaders to strike a balance between the autonomy of legislatures and compromise for obtaining a harmonised commodity tax system. The nuanced understanding of cooperative federalism shows that there is no space for one-upmanship in either of the two tiers of the Indian federal government and particularly for the Union government under a quasi-federal Constitution. Clause 6 of Article 279A reflects this spirit: “While discharging the

functions conferred by this article, the Goods and Services Tax Council shall be guided by the need for a harmonised structure of GST and for the development of a harmonised national market for goods and services”. In an atmosphere of a non-cooperative Union and State governments, the fear that the GST Council would break down is not unfounded; the responsibility lies on all governments equally, contrary to what the weighted votes reflect.

Given these arguments, the Supreme Court of India adjudicated that the GST Council’s recommendations are non-qualified and the simultaneous legislating powers of the Union and State governments give only persuasive value to the Council’s recommendations. The power of the recommendations rests on the practice of cooperative federalism and collaborative decision-making in the Council.

Therefore, the submission of the Union government to the Supreme Court of India that the GST Council’s recommendations are binding on Parliament/Assembly can be construed as a precursor for a wilful giveaway of the legislative power on commodity taxation to the GST Council which is not the forum for the direct representatives of the people to legislate on any matter. Given the lopsided power structure favouring the Union government in the GST Council, it is against the spirit of democracy and federalism that the finances of governments can be left to such bodies. Finally, it is pertinent to understand that in a democracy, the power to legislate is given to Parliament/Assembly by its people who have curtailed their private autonomy to accept collective decisions. John Locke, the 17th century English philosopher and liberal thinker persuasively said, “The legislative cannot transfer the power of making laws to any other hands: for it being but a delegated power from the people, they who have it cannot pass it over to others....”

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# Air sports in the country to have an oversight body

Minister for Civil Aviation unveils national air sports policy

**JAGRITI CHANDRA**

NEW DELHI

For the first time in India, air sports such as paragliding or hot-air ballooning will come under a four-tier governance structure with the Air Sports Federation of India (ASFI) as the apex body which will oversee aspects such as regulation, certification, accidents and penalties.

Jyotiraditya Scindia, Minister for Civil Aviation, on Tuesday unveiled the national air sports policy. "Air sports is one area which has the ability to transform into a huge industry," he said.

He said that the air sports industry in the country was today worth ₹80-100 crore, with nearly 5,000 providers, which could grow 10 times in terms of revenue and yield 1 lakh direct jobs apart from a multiplier impact on the economy.

## Four-tier structure

The policy lays down a four-tier governance structure with the ASFI at the top, followed by national associations for individual sports and their regional and district-level units.

The ASFI will be an autonomous body under the Mi-



**Floating fun:** The air sports industry in the country is worth ₹80-100 crore. ■ NIVEDITA GANGULY

nistry of Civil Aviation (MoCA) which will represent India at global platforms related to air sports such as the World Air Sports Federation and will also conduct competitions across the country through different national air sports associations.

The ASFI will provide governance over different aspects such as regulation, certification, competitions, awards and penalties, and will publish its draft guidelines within a period of six months. It will be chaired by the Secretary, MoCA, who will nominate up to three eminent experts related to air sports as members of the ASFI governing council.

Sports that will come

within its ambit are aeromodelling, model rocketry, amateur-built and experimental aircraft, ballooning, drones, gliding, powered gliding, parachuting, paramotoring, powered aircraft and rotorcraft.

"Initially, these bodies will receive financial support from MoCA. It is a virtuous cycle, because once we have our teams participating in international events, more funds will flow in," said Amber Dubey, Joint Secretary (MoCA).

The government will also look at various incentives to encourage the sport such as reducing GST on air sports equipment from 18%-28% to 5% or less, Mr. Scindia said.

# Retail investors helping offset impact of FPI outflows, says FM

‘Small investors entering market with greater awareness’

**SPECIAL CORRESPONDENT**

NEW DELHI

Finance and Corporate Affairs Minister Nirmala Sitharaman said on Tuesday that India’s growing flock of retail investors in the stock market has emerged as a ‘shock absorber’ amid an exodus of funds from foreign portfolio investors or FPIs.

The last eight months have seen a persistent decline in FPI exposures to Indian equities, with May 2022 recording an outflow of \$5.7 billion, the highest since March 2020.

“If FPIs are going away and giving us the feeling that funds are going out of India, retail investors have come in a big way that they seem to act like the shock absor-



Nirmala Sitharaman

bers,” Ms. Sitharaman said after inaugurating the iconic week celebrations of the Corporate Affairs Ministry.

“If FPIs went away, our market did not really have to go through ups and downs in a very distinct way, [that is] because the small investors have entered in a big way... they are coming into the market with greater

awareness,” she said, noting that the significant rise in retail investors’ base occurred during the pandemic. Ms. Sitharaman urged regulators to pay adequate attention to the evolving challenges of a digital ecosystem. “You should... strengthen and make robust your firewall mechanism, or else the digitisation which made our life easy, can itself become the biggest handicap.”

The Minister also unveiled a Single Nodal Agency Dashboard of the Public Financial Management System at a separate event, which Finance Secretary T.V. Somanathan said had led to ‘complete visibility of money reaching the end beneficiary’.

# World Bank cuts India's FY23 GDP growth forecast to 7.5%

'Inflation, supply-chain issues, geopolitical tensions weakening services recovery'

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WASHINGTON

The World Bank on Tuesday cut India's economic growth forecast for the current fiscal to 7.5%, as rising inflation, supply-chain disruptions and geopolitical tensions dampen recovery.

This is the second time the World Bank has revised its GDP growth forecast for India in the current fiscal FY23. In April, it had trimmed the forecast from 8.7% to 8%. The latest estimate compares with the 8.7% expansion in FY22.

"In India, growth is forecast to edge down to 7.5% in the fiscal year 2022-23, with headwinds from rising inflation, supply-chain disrup-



**Faltering progress:** The latest estimate reflects a cut of 1.2 percentage points from that made in January. ■ REUTERS

tions, and geopolitical tensions offsetting buoyancy in the recovery of services consumption from the pandemic," the World Bank said in

the latest issue of the Global Economic Prospects report.

Growth, it said, would also be supported by fixed investment undertaken by the

private sector and by the government, which has introduced incentives and reforms to improve the business climate. This forecast reflects a 1.2 percentage point downward revision of growth from the January projection, the bank added.

"Growth is expected to slow further to 7.1% in 2023-24 back towards its longer-run potential," it noted.

According to the report, growth in India slowed in the first half of 2022 as activity was disrupted both by a surge in COVID-19 cases, accompanied by more-targeted mobility restrictions and by the war in Ukraine. The recovery is facing headwinds from rising inflation, it said.

# Decoding China's occupation

China could argue that its construction of a bridge on Pangong Tso is peaceful, but that does not make it lawful



ANWAR SADAT

There are three reasons why India should be particularly concerned about China's construction activities on Pangong Tso. One, India's war with China in 1962 revealed its diplomatic miscalculations and inadequacies in defence preparedness. China surprised India with an announcement in 1957 that it had built a road through Aksai Chin linking Tibet and Xinjiang. India protested this move formally in 1958. There is still trauma in India surrounding that war. Two, China does not seem to favour the idea of entering into treaties for resolving territorial disputes and maritime disputes with its neighbours. Recently, China began constructing a bridge on a portion of Pangong Tso which India claims is its international boundary and is within its territory. A portion of the area has been under Chinese control since 1958. The Pangong Tso saw military action between the Indian and Chinese forces in 1962. There were confrontations between the forces of the two countries in 2017, and in 2020, violent clashes resulted in casualties. Three, what is most worrying is that China does not adhere to the general rules of international law; rather, it tries to derive its claims on the basis of historic rights to the detriment of the rights of its neighbours, as is the case with its claims in the South China Sea.

## Illegality in international law

China's belligerent action and military strategy to acquire territory place Pangong Tso in the category of occupied and disputed territory. In the eyes of international law, occupation is a temporary phenomenon. The Permanent Court of Arbitration's Award in the Island of Palmas case noted that only the continuous and peaceful display of territorial sovereignty (peaceful in relation to other States) is as good as a title; the title based on contiguity has no standing in international law. India has neither accepted China's unjustified claims on that portion nor its construction activities. Therefore, China cannot take the plea that India has acquiesced; that there is an expression of consent by conduct or inaction by India. In contemporary international law, the most realistic approach to settling a border agreement is to create in each other shared expectations of mutual obligation. What is important is an indication to the other party that a final commitment has been made.

Perhaps the best provisions in contemporary international law for understanding territorial questions are Article 2(3) and Article 2(4) of the UN Charter. All the members are required under Article 2(4) to refrain in their relations with one another from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the purposes of the UN. All the members have to settle their disputes by peaceful means.

## ICJ judgments

China could take the plea that it is building a bridge peacefully; that it not causing damage to human beings or property. There are several judgments by the International Court of Justice (ICJ) relating to a state's non-violent construction of activities in disputed and occupied territory to clarify the situation in Pangong Tso. In 'Legal Consequences of the Construction of a Wall in the Occupied Palestinian Territory', the ICJ examined the inadmissibility of acquisition of territory by force. The court took the position that the construction of a wall in the Occupied Palestinian Territory case strongly indicated a breach of Article 2(4). The court observed that the construction of the wall created a "fait accompli" on the ground that could well become permanent, and hence tantamount to a *de facto* annexation. Therefore, the ICJ seems to have decided in the case that the construction of the wall amounted to the acquisition of territory by force.

The ICJ judgment in 'Certain Activities Carried out by Nicaragua in the Border Area' is also important in understanding China's moves. The court described the construction of *caños* (pipeline) and deployment of troops in Costa Rica by Nicaragua as a violation of the territorial sovereignty of Costa Rica. It added that Nicaragua's consideration that its activities are within its own territory does not exclude the possibility of characterising the activities as unlawful.

Thus, the fact that China is constructing a bridge on the lake without using armed force or without using fire or causing injury to humans does not make the activity lawful. In the Certain Activities Case, Judge Robinson described Nicaragua's construction activities in Costa Rica as "non-violent use of force". The message from these ICJ judgments is that if a state with the help of its military presence tries to change the status quo peacefully in a disputed and occupied territory, such a move stands to be unlawful.

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D	Post-independence consolidation and reorganization within the country;
E	History of the world will include events from 18 <sup>th</sup> century such as industrial revolution, world wars, re-drawing of national boundaries, colonization, decolonization,
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H	Effects of globalization on Indian society;
I	Role of women and women's organization;
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