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The Ministry of Home Affairs directed States/UTs to ensure LGBTQ+ equality in prisons, addressing discrimination in access to services and visitation rights.

Centre asks States to ensure that queer community gets equal rights in prisons

S. Vijay Kumar
CHENNAI

The Centre has asked States/Union Territories to ensure that members of the queer community (LGBTQ+) get equal rights in prison and there is no discrimination in access to goods and services, especially prison visitation rights.

In a note to Home Secretaries and Heads of Prisons, the Ministry of Home Affairs said it had come to the notice of the Ministry

that members of the queer community (LGBTQ+) were often discriminated against because of their gender identity or sexual orientation and faced violence and disrespect.

Referring to the Model Prison Manual, 2016, the MHA said “every prisoner shall be allowed reasonable facilities for seeing or communicating with, his/her family members, relatives, friends and legal advisers for the preparation of an appeal or for procuring bail or for arranging the

management of his/her property and family affairs.”

Also, the inmate should be allowed to have interviews with his/her family members, relatives, friends and legal advisers once in a fortnight.

The number of persons who may interview a prisoner at one time should ordinarily be limited to three. Interviews with female prisoners should, if practicable, take place in the female enclosure/ward. “It is reiterated that

these provisions equally apply to the members of queer community and they can meet a person of their choice without any discrimination or judgement.”

The MHA asked the prison authorities to sensitise the concerned officials at all levels to ensure that all persons were treated equally in a fair and just manner and no person, especially those belonging to the queer community, were discriminated against in any manner whatsoever.

What is LGBTQ?

- ✚ LGBTQ is an initialism that stands for lesbian, gay, bisexual, and transgender. In use since the 1990s, the initialism, as well as some of its common variants, functions as an umbrella term for sexuality and gender identity.

Challenges faced by LGBTQ+ individuals in accessing justice and social services:

- ✚ **Challenges Faced by LGBTQ+ Individuals in Accessing Justice and Social Services: Legal Discrimination:** Many countries lack comprehensive anti-discrimination laws protecting LGBTQ+ individuals, leading to biased treatment in legal proceedings and denial of services.
- ✚ **Social Stigma and Bias:** Deep-seated societal prejudices often result in LGBTQ+ individuals facing hostility, judgement, and reluctance from service providers, hindering their access to justice and services.
- ✚ **Lack of Awareness and Sensitivity:** Legal and social service providers may not be adequately trained to understand and address the unique challenges faced by LGBTQ+ individuals, leading to inadequate support.

Daily News Analysis

- ✚ **Barriers to Healthcare:** Discrimination and lack of understanding in healthcare settings prevent LGBTQ+ individuals from accessing essential medical and mental health services.
- ✚ **Financial Constraints:** Economic marginalisation due to workplace discrimination or lack of legal recognition can limit resources for legal representation and social support.
- ✚ **Way Forward: Legal Reforms:** Implement and enforce inclusive anti-discrimination laws and policies to protect LGBTQ+ rights in all spheres of life.
- ✚ **Training and Sensitization:** Provide mandatory training for legal and social service professionals on LGBTQ+ issues to ensure inclusive and respectful service delivery.
- ✚ **Community Outreach:** Establish LGBTQ+ community centres and support networks to provide advocacy, legal aid, and social services tailored to their needs.
- ✚ **Healthcare Access:** Ensure healthcare providers are trained in LGBTQ+ healthcare needs and promote inclusive practices in medical settings.
- ✚ **Public Awareness:** Launch campaigns to combat stigma, raise awareness about LGBTQ+ rights, and promote acceptance within society and among service providers.

UPSC Mains PYQ : 2018

Ques : 'Women's movement in India has not addressed the issues of women of lower social strata.' Substantiate your view.

Daily News Analysis

Page 06 : GS 2 : Indian Polity : Judiciary

The Supreme Court ruled that states lack authority to modify the Scheduled Castes List under Article 341 of the Constitution.

- ✚ The case arose from a Bihar government notification merging the Extremely Backward Class (EBC) of Tanti-Tantwa with the Scheduled Caste of Pan/Sawasi, allowing EBC members to claim SC benefits.
- ✚ Justices Vikram Nath and P.K. Mishra clarified that any changes to the SC list must be made by Parliament, not by states.
- ✚ The court declared the 2015 Bihar notification as illegal and beyond the state government's authority.
- ✚ It emphasised that even if recommended by state commissions, such alterations violate constitutional provisions safeguarding the integrity of the SC list.

Article 341:

- ✚ Article 341 of the Indian Constitution pertains to the provisions for Scheduled Castes (SCs).
- ✚ It empowers the President of India to specify, through public notification, the castes, races, or tribes deemed as Scheduled Castes in each state and union territory.
- ✚ This constitutional provision aims to safeguard the rights and promote the welfare of historically marginalised communities by ensuring their representation and access to affirmative action programs.

Procedure to Amend/Alter the SC List

- ✚ **Process of Amending/Altering the SC List:**
 - **Initiation and Scrutiny:** A state government proposes the inclusion or exclusion of a community from the SC list, which is scrutinised by the Ministry

States cannot tinker with the Scheduled Castes List, says SC

The Hindu Bureau
NEW DELHI

The Supreme Court has held that the States cannot tinker with the Scheduled Castes List notified under Article 341 of the Constitution.

"Any inclusion or exclusion of any caste, race or tribe or part of or group within the castes, races or tribes has to be, by law, made by the Parliament, and not by any other mode or manner," a Bench of Justices Vikram Nath and P.K. Mishra said while clarifying on the law.

The judgment by the top court came in a challenge by Dr. Bhim Rao Ambedkar Vihar Manch, Patna, to a July 1, 2015 notification issued by the Bihar government, on the basis of the recommendation of the State Backward Classes Commission to merge the Extremely Backward Class (EBC) of Tanti-Tantwa with the Scheduled Caste of Pan/Sawasi

in the Scheduled Castes List. The merger would enable the Tanti-Tantwa to claim the benefits of Scheduled Castes.

Justice Nath, who authored the judgment, pronounced the 2015 resolution as "patently illegal and erroneous".

"The State government had no competence/authority/power to tinker with the lists of Scheduled Castes published under Article 341 of the Constitution," Justice Nath concluded in the July 15 verdict.

The court said the State Backward Commission, in the first place, had jurisdiction to recommend the joining of a caste or group with a notified Scheduled Caste community.

"Even if it makes such a recommendation, right or wrong, the State has no authority to proceed to implement the same when it was fully aware that the Constitution does not permit it to do so," Justice Nath observed.

Daily News Analysis

of Social Justice and Empowerment.

- Then the proposal undergoes evaluation based on socio-economic factors and historical data, with inputs from the Registrar General of India.
- **Expert Consultation and Cabinet Approval:** The National Commission for Scheduled Castes (NCSC) provides expert recommendations on the proposal.
 - The Cabinet then reviews the proposal, considering NCSC recommendations and other factors, and grants approval for amendments.
- **Parliamentary Process:** A Constitutional Amendment Bill is introduced in Parliament, detailing the proposed changes to the SC list.
 - The Bill requires a special majority i.e. the majority of the total membership of both Houses present and voting, as well as a majority of the total number of members in each House.
- **Presidential Assent and Implementation:** Upon passage by both Houses, the Bill is sent to the President for assent. Once the President gives assent, the amendments to the SC list are officially enacted.

✚ **Criteria for Inclusion in SC List:**

- Extreme social, educational and economic backwardness arising out of traditional practice of untouchability.

Registrar General of India

- ✚ The Registrar General of India was founded in 1961 by the Government of India under the Ministry of Home Affairs.
- ✚ It arranges, conducts, and analyses the results of the demographic surveys of India including the Census of India and Linguistic Survey of India.
- ✚ The position of Registrar is usually held by a civil servant holding the rank of Joint Secretary.

UPSC Prelims PYQ : 2022

Ques : If a particular area is brought under the Fifth Schedule of the Constitution of India, which one of the following statements best reflects the consequence of it?

- (a) This would prevent the transfer of land of tribal people to non-tribal people.
- (b) This would create a local self-governing body in that area.
- (c) This would convert that area into a Union Territory.
- (d) The State having such areas would be declared a Special Category State.

Ans: (a)

The global landscape of women's representation in parliaments varies widely. India, despite granting universal suffrage in 1952, has seen historically low numbers of women MPs.

✚ The 106th amendment, passed in 2023, mandates one-third reservation for women in the Lok Sabha and State Legislative Assemblies, aiming to enhance gender parity in governance.

On political representation of women

Have women been fairly represented in Parliament in independent India? Should political parties provide internal reservations to increase women's political participation? When will the 106th constitutional amendment be implemented?

EXPLAINER

Rangarajan. R

The story so far:

In the recently concluded general elections in the U.K., a record 263 women MPs (40%) have been elected to the House of Commons. The South African National Assembly has around 45% women representation, while the U.S. House of Representatives has 29%. Universal suffrage was achieved in various parts of the world after prolonged political movements. New Zealand as a self-governing unit under British rule was the first to grant universal women suffrage in 1893. The U.K., itself provided all its women the right to vote only in 1928. The U.S., granted equal voting rights through the nineteenth amendment only in 1920.

What about women representatives in independent India?

India as a sovereign republic provided the right to vote for all its women right from the first general elections in 1952. While the right to vote was provided to all women since the commencement of the Constitution, the representation of women in the Lok Sabha and State legislative assemblies has been far from satisfactory. The percentage of women MPs in the Lok Sabha had been very low between 5% and 10% till 2004. It rose marginally to 12% in 2014 and currently stands at 14% in the 18th Lok Sabha. The representation in State Legislative Assemblies is even poorer with the national average being around 9%.

The 73rd and 74th amendments of the Constitution in 1992/1993, provided for one-third reservation for women in panchayats and municipalities. However, attempts between 1996 and 2008 to provide similar reservation in the Lok Sabha and assemblies were unsuccessful.

How do women MPs fare worldwide? Women representation in parliament varies across different democracies. It is a



Long fight: From a protest march demanding the women's Reservation Bill in 2016. FILE PHOTO

perennial issue to promote higher representation for women who constitute half the population in all countries. The important methods used across the world to ensure higher representation of women are (a) voluntary or legislated compulsory quotas for candidates within political parties and (b) quota in parliament through reservation of seats. Quotas within political parties provide more democratic choice to voters and allows flexibility to parties in choosing

Country wise data on women representation*

Women representation in parliament varies across different democracies



Moving forward: Trinamool Congress MPs take selfies at the Parliament House complex during the first session of the 18th Lok Sabha, on June 25. PTI

| Country | % of elected women | Quota in Parliament | Quota in political parties |
|--------------|--------------------|---------------------|----------------------------|
| Sweden | 46% | No | Yes |
| South Africa | 45% | No | Yes |
| Australia | 38% | No | Yes |
| France | 38% | No | Yes |
| Germany | 35% | No | Yes |
| U.K. | 40% | No | Yes |
| U.S. | 29% | No | No |
| Pakistan | 16% | Yes | No |
| Bangladesh | 20% | Yes | No |

*(as of September 2023) | Source: PRS legislative research

Voluntary or legislated quotas within political parties are unlikely to yield the desired representation in our country

women candidates. Opponents of having a reserved quota in parliament for women argue that it would be seen as women not competing on merit. As the seats reserved for women would be rotated after each delimitation, it may also reduce the incentive for MPs to work hard to nurture their constituencies. The table above provides a snapshot of women's representation in some democracies across the world. As can be seen, countries like Bangladesh and Pakistan that have quotas in parliament fare poorer than countries with political party quotas.

What is the 106th amendment?

As on April 2024, India ranks 143 in the list of countries in the 'Monthly ranking of women in national parliaments' published by the Inter-Parliamentary Union, a global organisation for national parliaments. The Trinamool Congress has the highest proportion of women MPs in the current Lok Sabha at 38%. The ruling Bharatiya Janata Party and principal Opposition Congress party have around 13% each. Naam Tamil Katchi, a State

party in Tamil Nadu, has been following a voluntary quota of 50% for women candidates in the last three general elections.

However, voluntary or legislated quotas within political parties are unlikely to yield the desired representation in our country. This is why the Parliament through the 106th constitutional amendment, in September 2023, provided for one-third reservation of seats for women in the Lok Sabha and State legislative assemblies. This would ensure a fair representation of women in legislatures that would increase gender sensitivity in parliamentary processes and legislation. It would also hopefully increase the number of women Ministers in the Centre and States.

This reservation shall come into effect based on the delimitation exercise after the relevant figures of the first Census conducted after the commencement of this act is published. Hence, the Census which is overdue since 2021 should be conducted without any further delay to ensure that this reservation is implemented starting with the general elections in 2029.

Rangarajan. R is a former IAS officer and author of 'Polity Simplified'. He currently trains civil-service aspirants at 'Officers IAS Academy'. Views expressed are personal.

THE GIST

India as a sovereign republic provided the right to vote for all its women right from the first general elections in 1952.

The important methods used across the world to ensure higher representation of women are (a) voluntary or legislated compulsory quotas for candidates within political parties and (b) quota in parliament through reservation of seats.

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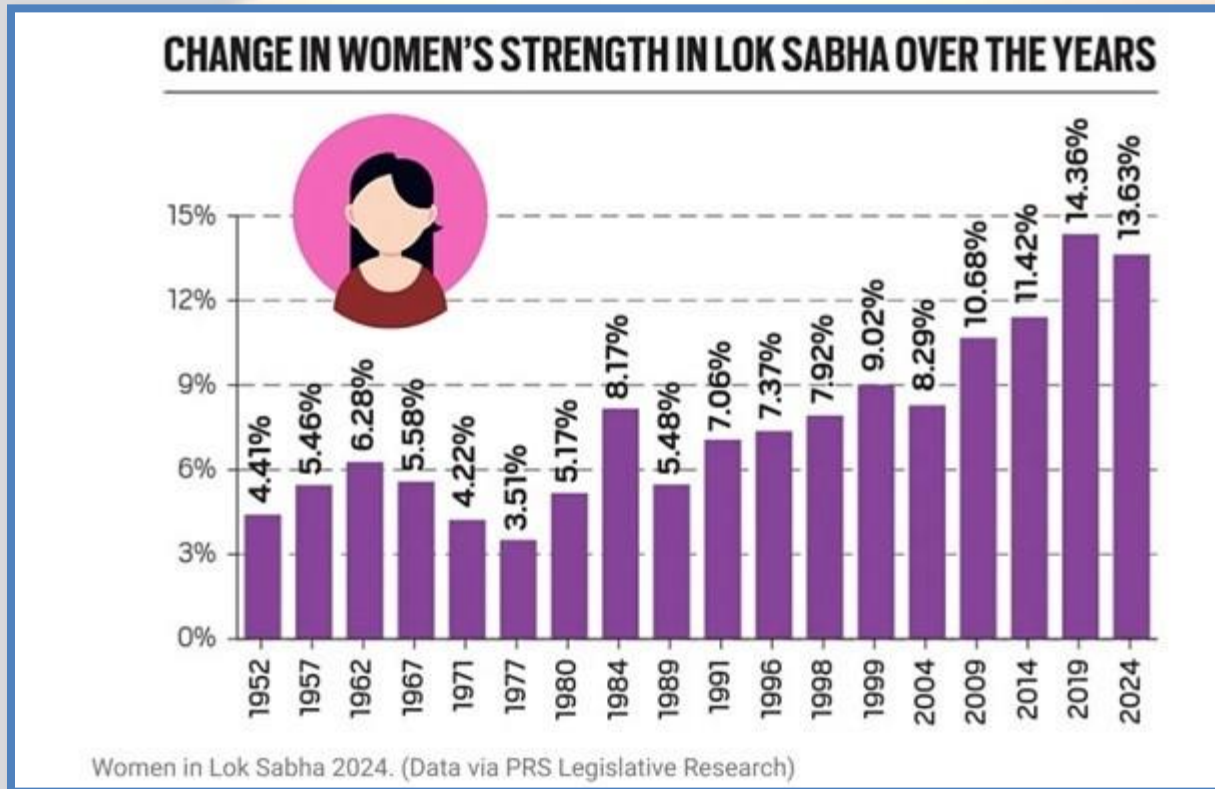
Women Representation in Global Parliaments:

✚ The global landscape of women representation in parliaments varies significantly among democracies.

Daily News Analysis

- ✚ Universal suffrage, crucial for gender equality, was achieved in stages across countries like New Zealand (1893), the United Kingdom (1928), and the United States (1920).

Women MPs in Independent India:



- ✚ India granted universal suffrage to women from its first general elections in 1952.
- ✚ Despite this, women's representation in the Lok Sabha and State Legislative Assemblies has historically been low, ranging from 5% to 10% until 2004.
- ✚ The percentage rose marginally to 12% in 2014 and currently stands at 14% in the 18th Lok Sabha.
- ✚ State Legislative Assemblies show an even lower average representation of around 9%.
- ✚ The 73rd and 74th amendments in 1992/1993 mandated one-third reservation for women in panchayats and municipalities, yet similar attempts for reservation in the Lok Sabha and assemblies between 1996 and 2008 were unsuccessful.

Global Comparison of Women MPs:

- ✚ Globally, promoting higher representation for women remains a challenge despite their constituting half of the population in most countries.
- ✚ Effective methods include voluntary or legislated compulsory quotas within political parties and direct reservation of seats in parliaments.
- ✚ Countries like Bangladesh and Pakistan, with quotas in parliament, often fare poorer than those with political party quotas.

106th Amendment:

Daily News Analysis

- ✚ Recognizing the need for enhanced women representation, the 106th constitutional amendment was passed in September 2023.
- ✚ It mandates one-third reservation of seats for women in the Lok Sabha and State Legislative Assemblies.
- ✚ This move aims to ensure fair representation, increase gender sensitivity in legislative processes, and potentially elevate the number of women ministers.
- ✚ Implementation hinges on the delimitation exercise post the first Census conducted after the amendment's commencement.
- ✚ A timely Census is crucial to ensure reservation takes effect in the 2029 general elections.

Why female representation in Parliament and state legislatures remained low?

- ✚ **Inaccessibility of Institutions:** Election records show that most political parties, though pledging in their constitutions to provide adequate representation to women, in practice give far too few party tickets to women candidates.
 - A study found that a large section of women who do get party tickets have family political connections, or are 'dynastic' politicians. With normal routes of accessibility limited, such connections are often an entry point for women
- ✚ **Notion of women less likely to win:** It is still widely held in political circles that women candidates are less likely to win elections than men, which leads to political parties giving them fewer tickets.
- ✚ **Challenging Structural Conditions:** Election campaigns in India are extremely demanding and time-consuming.
 - Women politicians, with family commitments and the responsibilities of child care, often find it difficult to fully participate
- ✚ **Highly vulnerable:** Women politicians have been constantly subjected to humiliation, inappropriate comments, abuse and threats of abuse, making participation and contesting elections extremely challenging.
- ✚ **Expensive electoral system:** Financing is also an obstacle as many women are financially dependent on their families.
 - Fighting parliamentary elections can be extremely expensive, and massive financial resources are required to be able to put up a formidable contest.
 - Absent adequate support from their parties, women candidates are compelled to arrange for their own campaign financing this is a huge challenge that deters their participation
- ✚ **Internalized patriarchy:** A phenomenon known as 'internalized patriarchy' where many women consider it their duty to priorities family and household over political ambitions.

Conclusion:

- ✚ The 106th amendment represents a significant step towards achieving gender parity in Indian legislatures.
- ✚ By institutionalising quotas, India seeks to address historical underrepresentation and enhance inclusivity in governance.

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UPSC Mains PYQ

Ques: Women's leadership qualities are not hidden from anyone, so the denial of opportunity for political representation represents grave injustice. Comment.

India is close to finalising the clean economy and fair economy agreements under the Indo Pacific Economic Framework for Prosperity (IPEF), led by the U.S.

- ✚ The agreements focus on energy security, climate resilience, anti-corruption, and transparent business environments, while India hesitates on joining the trade pillar due to concerns over digital trade and standards.

About the news:

- ✚ India is nearing finalisation of clean economy and fair economy agreements under the U.S.-led Indo Pacific Economic Framework for Prosperity (IPEF).
- ✚ These pacts focus on energy security, climate resilience, anti-corruption, and transparent business environments.
- ✚ India has concerns over the trade pillar, particularly regarding digital economy rules and labour/environmental standards.
- ✚ The Commerce Department has drafted Cabinet notes, with other ministries largely in agreement.
- ✚ India, after missing endorsement due to elections, aims to secure domestic clearances before signing.
- ✚ IPEF, aimed partly at countering Chinese influence, includes 14 members like the U.S., Japan, Australia, and others.
- ✚ All members, including India, have signed the supply chain resilience agreement.
- ✚ The clean economy pact targets reducing fossil fuel dependence, promoting clean energy, and attracting investments for climate-friendly technologies.
- ✚ The fair economy agreement aims at

IPEF: India likely to sign clean, fair economy pacts

Amiti Sen
NEW DELHI

India is likely to soon be able to sign the clean economy and fair economy agreements under the U.S.-led Indo Pacific Economic Framework for Prosperity (IPEF) as the Cabinet notes on the pacts are in an advanced stage of finalisation, official sources said.

The country, however, is not yet ready to join the trade pillar of IPEF as it continues to be uncomfortable with some of its components, such as framing of high-standard rules on digital economy, including cross-border data flows and data localisation, and labour and environment issues, the source added.

"The Cabinet notes on clean economy and fair economy pacts have almost been readied by the Commerce Department as other Ministries and Departments are largely on board on its contents.

"Since India is not set to take on heavy additional obligations by signing the two pacts, the domestic discussions are not complicated," an official told *businessline*.

India was the only country in the 14-member IPEF bloc that had not endorsed the clean economy and fair economy pacts at the Ministerial level meeting in Singapore held in June because of general elections. It had assured other members that it would get domestic clearances after a new government was in place.

Countering China

In a move seen by many as an attempt to counter China's growing influence in the Indo-Pacific region, U.S. President Joe Biden unveiled the IPEF in Tokyo



Taking off: All 14 IPEF members, including India, have signed the supply chains resilience agreement. GETTYIMAGES/ISTOCK

'India hopes to attract investments and concessional financing for clean energy projects'

on May 23, 2022.

The 14 members include the U.S., India, Australia, Brunei, Fiji, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand and Vietnam.

Four pillars

The IPEF framework is structured around the four pillars of trade, supply chains, clean energy and tax and anti-corruption, but there are no provisions on tariff cuts on goods.

All 14 IPEF members, including India, signed the supply chains resilience agreement which entered into force on February 24.

Energy security

The clean economy pact focusses on energy security and transition, climate resilience and adaptation; GHG (greenhouse gas) emissions mitigation; find/develop innovative ways of reducing dependence on fossil fuel energy; promote technical cooperation, workforce development,

capacity building, and research collaborations; and collaborate to facilitate development, access, and deployment of clean energy and climate-friendly technologies.

"India hopes to attract investments and concessional financing for its clean energy projects," the official said.

'More transparency'

The agreement on fair economy intends to create a more transparent and predictable business environment that can spur greater trade and investment in the markets of member countries; enhance efforts to prevent and combat corruption by strengthening anti-corruption frameworks, support efforts to improve tax transparency and exchange of information for tax purposes between competent authorities.

The pillar 1 of IPEF which deals with trade is nowhere near finalisation as the U.S. does not seem to be interested any more in the chapter on digital trade. India had opted out of the negotiations on trade pillar right at the beginning.

(The writer is with *The Hindu businessline*)

Daily News Analysis

enhancing trade and investment by improving transparency, combating corruption, and boosting tax cooperation.

- ✚ Negotiations on the trade pillar, excluding digital trade, are stalled as the U.S. shifts focus.

Indo Pacific Economic Framework for Prosperity (IPEF):

- ✚ The Indo-Pacific Economic Framework for Prosperity (IPEF) is a U.S.-led initiative launched in May 2022 to bolster economic cooperation and resilience.
- ✚ **It includes 14 countries:** the United States, Australia, Brunei, Fiji, India, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, South Korea, Thailand, and Vietnam.
- ✚ **The IPEF focuses on four key pillars:** trade, supply chain resilience, clean energy and decarbonization, and tax and anti-corruption measures.
- ✚ It aims to foster sustainable economic growth, improve trade standards, and ensure a free and open Indo-Pacific, counterbalancing China's influence in the region.

UPSC Mains PYQ : 2019

Ques : 'What introduces friction into the ties between India and the United States is that Washington is still unable to find for India a position in its global strategy, which would satisfy India's National self-esteem and ambitions'. Explain with suitable examples.

Daily News Analysis

River In News : Tizu River

The Union Minister of Ports, Shipping and Waterways recently announced that the ministry has decided to carry out feasibility studies to use the National Waterways-101 on the Tizu Zunki River for the transportation of cargo and passengers.



Tizu River:

- ✚ Nagaland has four main rivers, namely, Doyang, Dhansiri, Dhiku and Tizu.
- ✚ The first three flow towards the west through the Assam plains to join River Brahmaputra, while the Tizu River system flows towards the east and southeast and pours into the Irrawaddy in Myanmar.
- ✚ The Tizu River forms an important drainage system in the eastern part of Nagaland.
- ✚ It originates from the central part of Nagaland state and runs through a northeast direction, flows through Kiphire and Phek districts and confluences in the Chindwin River of Myanmar.
- ✚ The Chindwin River further enters into Irrawaddy River, the largest river of Myanmar.
- ✚ The River Irrawaddy further drains into the Andaman Sea via the Irrawaddy Delta after travelling through river ports like Mandalay.
- ✚ The main tributaries of the River Tizu are river Zungki, Lanye, and Likimro.
- ✚ The Zungki River, which is the biggest tributary of Tizu, starts from the north-eastern part of Changdong forest in the south of Teku, and flows in a southern direction towards Noklak, Shamator, and Kiphire, and finally joins Tizu below Kiphire.

About National Waterways 101:

- ✚ The proposed Tizu-Zungki waterway, or NW 101, will link Nagaland with the Chindwin River, Myanmar, and beyond.
- ✚ On the Nagaland side, it is set to run approximately 42 km, starting from Longmatra in Kiphire to Avangkhu in Phek's Meluri sub-division.

Daily News Analysis

✚ From Avangkhu, it will link up with the Chindwin and on to the Tamanthi port, Myanmar, traversing some 117 km.

UPSC Prelims PYQ : 2021

Ques : With reference to the Indus river system, of the following four rivers, three of them pour into one of them which joins the Indus direct. Among the following, which one is such river that joins the Indus direct?

- a) Chenab
- b) Jhelum
- c) Ravi
- d) Sutlej

Ans : d)

Intergenerational equity as tax devolution criterion

The devolution of Union tax revenue to States is a topic that has been in discussion in the political sphere in recent times. However, it is an evergreen subject of discussion for economists. One of the points in this discussion is the factors in the horizontal distribution of States' share in Union tax revenue among States. The Finance Commission (FC) decides the horizontal distribution formula once every five years. Despite repeated quinquennial revisits to this distribution formula, conceptually, it is predictable that equity is prioritised over efficiency. Equity in the distribution formula is about intragenerational equity, that is, to redistribute tax revenue among States. The undesirable consequence of this is the accentuation of intergenerational inequity within States. The argument is that intergenerational equity should be a factor in India's horizontal distribution formula for tax devolution.

Intergenerational fiscal equity

In general, intergenerational equity is the principle of providing equal opportunities and outcomes to every generation. Intergenerational equity ensures that the decisions or actions of current generations should not burden the future generation. From a public finance point of view, it refers to a situation where every generation pays for the public services it receives and does not burden the future generation through borrowings.

For any government, there are only two ways to raise its revenue: tax or borrowing. If, in a period, the tax revenue equals the current expenditure of the government, then the current taxpayers pay for the public services they receive. If the government finances the current expenditure through borrowings, it means the future generation is going to pay higher taxes to repay this borrowing and interest. In other words, borrowing to meet the current expenditure of the government amounts to intergenerational inequity.

There is an argument in fiscal economics called Ricardian Equivalence Theory that whenever the government resorts to borrowing to finance current expenditure, households react through higher savings and thus enable the future generation to pay higher taxes as well as keep aggregate demand in the economy constant over different periods. This theory assumes that the current generation pays tax less than the value of



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The Finance Commission needs to have a relook at the indicators in rewarding State fiscal efficiency

the current public services it receives, and thus saves. Whereas in our present federal situation this is not the case. Households in developed States pay taxes that are not entirely used within the specific States, thus compelling such States to borrow more or curtail current expenditure. On the contrary, households in developing States pay taxes much less than the value of current expenditure and fill the gap by receiving higher financial transfers from the Union government.

Versus intragenerational equity

To give the broader picture, let us divide some of the major States into high-income and low-income – Tamil Nadu, Kerala, Karnataka, Maharashtra, Gujarat, and Haryana as high-income States and Bihar, Uttar Pradesh, Madhya Pradesh, Rajasthan, Odisha and Jharkhand as low-income States. Let us analyse only the 14th FC period (2015-20). The own tax revenue financed up to 59.3% of revenue expenditure in high-income States, while in low-income States, their own tax revenue was financing only 35.9%. The Revenue Expenditure to GSDP ratio for high-income States was 10.9%, which is lower than the similar ratio of 18.3% for low-income States. Thus, while high-income States curtailed their revenue expenditure and began financing a substantial part of it through their own tax revenues, the low-income States not only had higher Revenue Expenditure to GSDP but also financed only a smaller portion of it through their own tax revenues. Nearly 57.7% of revenue expenditure in low-income States was financed by Union financial transfers, and only 27.6% of revenue expenditure was financed by Union financial transfers in high-income States.

We can see three aspects of federal finances. First, low-income States finance a smaller portion of their revenue expenditure with their own tax revenue and also receive larger amounts of Union financial transfers. Second, high-income States finance a substantial portion of their revenue expenditure with their own tax revenue but receive too little Union financial transfers. Third, we can also deduce that the high-income States had to incur a deficit of 13.1%, and the low-income States ended up with a deficit of only 6.4% of revenue expenditure. Thus, the high-income States raise higher amounts of their own tax revenue and curtail their own revenue expenditure, yet incur higher deficits because of lower Union financial transfers compared to low-income States.

People of a State know the level of direct and indirect taxes they pay and expect an equivalent value of services from the government. So, the public services provided to the people of a State by both the State and the Union government should match this expectation. Any other fiscal behaviour would only result in burdening the high-income States with higher tax payments for both present and future generations. We understand the need for intragenerational equity across States in a federal system as it provides a larger unified market for everyone. Balancing both intragenerational and intergenerational equity is important, and it reiterates the need to balance equity and efficiency in the distribution formula for tax devolution to States. This squarely falls under the purview of the FC to have a fair mechanism to address the conflicting equity issues

Address conflicting equities

Usually, FCs use indicators such as per capita income, population, and area in the distribution formula. These indicators reflect the differences between States in terms of demand for public services (population and area) and the size of public revenue available (per capita income). These indicators carry a larger weight and assure equity in the distribution of Union financial transfers among States. Variables such as tax effort and fiscal discipline carry smaller weight in the distribution formula to reward the fiscal efficiency of States.

You may find that the equity variables are proxy variables, and that they do not reflect the actual fiscal situations in States. The efficiency indicators are fiscal variables from the State budget. The Union financial transfers make an impact only on the Budget and alter the fiscal behaviour of States. Therefore, it is appropriate to include more fiscal variables in the tax devolution criterion such that the Union financial transfers change the fiscal behaviour of the States in the desired direction.

Every State has a Fiscal Responsibility Act restricting the quantum of deficit and public debt. However, reduced Union financial transfers to some States compel them to breach this legal limit. Therefore, the FC should assign a larger weight to fiscal indicators and incentivise tax effort and expenditure efficiency through larger Union financial transfers. This will automatically ensure intergenerational fiscal equity and sustainable debt management by States.

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GS Paper 03 : Indian Economy – Issues relating to mobilisation of resources.

PYQ: (UPSC CSE (M) GS-2 2021) How have the recommendations of the 14th Finance Commission of India enabled the States to improve their fiscal position? (150 words/10m)

Practice Question Discuss the implications of the Finance Commission's horizontal distribution of Union tax revenue on intergenerational equity and fiscal sustainability in high-income versus low-income States.

(150 w/10m)

Context

- ✚ The Finance Commission revisits the horizontal distribution of Union tax revenue every five years, prioritising intragenerational equity, which can lead to intergenerational inequity.
- ✚ High-income States finance more of their expenditure with their own tax revenue but receive fewer Union transfers, whereas low-income States rely heavily on Union financial transfers.

Introduction:

- ✚ The distribution of Union tax revenue to States is a key topic in both political and economic discussions.
- ✚ The Finance Commission (FC) revisits the horizontal distribution formula every five years, prioritising equity over efficiency.
- ✚ Equity in this context refers to intragenerational equity, aiming to redistribute tax revenue among States.
- ✚ This approach can lead to intergenerational inequity within States.

Intergenerational Fiscal Equity

- ✚ Intergenerational equity ensures equal opportunities and outcomes for all generations.
- ✚ It implies that current generations should not burden future generations with debt.
- ✚ Governments can raise revenue through taxes or borrowing; borrowing to finance current expenditures imposes future tax burdens, leading to intergenerational inequity.
- ✚ The Ricardian Equivalence Theory suggests that households save more when the government borrows, but this does not hold true in India's federal context.

Horizontal Distribution Formula and Intragenerational Equity

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- ✚ High-income States like Tamil Nadu, Kerala, Karnataka, Maharashtra, Gujarat, and Haryana raise significant tax revenue and finance their expenditures, whereas low-income States like Bihar, Uttar Pradesh, Madhya Pradesh, Rajasthan, Odisha, and Jharkhand rely more on Union transfers.
- ✚ During the 14th Financial Commission period (2015-2020), high-income States financed 59.3% of their revenue expenditure through their own tax revenue, compared to 35.9% in low-income States.
- ✚ Low-income States received 57.7% of their revenue expenditure from Union transfers, while high-income States received only 27.6%.

Federal Finance Aspects

- ✚ Low-income States finance less of their expenditure through their own tax revenue and rely heavily on Union transfers.
- ✚ High-income States finance more of their expenditure through their own tax revenue but receive fewer Union transfers.
- ✚ High-income States incur higher deficits due to lower Union transfers, while low-income States have lower deficits.

Public Expectations and Fiscal Behavior

- ✚ Citizens expect public services to match the taxes they pay, whether through State or Union government services.
- ✚ Discrepancies in fiscal behaviour can burden high-income States with higher tax payments for both present and future generations.
- ✚ Balancing intragenerational and intergenerational equity is crucial, requiring a balance of equity and efficiency in tax devolution.

Addressing Conflicting Equities

- ✚ The Financial Commission typically uses indicators like per capita income, population, and area in the distribution formula, reflecting demand for public services and available public revenue.
- ✚ These equity indicators carry more weight than efficiency indicators like tax effort and fiscal discipline.
- ✚ Efficiency indicators, based on State budgets, should be given more weight to influence fiscal behaviour positively.

Fiscal Responsibility and Incentivizing Efficiency

- ✚ States have Fiscal Responsibility Acts that limit deficits and public debt.
- ✚ Reduced Union transfers can compel some States to breach these limits.
- ✚ The Financial Commission should assign more weight to fiscal indicators, incentivizing tax effort and expenditure efficiency through larger Union transfers.

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- ✚ This approach would ensure intergenerational fiscal equity and sustainable debt management by States.

Conclusion: Balancing Equity and Efficiency

- ✚ The Financial Commission's role is to balance equity and efficiency in the distribution formula for tax devolution.
- ✚ This balance should address conflicting equity issues and promote fiscal discipline and sustainability.
- ✚ Proper implementation of fiscal indicators in the distribution formula can positively influence States' fiscal behaviour, ensuring both intragenerational and intergenerational equity.

Finance Commission of India

- ✚ Article 280 of the Constitution of India provides for a Finance Commission, a quasi-judicial body that recommends principles by which fiscal horizontal and vertical balance can be maintained in the India's Fiscal Federal Structure.
- ✚ Article 270 makes provision for sharing of a share of central taxes with the states. Article 275 provides for statutory grants in Aid and Article 282 provides for discretionary grants for the states. In order to formulate fair principles based on which these grants can be provided to the state, role of finance commission becomes vital in the Indian polity.

Why is there a need for centre to share taxes with the States?

Need for Vertical balance in federalism:

- ✚ In the Federal political structure of the Indian Constitution, there is a tendency in favour of the Centre. In fiscal matters, the Centre is much stronger than the states as the revenue-generating taxes, such as Income tax, corporate tax, and half of GST go to the Union.

Some taxes levied by the Centre, State and Local bodies

| Centre | States | Local bodies |
|-----------------|------------------------|--------------------------|
| Income Tax | State GST | Tax on Land and Building |
| Corporation Tax | Tax on Electricity | Vehicle Tax |
| Central GST | Excise Duty on Alcohol | Tolls |
| Customs | Stamp Duty | Entertainment Tax |

- ✚ Thus, the constitution makers felt a need to make a constitutional provision to mandate the Union to share a portion of its tax revenue with the states under Article 270.

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- ✚ In this context, the Finance Commission has been created under article 280. The Finance Commission devises a formula to distribute the net tax proceeds between the Centre and states collectively; that is called vertical balance.

Need for Horizontal balance in federalism:

- ✚ The Finance Commission also tells how the taxes are to be distributed between different states to maintain the horizontal balance.
- ✚ Due to vast regional disparities (e.g. Himalayan States), some states are not able to raise adequate resources as compared to other better-positioned states. To maintain equity, the Finance Commission recommends special funds that can be shared with comparatively disadvantaged states from the Centre's pool of taxes.

Composition of Finance Commission in India:

- ✚ Article 280 mentions that a Finance commission should be established at every five year or earlier by the President through an order.
- ✚ **Appointment and Removal:** Since, the President can appoint the Finance commission at any time before five year, its appointment and removal is at the discretion of the President (i.e. the government).
- ✚ The Finance Commission comprises the Chairman and four other members.
- ✚ The tenure and the salary are decided by the order of the President.
- ✚ The government generally appoints the Finance commission and provides it with a term of reference document, to serve as guiding principles in order to make its recommendations. The commission then studies the fiscal balance of the country and submits its recommendations via a report, which is then laid before the Parliament.

Functions of the Finance Commission

- ✚ The constitution mandates the Finance Commission to make the following recommendations to the President of India:
 1. The division of the net proceeds of taxes to be shared between the states and the Centre and its allocation between the states.
 2. The principles under which the grants-in-aid to the states should be given by the Centre (i.e. out of the Consolidated fund of India).

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3. Measures to increase the consolidated fund of a state to supplement the panchayats and the municipalities' resources in the state based on the recommendations issued by the State Finance Commission (SFC).
4. Any other issue that the President refers to in the interest of sound finance.

Challenges for Finance Commission

- + **Issue with the Appointment:** The selection of the members of the Finance Commission by the Centre has been criticised by the States as against the principle of federalism.
- + **Little Consultation with states:** The terms of reference are generally framed without the consultation of the states. E.g.- 14th FC had used the 1971 Census formula for the horizontal distribution of taxes among states. However, the 15th FC was ordered to use the 2011 Census data, to which the Southern States objected.

Operational Issues:

- + **Quality of data** – The Finance Commission depends on the data provided by the Government to frame its recommendations. Many times, these data are outdated, inconsistent, and incomplete, causing serious quality issues.
- + **Competing Demands** – It is a challenge to comprehensively balance the interests and adjust the demands of all three tiers of Government.

Issues with the Implementation:

- + **No control over implementation** – The Finance Commission has no direct control over how its recommendations are executed or monitored. They also face problems such as non-compliance, misuse or deviation of funds.
- + **Non-Acceptance of Recommendations** – The Finance Commission is an advisory body. The Central Government and the state government may choose not to accept the important recommendations of the Commission.
- + **Poor Coordination** – Lack of coordination or disagreements between the Union and the States can influence the implementation of reforms.
- + **Grants based on Conditions** – Some grants will be provided based on the conditions fulfilled by the states. To fulfil those conditions and receive grants, the state government may end up spending more reckless money or less money than adequately required, creating obstacles in the implementation of policies/schemes.

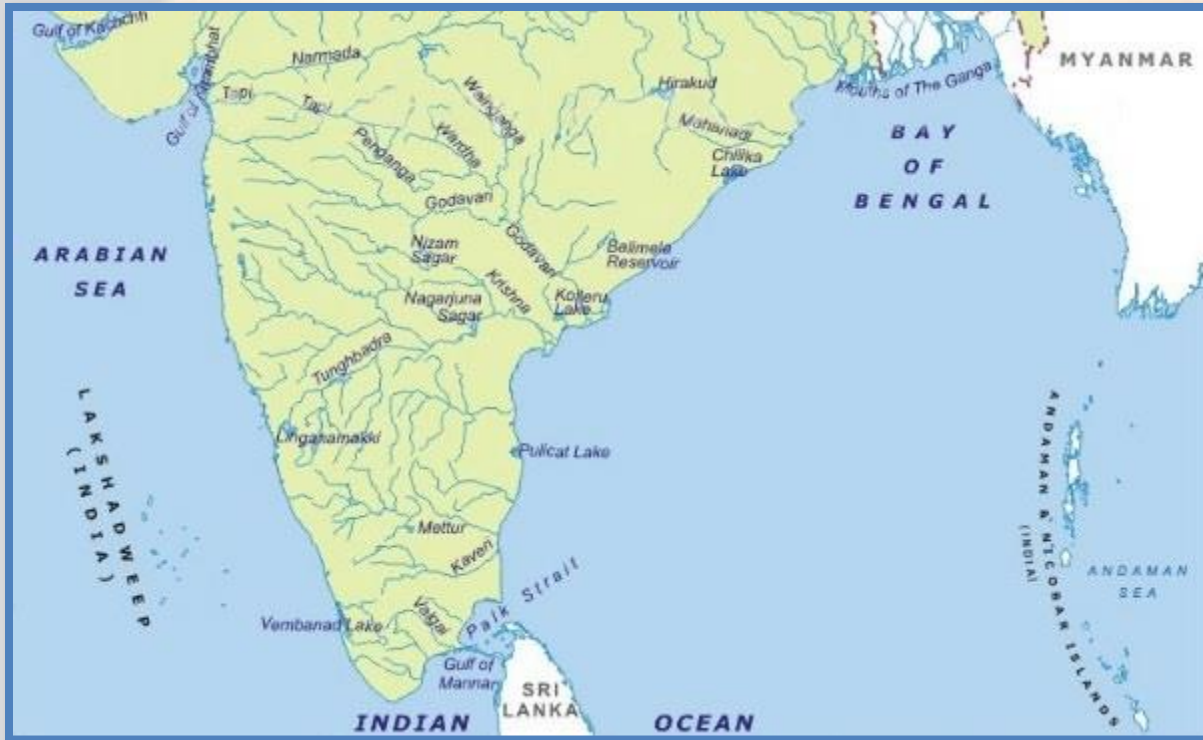
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- ✚ **Increasing Central Government's Debt** – Mounting debt in the backdrop of global recession causes serious concern as to the acceptance of the Commission's recommendation for devolution of taxes to the States.
- ✚ **Increasing indivisible pool of taxes** – There is a growing concern among States as the Central Government is increasing Cess and Surcharges, which is not shared with the States, thereby impacting their revenues.
- ✚ **GST Council Functioning** – The decisions taken by the GST Council can impact the revenue projections and computations made by the Finance Commission which in turn can affect the financial resources available for sharing to States.
- ✚ **Insufficiency of Funds** – There is a possibility that the funds allocated for specific reforms may not be sufficient, resulting in poor implementation since financial constraints can limit the availability of resources.
- ✚ The Chairman of the Fourth Finance Commission, Dr. P.V. Rajamannar, highlighted how the Finance Commission and the former Planning Commission had similar but overlapping functions and responsibilities.

Terms of Reference (ToR) for the Sixteenth Finance Commission (XVIFC):

- ✚ The Terms of Reference (ToR) for the Sixteenth Finance Commission (XVIFC) outline its scope and responsibilities.
- ✚ It includes distributing net tax proceeds between the Union and States and allocating shares among States under Chapter I, Part XII of the Constitution.
- ✚ The XVIFC determines principles for grants-in-aid from the Consolidated Fund of India to States and sums under Article 275 for specified purposes.
- ✚ It also suggests measures to enhance State Consolidated Funds to support Panchayats and Municipalities based on State Finance Commission recommendations.
- ✚ Additionally, the commission reviews financing arrangements for Disaster Management initiatives, making recommendations under the Disaster Management Act, 2005.
- ✚ The XVIFC's report is expected by October 31, 2025, covering a five-year period from April 1, 2026.

Mapping : The Brahmaputra River System



Peninsular River - Evolution

- ✚ Three important geological occurrences in the distant past shaped Peninsular India's current drainage networks.
- ✚ During the early tertiary era, the western flank of the Peninsula began to sink, resulting in its submergence beneath the sea.
- ✚ In general, it has disrupted the river's symmetrical layout on both sides of the original watershed.
- ✚ The Himalayas were upheaved when the peninsular block's northern flank was subjected to subsidence and trough faulting.
- ✚ The Narmada and Tapi rivers run across faults, filling the original fractures with sediment.
- ✚ As a result, alluvial and deltaic deposits are scarce in these rivers.
- ✚ During the same era, a little tilt of the peninsular block from northwest to south-eastern imparted orientation to the whole drainage system towards the Bay of Bengal.

The Narmada River System

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- ✚ The Narmada is a river located in central India.
- ✚ It rises to the summit of the Amarkantak Hill in Madhya Pradesh state.
- ✚ It outlines the traditional frontier between North India and South India.
- ✚ It is one of the major rivers of peninsular India. Only the Narmada, the Tapi, and the Mahi rivers run from east to west.
- ✚ The river flows through the states of Madhya Pradesh, Gujarat, and Maharashtra.
- ✚ It drains into the Arabian Sea in the Bharuch district of Gujarat.

The Tapi River System

- ✚ It is a central Indian river. It is one of the most important rivers of peninsular India with the run from east to west.
- ✚ It originates in the Eastern Satpura Range of southern Madhya Pradesh state.
- ✚ It flows in a westward direction, draining some important historic places like Madhya Pradesh's Nimar region, East Vidarbha region and Maharashtra's Khandesh in the northwest corner of the Deccan Plateau and South Gujarat before draining into the Gulf of Cambay of the Arabian Sea.
- ✚ The River Basin of Tapi River lies mostly in eastern and northern districts of Maharashtra state.
- ✚ The river also covers some districts of Madhya Pradesh and Gujarat as well.
- ✚ The principal tributaries of Tapi River are Waghur River, Aner River, Girna River, Purna River, Panzara River and Bori River.

The Godavari River System

- ✚ The Godavari River is the second-longest course in India with brownish water.
- ✚ The river is often referred to as the Dakshin (South) Ganga or Vriddhi (Old) Ganga.
- ✚ It is a seasonal river, dried during the summers, and widens during the monsoons.
- ✚ This river originates from Trimbakeshwar, near Nasik in Maharashtra.
- ✚ It flows southeast across south-central India through the states of Madhya Pradesh, Telangana, Andhra Pradesh, and Orissa, and drains into the Bay of Bengal.
- ✚ The river forms a fertile delta at Rajahmundry.
- ✚ The banks of this river have many pilgrimage sites, Nasik(MH), Bhadrachalam(TS), and Trimbak. Some of its tributaries include Pranahita (Combination of Penuganga and Warda), Indravati River, Bindusara, Sabari, and Manjira.
- ✚ Asia's largest rail-cum-road bridge which links Kovvur and Rajahmundry is located on the river Godavari.

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The Krishna River System

- ✚ Krishna is one of the longest rivers of India, which originates from Mahabaleshwar in Maharashtra.
- ✚ It flows through Sangli and drains the sea in the Bay of Bengal.
- ✚ The river flows through the states of Maharashtra, Karnataka, Telangana and Andhra Pradesh.
- ✚ Tungabhadra River is the main tributary which itself is formed by the Tunga and Bhadra rivers that originate in the Western Ghats.
- ✚ Dudhganga Rivers, Koyna, Bhima, Mallaprabha, Dindi, Ghataprabha, Warna, Yerla, and Music are some of the other tributaries.

The Cauvery River System

- ✚ The Cauvery is also known as Ganga of South India "Dakshin Bharat ki Ganga".
- ✚ It originates from Talakaveri located in the Western Ghats.
- ✚ It is a famous pilgrimage and tourist place in the Kodagu district of Karnataka.
- ✚ The headwaters of the river are in the Western Ghats range of Karnataka state, and from Karnataka through Tamil Nadu.
- ✚ The river drains into the Bay of Bengal. The river supports irrigation for agriculture and is considered as a means of support of the ancient kingdoms and modern cities of South India.
- ✚ The river has many tributaries called Arkavathy, Shimsha, Hemavati, Kapila, Shimsha, Honnuhole, Amaravati, Lakshmana Kabini, Lokapavani, Bhavani, Noyyal, and Tirtha.

The Mahanadi River System

- ✚ The Mahanadi originates from the Satpura Range of central India and it is a river in eastern India.
- ✚ It flows east to the Bay of Bengal. The river drains the state of Maharashtra, Chhattisgarh, Jharkhand, and Orissa.
- ✚ The largest dam, the Hirakud Dam, is built on the river.