

## ● POLITY

## ● ECONOMICS

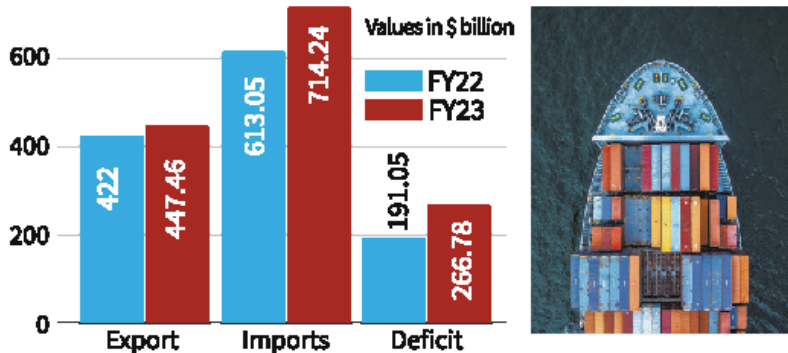
## ● TECHNOLOGY

## ● ECOLOGY

## GOODS EXPORTS GREW 6%, IMPORTS 16.5% IN 2022-23

## Deficit widens

India's merchandise trade deficit widened by 39.6% in FY23 from FY22 as imports jumped by 16.5% to hit \$714 billion



Monthly exports contracted for the fourth time in six months this March with a 13.9% drop amid faltering global demand; the goods trade deficit for 2022-23 rose almost 40% from previous year

India's goods exports declined for the second successive month in March, falling a sharp 13.9% to \$38.38 billion, while imports dipped 7.9% to \$58.11 billion. Total goods exports in 2022-23 rose 6.03% to \$447.46 billion, while the import bill surged by a steeper 16.5% to \$714 billion in 2022-23.

The goods trade deficit rose almost 40% to over \$266 billion in 2022-23, compared to \$190 billion in 2021-22. However, using estimates for services exports during March for which final data will only be available in May, the Commerce and Industry Ministry pegged the total trade deficit for the year at \$122 billion, 46% higher than the \$83.5 billion gap in 2021-22.

"Despite the global headwinds, we have surpassed our 2022-23 target of \$750 billion dollars to hit \$770.18 billion, which is \$94 billion higher than last year's record exports," Commerce Secretary Sunil Barthwal said, using services exports estimates combined with the actual numbers for goods exports. "Services exports have grown 13.84% to an estimated \$322.72 billion," he added.

**Oil, electronics lead**

India's uptick in outbound shipments was largely led by petroleum, up 27% to \$94.5 billion, followed by electronics goods that rose 7.9% to \$23.6 billion.

The other three of India's top five export items registered insignificant growth: rice (up 1.5%), chemicals (1%), and drugs and pharmaceuticals (0.8%).

Petroleum exports now account for 21.1% of total exports, up from 16% in 2021-22.

Engineering goods, India's mainstay in goods exports in recent years, shrank 5.1% to \$107 billion, bringing down their share in total exports from 26.6% to 23.9%.

Non-oil exports, in fact, contracted 0.5%, and if electronics exports were excluded too, goods shipments were 2.8% lower than 2021-22, which economists called a red flag.

"Slackening external demand amid the global slowdown in the second half last year, along with the moderation in global commodity prices hurt non-oil exports and these concerns are set to exacerbate this year," Aditi Nayar, chief economist at ICRA, said. This could lead to a deeper contraction in merchandise exports in 2023-24, affecting manufacturing output and dragging down GDP growth, she added.

"Important segments like engineering and gems and jewellery witnessed negative growth and we may expect further slowdown in exports," Madan Sabnavis, the Bank of Baroda's chief economist, said.

Moreover, with the rupee seeing an appreciating tendency, the currency advantage will be weaker for exporters. Imports may slow a little as domestic growth slows down, but could keep putting pressure on the deficit, which could increase if oil prices harden, he cautioned.

**Russian imports surge**

Fuelled by discounted oil shipments, India's imports from Russia grew almost 370% to over \$46 billion in 2022-23. Russia's share in imports leaped from 1.6% in 2021-22 to 6.5% last year, making it the fourth largest import source nation for India, behind China, the UAE and the U.S.

China's share of goods imports dipped to 13.8% in the year gone by from 15.4% in 2021-22, officials said. However, imports from the country still grew 4.2% to reach \$98.5 billion last year, while exports to China fell 28% to just \$15.3 billion. Indian shipments to China now account for just 3.4% of total exports, from over 5% in 2021-22.

**Coal, oil imports up**

While petroleum imports jumped about 30% to nearly \$210 billion in 2022-23, coal imports grew at a faster 57% to almost touch \$50 billion. Gold imports, on the other hand, fell around 24% to \$35 billion as global prices for the metal surged and the rupee turned weaker.

The U.S. remained India's top export destination, followed by the UAE, while the Netherlands emerged as the third largest goods buyer, displacing China to the fourth position in 2022-23.

With the government setting a \$2 trillion target for goods and services exports by 2030 under the new Foreign Trade policy, the apex exporters' body FIEO sought marketing support to sell their wares around the world and an exemption from the Goods and Services Tax levied on freight for goods shipments.

## WHAT IS 'DABBA TRADING' AND HOW DOES IT AFFECT THE ECONOMY?

*Why is the NSE clamping down on 'dabba' traders? How does the informal trading ecosystem evade taxation?*

In the past week, the National Stock Exchange (NSE) issued a string of notices naming entities involved in 'dabba trading'. The bourse cautioned retail investors to not subscribe (or invest) using any of these products offering indicative/assured/guaranteed returns in the stock market as they are prohibited by law. It added that the entities are not recognised as authorised members by the exchange.

**What is 'dabba trading'?**

Dabba (box) trading refers to informal trading that takes place outside the purview of the stock exchanges. Traders bet on stock price movements without incurring a real transaction to take physical ownership of a particular

stock as is done in an exchange. In simple words, it is gambling centred around stock price movements.

For example, an investor places a bet on a stock at a price point, say ₹1,000. If the price point rose to ₹1,500, he/she would make a gain of ₹500. However, if the price point falls to ₹900, the investor would have to pay the difference to the dabba broker. Thus, it could be concluded that the broker's profit equates the investor's loss and vice-versa. The equations are particularly consequential during bull runs or bear market.

The primary purpose of such trades is to stay outside the purview of the regulatory mechanism, and thus, transactions are facilitated using cash and the

mechanism is operated using unrecognised software terminals. Other than this, it could also be facilitated using informal or kaccha (rough) records, sauda (transaction) books, challans, DD receipts, cash receipts alongside bills/contract notes as proof of trading.

Where does it become particularly problematic?

Since there are no proper records of income or gain, it helps dabba traders escape taxation. They would not have to pay the Commodity Transaction Tax (CTT) or the Securities Transaction Tax (STT) on their transactions. The use of cash also means that they are outside the purview of the formal banking system. All of it combined results in a loss to the government exchequer.

In 'dabba trading', the primary risk entails the possibility that the broker defaults in paying the investor or the entity becomes insolvent or bankrupt. Being outside the regulatory purview implies that investors are without formal provisions for investor protection, dispute resolution mechanisms and grievance redressal mechanisms that are available within an exchange.

Since all activities are facilitated using cash, and without any auditable records, it could potentially encourage the growth of 'black money' alongside perpetuating a parallel economy. This could potentially translate to risks entailing money laundering and criminal activities.

**What does the scenario look like?**

## BBC INDIA'S 'FOREIGN EXCHANGE VIOLATIONS' UNDER ED SCANNER

The Enforcement Directorate (ED) has initiated an inquiry into the British Broadcasting Corporation (BBC) India under the Foreign Exchange Management Act (FEMA) for suspected violations.

It is learnt that the agency has also asked some BBC India officials to submit the documents which it has to scrutinise as part of the proceedings. On Thursday, one official appeared before the investigators.

The move came about two months after the Income-Tax Department in February surveyed the Delhi and Mumbai offices of the BBC, and allegedly uncovered multiple irregularities, including non-payment of tax on certain remittances that were not disclosed to the authorities as income in India.

The surveys were carried out weeks after the BBC had released a two-part documentary India: the Modi Question, related to the 2002 Gujarat riots and situation of minorities in India. The I-T Department had then said that the income/profits shown by various group entities was not commensurate with the scale of operations in India.

"During the course of the survey, the Department gathered several evidence pertaining to the operation of the organisation which indicate that tax has not been paid on certain remittances," said the agency.

As alleged by the Department, services of seconded employees (staff internally transferred on a temporary basis) had been used, for which reimbursement was made by the Indian entity to the foreign entity concerned. "Such remittance was also liable to be subject to 'withholding tax' [the amount employer deducts from the employee's salary and pays to the government as the individual's tax liability], which has not been done...the survey has also thrown up several discrepancies and inconsistencies with regard to Transfer Pricing documentation," it had said.



*ED has reportedly asked for submission of documents.*

## 'RUPEE TRADE TO HELP CUT TRANSACTION COST'

International trade in the domestic currency will help reduce transaction costs for the industry and several countries are in discussion with the RBI on this, Commerce and Industry Minister Piyush Goyal said on Thursday.

Last year, the RBI and Finance Ministry had asked the top management of banks and representatives of trade bodies to push export and import transactions in the rupee.

**Rupee vostro accounts**

They wanted banks in India to connect with their foreign counterparts for opening special rupee vostro accounts to facilitate cross-border trade in the Indian currency rather than the popular mode of the U.S. dollar.

Mr. Goyal said today, several countries were realising that there was a need for change in currency and it involved conversion cost which, in turn, raised transaction costs.

"We can address these issues through rupee trade (arrangement)," he added.

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# THE RULES FOR RECOGNITION AS A NATIONAL PARTY



*Delhi Chief Minister Arvind Kejriwal at a meeting after the EC grants a national party status to AAP. ANI*

*What are the conditions under which a political party can lose its standing as a national party? How does a State party gain or lose its status? What are the benefits of recognition?*

The story so far:

Ahead of the upcoming Karnataka Assembly elections, the Arvind Kejriwal-led Aam Aadmi Party (AAP) received a shot in the arm from the Election Commission of India, as the poll body accorded it the status of a national party on April 10. Meanwhile, the Trinamool Congress (TMC), the Communist Party of India (CPI), and the Nationalist Congress Party (NCP) lost their national party status. The EC also revoked the recognition of some parties as State parties.

## How does a party get recognised as a national party?

The Election Commission reviews the poll performance of recognised parties after every State Assembly election or general election to the Lok Sabha. The rules for recognition as a national party are specified by the Commission in para 6B of the Election Symbols (Reservation and Allotment) Order, 1968.

A party becomes eligible to be accorded national status if it manages to fulfil one of the following conditions: (a) if it is recognised as a State party in at least four States, (b) if it secures 6% of the total votes polled in four States in the last Lok Sabha or Assembly elections, and in addition, gets four of its members elected to the Lok Sabha, or (c) if it wins 2% of seats in the Lok Sabha from at least three States.

Besides this, the Symbols Order of 1968 was amended in 2016 to give parties one additional "pass over". As per this amendment, deemed to have been in force since January 1, 2014, if a national or State party fails to fulfil the eligibility criteria in the next general elections (March 2014 Lok Sabha polls in this case) or the Assembly election after the election in which it received

recognition, it will continue to be recognised as a national or State party, meaning it will not be stripped of its status. However, whether it will continue to be recognised after any subsequent election would again have to be determined by the eligibility criteria.

The AAP gained national status after the EC order on Monday, as it was recognised as a State party in four States — Delhi, Punjab, Goa, and Gujarat. Its application with the EC was pending since the Gujarat election results, but a Karnataka High Court order asked the poll body to decide on the party's status before the State Assembly elections were notified.

The Trinamool Congress, which lost its national status on Monday, had gained it in 2016 by virtue of the "pass over" amendment to the Symbols Act. It was a State party in three States — West Bengal, Tripura, and Manipur — but it did not meet eligibility conditions to remain a State party in Arunachal Pradesh in the 2014 General and State elections. However, the Commission did not revoke its State party status, in line with the amendment. In the EC's most recent review, the party did not manage to remain a State party in the required four States — losing its status in Manipur and Arunachal Pradesh, while continuing to hold recognition in West Bengal, Tripura, and Meghalaya.

Meanwhile, the NCP lost its recognition in three States (Goa, Manipur, and Meghalaya) where it did not secure enough assembly votes between 2017 and 2018. It is currently a State party in only two States — Maharashtra and Nagaland.

Lastly, the CPI, which was accorded national status in 1989, also retained its status despite its performance in the 2014 Lok Sabha election, courtesy the amendment to the Symbols Act. While the EC held off on its revocation of the party's national status during the pandemic, it was withdrawn on Monday.

## What are the criteria to be recognised as a State party?

For recognition as a State party, it has to secure at least 6% of the valid votes polled and two seats in Assembly polls or one in Lok Sabha polls.

There are three other alternatives for eligibility: (a) at General Elections or Legislative Assembly elections, the party has to win 3% of the seats in the legislative assembly of the State (subject to a minimum of 3 seats), (b) at a Lok Sabha General Elections, the party has to win one Lok Sabha seat for every 25 Lok Sabha seats allotted for the State, or (c) at a General Election to the Lok Sabha or the Legislative Assembly, the party has to poll 8% of votes in a State. Besides, the changes to the state recognitions of the TMC, the NCP, and the CPI, the ECI also revoked State party status granted to the Rashtriya Lok Dal in Uttar Pradesh, the Bharat Rashtra Samithi in Andhra Pradesh, the People's Democratic Alliance in Manipur, the Pattali Makkal Katchi in Puducherry, the Revolutionary Socialist Party in West Bengal and the Mizoram People's Conference in Mizoram.

The Tipra Motha in Tripura, the Lok Janshakti Party (Ram Vilas) in Nagaland and the Voice of the People Party in Meghalaya were granted "recognised State political party" status.

## What are the benefits of recognition as national and State parties?

A recognised political party enjoys privileges such as a reserved party symbol, free broadcast time on State-run television and radio, consultation in the setting of election dates, and giving input in setting electoral rules and regulations.

Candidates put up by registered but unrecognised political parties are allotted election symbols by the Returning Officers of the constituencies after the last date for withdrawal of candidature as per availability. Thus, the party cannot use a single poll symbol across the country.

# NEUTRAL, NOT PASSIVE

*India should push for a pragmatic solution to the Ukraine conflict*

The visit by Ukraine's Deputy Foreign Minister Emine Dzhaparova to India, the first such by a senior government official from the East European country since its invasion by Russia, demonstrates Kyiv's desire to build tighter ties with New Delhi and seek its help in resolving the conflict. Earlier, Ukraine had publicly expressed its displeasure over India's position on the war. In August last year, Foreign Minister Dmytro Kuleba had attacked India's energy purchases from Russia, saying it involved "Ukrainian blood", and that Kyiv expected "more practical support" from New Delhi. But Ms. Dzhaparova sounded more pragmatic when she said Ukraine did not want to instruct India on its energy and economic ties with other countries, but that her nation was fighting an existential battle. The war has left India in a difficult position.

Russia is a historical partner which India has deep defence ties with and there is no easy, immediate alternative here. And, Russia's aggression is a naked violation of Ukraine's sovereignty, territorial integrity and international laws. The war has also made India's ties with its western partners complicated as the trans-Atlantic powers, led by the United States, have launched an economic war against Russia, from which India and most of the Global South have stayed away.

What India has done is to try and navigate this maze of geopolitics through realpolitik — it has refused to condemn Russia, maintained defence and trade ties, as well as expressed its uneasiness with the war and called for respecting the territorial integrity of all nations. But as the war drags on, this

balancing act could be interpreted as inactiveness. India is the chair of the G-20 and the Shanghai Cooperation Organisation and will be pressed to do more to show global leadership and help end the war. The conflict has hurt not only Europe but also the entire world and there is growing consensus among the countries in the Global South that the hostilities should cease at the earliest. China and Brazil have sensed this urgency and have hinted at playing a bigger role in brokering peace. India should not shy away. New Delhi has

good ties with Moscow, and Ms. Dzhaparova's visit suggests that Kyiv is also looking to India to play a bigger role in peacemaking. India's policy towards the conflict is rooted in its strategic neutrality. But neutrality does not mean that it should do nothing, waiting for the conflict to run its course. It should empathise more vocally with the victim, raise the voice and interests of the Global South, and call for upholding international laws and sovereignty of all states, while at the same time pushing for a pragmatic and permanent solution to the conflict.

## THE GOAL OF BUILDING A POPULAR DALIT AGENDA

*Harish S. Wankhede is Assistant Professor, Centre for Political Studies, School of Social Sciences, Jawaharlal Nehru University, New Delhi*

It is to the credit of modern liberal ideas, capitalist development and democratic churning that Dalits are now a well-recognised social and political force — a transformation made possible under the maverick leadership of B.R. Babasaheb Ambedkar. However, Ambedkar's vision to elevate Dalits as an independent religious community or to improvise their lot as the dominating political force in the democratic battles has not yet been realised.

There is a looming fear as the government of the day has been aggressive in adopting neo-liberal economic policies that often undermine social justice safeguards meant for the emancipation of historically marginalised communities. Further, the Hindutva ideological agenda considers independent Dalit assertions as a challenge to the politics of cultural nationalism. The threats and surveillance against the Dalit socio-political movement have been accentuated, relegating it to a passive powerless location today.

**A vision for social justice**

Ambedkar realised that the colonial regime opened the doors of modern institutions to various marginalised social groups, welcoming them to become an integral part of democratic processes. Constitutional principles allowed the untouchable castes in particular to raise their grievances effectively and reprimanded the social elite leadership for their exclusive exploitation of state power and social privileges. Ambedkar hoped that the policy of job reservation or Dalit representation in legislative bodies would induce the substantive democratisation of political power and introduce Dalits as influential shareholders in modern institutions.

Second, Ambedkar visualised that non-political public spaces (educational institutions, media, culture and art industries) should be democratised, allowing Dalits to play an effective role as entitled citizens. Further, the state would take effective measures to cultivate a sensitive public culture and punish offenders who practised caste or community-based discrimination. In modern India, it was expected that people would enjoy the profits of cosmopolitan culture without much fear of social discrimination and harassment. Ambedkar also believed that modernity should not be adored only for elevating the untouchables as a special category that would require the perpetual assistance of the state. Instead, he expected that Dalits must escape the burdened social identity (by converting to Buddhism) and reduce their dependency on the state. He imagined Dalits to be the natural leaders of historically deprived groups.

**Dalit assertion**

Influenced by Ambedkar's socio-political directives, Dalit intervention in the public sphere has been to demand social dignity, independent cultural rights and political power. The affirmative action policies of the state have helped a

significant Dalit section to emerge as a crucial segment of the mainstream middle class, allowing them to enjoy the profits of urban life. The arrival of the Bahujan Samaj Party (BSP) in the 1980s was possible due to the committed support of the Dalit middle class. However, various sections within the Dalits have not shown sincere attachment to the social justice movement and remained hegemonised by conventional cultural values, even drifting towards political options considered as antithetical to the politics of Dalit emancipation.

Second, on the social and cultural front, Dalits introduced themselves as an assertive and independent alternative. Today, Ambedkar's life-size statues in many cities are a visible marker of the dignified presence of Dalits in public spaces. Further, Dalits organise impressive public events (celebration of Constitution Day), or the birth anniversaries of revolutionary icons or the organisation of massive gatherings at historic sites to showcase their elevated sense of equality and dignity in public life. Dalits have introduced themselves as the proponent of alternative cultural values and have democratised the public sphere. Third, it is in electoral battles that Dalits have witnessed their growing marginalisation. With the periodic decline of the BSP in Uttar Pradesh as a commendable mainstream party, the possibility that the national regime can be governed under Dalit-Bahujan leadership has been derailed. Interestingly, it is the BJP that often claims itself to be an inclusive party, representing the interests of the worst-off Dalit-Bahujan castes. In Maharashtra, Bihar, Telangana and Tamil Nadu, though there are impressive social and political mobilisations by Dalits, these have limited capacities to overturn the domination of the nationalist parties, especially the BJP juggernaut at the Centre.

**The realities**

The post-Ambedkar Dalit activism has surely enlarged its presence and democratised the social and political sphere substantively. However the conventional class and caste relationships have not reformed much. Growing cases of caste atrocities, violence and assaults are enough to depress Dalit hopes for social emancipation. Further, even in modern institutions such as universities, the judiciary, the media and cultural industries, there is a marginalisation of Dalit participation. On Ambedkar's birth anniversary (April 14), the dignified public presence of Dalits may be visible, but there are few who look into their substantive issues about growing political marginalisation, a lack of representation in the institutions of power and their quest for freedom from the clutch of Brahmanical casteism. A rethinking is needed to build a popular Dalit agenda that mobilises the vulnerable and marginalised communities for a greater emancipatory project.



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