

POLITY

Kerala govt to protest against Centre over distribution of Central funds

Why in News?

- The Kerala government, led by CPI(M), will stage an agitation at Jantar Mantar in New Delhi on February 8.
- On February 7, the Karnataka government held a similar protest over the distribution of central funds.

Central Transfers to States

- About
 - The Finance Commissions recommend the States' share in the net tax revenue of the Union government.
 - Under Article 280, the President is required to constitute a Finance Commission (FC) at an interval of five years or earlier.
 - Article 280(3)(a) says that the FC has the responsibility to make recommendations regarding the division of the net proceeds of taxes between the Union and the states.
 - The difference between the gross and the net tax revenue includes collection costs, tax revenue to be assigned to Union territories, and cess and surcharges.
- Composition of transfers
 - The central taxes devolved to states are untied funds, and states can spend them according to their discretion.
 - Over the years, tax devolved to states has constituted over 80% of the total central transfers to states.
 - The centre also provides grants to states and local bodies which must be used for specified purposes.
 - These grants have ranged between 12% to 19% of the total transfers.
- Tax devolution to states
 - The 14th FC considerably increased the devolution of taxes from the centre to states from 32% to 42%.
 - In the 15th FC, share of states in the central taxes for the 2021-26 period is recommended to be 41%.
 - The adjustment of 1% is to provide for the newly formed union territories of J&K, and Ladakh from the resources of the centre.
 - The Commission had recommended that tax devolution should be the primary source of transfer of funds to states.
 - This would increase the flow of unconditional transfers and give states more flexibility in their spending.
- Formula used to distribute fund among states
 - Population/Demography - Population is an indicator of the expenditure needs of a state.
 - Demographic performance - Demographic performance criterion rewards states for their efforts to control population growth.
 - The commission considered indicators like fertility rate, infant mortality rate, and sex ratio to assess states' efforts.
 - Income distance- It is the difference between the per capita income of a state with the average per capita income of all states.

Criteria	14 th FC	15 th FC	15 th FC
	2015-20	2020-21	2021-26
Income Distance	50.0	45.0	45.0
Area	15.0	15.0	15.0
Population (1971)	17.5	-	-
Population (2011) ^a	10.0	15.0	15.0
Demographic Performance	-	12.5	12.5
Forest Cover	7.5	-	-
Forest and Ecology	-	10.0	10.0
Tax and fiscal efforts ^b	-	2.5	2.5

- States with lower per capita income may be given a higher share to maintain equity among states.
- Area is used as a criterion as a state with larger area has to incur additional administrative costs to deliver services.
- Forest & Ecology - it indicates that states with large forest covers bear the cost of not having area available for other economic activities.
 - Therefore, the rationale is that these states may be given a higher share.
- Tax and fiscal efforts
- Grant in aid
 - Besides the taxes devolved to states, another source of transfers from the centre to states is grants-in-aid.
 - As per the recommendations of the 15th Finance Commission, the following grants will be provided to states from the centre's resource:
 - Revenue deficit grants
 - Sector-specific grants: Sector-specific grants is given to states for eight sectors: health; school education; higher education, etc.
 - A portion of these grants will be performance-linked.
 - State-specific grants: These will be given in the areas of: social needs; administrative governance and infrastructure; water and sanitation etc.
 - Grants to local bodies
 - Disaster risk management

News Summary: Kerala govt to protest against Centre over distribution of Central funds

Allegations made by Kerala Govt

- Due share in taxes denied
 - Kerala claims the Centre has made a curtailment of Rs 57,400 crore in the State Receipts in the current fiscal, and it is not getting its due share from the tax collected by the Centre.
 - It says that as per the statistics of 2021-23, on the national average, the Centre is to provide Rs 35 for every Rs 65 collected by the states.
 - But the Centre provides only Rs 21 against Kerala's own tax collection of every Rs 79. Bihar gets Rs 70 out of Rs 100.
- Compensation for cessation of GST
 - Kerala says the state was deprived of a major source of revenue, Rs 12,000 crore this year, because of the cessation of GST compensation from June 2022.
 - After the GST was introduced in 2017, the Centre had said a compensation amount would be extended to states up to five years to make up for the shortfall in their revenue collection.
- Fall in allotment to Kerala from divisible pool of tax
 - In the divisible pool of tax collected by the Centre, 3.87% was Kerala's share during the 10th Finance Commission period.
 - This has come down to 2.5% in the 14th Finance Commission and to 1.925% in the 15th Finance Commission.
 - The criteria for this devolution includes the state's total area, population, forest cover and its efforts at population control.
 - But Kerala states that its effective birth control measures have actually contributed to the fall in the allocation of central tax.
 - The state wants the Centre to consider second generation development problems, lifestyle diseases, and the growing proportion of elderly in the population.
- Scheme for Special Assistance for Capital Expenditure
 - The Centre provides Special Capital Assistance to states in the form of a 50-year interest free loan.
 - However, Kerala feels that its guidelines are not practical.
 - Kerala had submitted proposals for financial assistance under the scheme, but it did not comply with some norms, particularly branding/naming of five central-sponsored projects in Kerala.
 - Kerala is against co-branding of these projects as the state is contributing 40 per cent of the share in majority of these schemes.

- This results in the delayed transfer of both Capex and Central Share of Centrally Sponsored Schemes.
- Cut in state's borrowing limit
 - The net borrowing ceiling of a state (the amount that it can borrow) for each financial year is determined by the Union Finance Ministry.
 - As per the Centre's guidelines, Kerala's eligible borrowing limit is Rs 39,626 crore.
 - The State Budget was prepared considering the same. But Kerala has been allowed to borrow only Rs 28,830 crore till now.
 - The borrowing limit was cut short mid-fiscal without any prior notice, based on improper calculation of public account balance.
- Inclusion of off-budget borrowings as state loan
 - Kerala has undertaken off-budget borrowings mainly for the Kerala Infrastructure Investment Fund Board (KIIFB) and Kerala Social Security Pension Limited (KSSPL).
 - In 2017, the Union Finance Ministry stipulated that all such borrowings of state government entities will also be taken into consideration while setting the state's borrowing limits.
 - i.e., the Union considers the off-budget borrowings, mainly of KIIFB and KSSPL, as the borrowings made by the state government itself.

GOVERNANCE

Govt backs SC, ST Subclassification

Why in News?

- The Centre supported in the Supreme Court the sub-classification of Scheduled Castes and Scheduled Tribes for grant of quota inside quota.
 - A seven-judge Constitution bench headed by Chief Justice DY Chandrachud is examining the validity of its 2004 judgement.
 - The judgement had held that states do not have the power to further sub-classify SCs and STs for grant of quotas.

Legality of Sub-categorisation within Castes

- In the last two decades, multiple States like Punjab, Bihar, and Tamil Nadu have tried to bring in reservation laws at the State level in a bid to sub-categorise SCs.
- However, all plans are held up in courts as the Supreme Court forms its larger Constitution Bench to decide the matter.
- E. V. Chinniah v State of Andhra Pradesh (2004):
 - In this case, apex court held that once a community is included in the Presidential List for Scheduled Castes under Article 341 of the Constitution, they become part of a single larger class of people, casting a wide net for the purposes of reservation.
 - The Bench held:
 - that the State did not have the legislative power to create sub-classifications within this single class and
 - that such an action would violate the Right to Equality.
 - The Constitution has provided that these lists can only be made by Parliament and notified by the President.
- Davinder Singh case
 - In 2020, another five-member Supreme Court bench in the Davinder Singh case unanimously ruled that sub-categorisation is constitutionally valid and suggested a larger constitutional bench rule on the matter.
- Matter referred to seven-judge bench
 - A seven-judge Constitution bench is now examining the validity of its 2004 judgment in E V Chinniah vs State of Andhra Pradesh.
 - The top court is examining questions:
 - whether sub-classification inside the Scheduled Castes and Scheduled Tribes categories be permitted like in the case of other backward classes (OBCs) and
 - if the state assemblies are competent to introduce laws empowering the states to undertake this exercise.

Steps taken by the Union Government on the issue of sub-classification

- Earlier steps
 - The Union government had in 2005 considered legal options for sub-categorisation of SCs.

- At the time, the erstwhile Attorney General of India had opined that this could be possible but only if there was unimpeachable evidence to indicate a necessity.
- Also, the National Commission for Scheduled Castes (NCSC) and the National Commission for Scheduled Tribes (NCST) had opined that a constitutional amendment was not necessary.
 - They said that Article 16(4) of the Constitution already provided for States to create special laws for any backward classes it felt was under-represented.
 - They also argued that just setting aside a quota within the quota would not be enough.
 - Making sure existing schemes and benefits reach them on priority basis was more urgent.
- Recent step
 - In January 2024, Union government has formed a five-member committee of Secretaries, chaired by the Cabinet Secretary.
 - The committee comprises the Secretaries of the Home Ministry, Law Ministry, Tribal Affairs Ministry, and Social Justice Ministry.
 - The task of this committee is to assess and find a fair way to distribute benefits, programs, and initiatives to the most disadvantaged communities among the 1,200 Scheduled Castes in the country.

News Summary: Govt backs SC, ST subclassification

- Arguing before the Constitution bench, the Centre backed the idea of earmarking most backward categories within SC/STs to enable the states to frame appropriate policies on subclassification and rationalisation of reserved seats.

Key highlights of the stand taken by the Centre

- Highlighted the flaws in 2004 judgement
 - The Centre said:
 - the 2004 judgement disempowered the state to frame appropriate policy by subclassifying the zone of reservation appropriately and
 - diminished the constitutional guarantee of equality of opportunity.
- Concept of equality operates at dual level
 - The concept of Equality of opportunities operates at a dual level:
 - between open category and backward classes – and
 - secondly, it has to operate even within the backward classes inter-se.
 - The lack of sub-classification perpetuates the zone of inequality within the reserved category and estops the State from framing appropriate policy in this regard.
- Reservation benefits available are limited in nature
 - The Centre said that the reservation benefits available are limited in nature.
 - The State can only provide for a limited number of seats in government higher education institutions and posts in the government services which are reserved.
 - The said seats and the posts are even otherwise a scarce commodity and therefore required to be re-distributed rationally.
- Reservation is key to achieve the objectives of upliftment
 - In order to achieve the actual objective behind reservations, the rationalisation is key and proliferation and deepening of the reservation benefits are necessary.

Observations made by the apex court

- Reservation policy should be organic and evolving, not static.
 - SC said that anyone who reads the daily newspaper would see that there is a sea change. Reservation policy must therefore keep pace with the social dynamics.
- If the government keeps the reservation policy which was there 50 years back, it will get fossilised. It will lose its connection with the contemporary situation.

PRELIM FACTS

1. InTranSE Program

- During the launch event of " Digital India FutureLABS Summit 2024" held at IIIT- Delhi, three Indigenous Technologies - Thermal camera, CMOS camera and Fleet Management System designed and developed by CDAC Thiruvananthapuram under InTranSE Program of MeitY were transferred to 12 Industries.

About InTranSE Program:

- The Intelligent Transportation System Endeavor (InTranSE) is a revolutionary collaborative research and development programme.
- It is an initiative of the Ministry of Electronics & IT.

- Purpose: To synergize the transformation in Intelligent Transportation System the Ministry of Electronics & IT took early steps by bringing together premier academic institutes like Indian Institute of Technology (IIT), Indian Institute of Science (IISc), Indian Institute of Management (IIM) etc. and Premier R&D Centre like C-DAC under one umbrella.
- This initiative formulated the Collaborative Intelligent Transportation Systems Endeavor for Indian Cities (InTranSE) during the year 2009-2012 (Phase-I) that witnessed IIT Bombay, IIT Madras, IIM Calcutta and C-DAC Thiruvananthapuram collaboratively developing, implementing, demonstrating and knowledge transfer of ITS products and solutions.
- The InTranSE Phase-II program (2019-2021) is aiming at undertaking R&D projects collaboratively with IIT Bombay, IIT Madras, IISc Bangalore and C-DAC Thiruvananthapuram
- Significance: It will achieve traffic efficiency by minimizing traffic problems, prompting efficient infrastructure usage, enriching users with prior information about traffic and reducing travel time as well as enhancing safety and comfort of commuters.

2. Directorate General of GST Intelligence

- The Directorate General of GST Intelligence (DGGI) is investigating Mahadev Online Book, an allegedly illegal betting application, and its promoters for suspected violation of GST rules and non-payment of tax.

About Directorate General of GST Intelligence:

- The Directorate General of Central Excise Intelligence (DGCEI) now renamed as Directorate General of GST Intelligence (DGGI).
- It is an apex intelligence organization functioning under the Central Board of Indirect Taxes & Customs, Department of Revenue, and Ministry of Finance.
- It is entrusted with the task of collection, collation, and dissemination of intelligence relating to the evasion of Goods and Services Tax (GST) and the duties of Central Excise and Service Tax on an all India basis.
- Functions of DGGI
- Intelligence gathering: It is responsible for gathering intelligence about potential violations of the GST law. This includes collecting information from various sources, such as GST returns, financial statements, and other documents.
- It develops intelligence, especially in new areas of tax evasion through its intelligence network across the country and disseminates such information, by issuing Modus Operandi Circulars and Alert Circulars to sensitize the field formations about the latest trends in duty evasion.
- Investigation: It has the power to conduct investigations into suspected cases of GST evasion or non-compliance. This may involve summoning persons, examining records, and carrying out searches and seizures.
- Enforcement: It is responsible for enforcing the provisions of the GST law. This includes taking legal action against offenders, imposing penalties, and recovering any taxes or duties due.

3. GRAPES-3 Experiment

- The GRAPES-3 experiment discovered a new feature in the cosmic-ray proton spectrum at about 166 tera-electron-volt (TeV) energy while measuring the spectrum spanning from 50 TeV to a little over 1 peta-electron-volt (PeV).

About GRAPES-3 experiment:

- Gamma Ray Astronomy PeV EnergieS phase-3 (GRAPES-3) is designed to study cosmic rays with an array of air shower detectors and a large area muon detector.
- Location: It is located in Ooty, India.
- It is operated by the Tata Institute of Fundamental Research.
- It aims to probe acceleration of cosmic rays in different astrophysical settings.
- Its objectives are to study
 - The origin, acceleration and propagation of >10¹⁴ eV cosmic rays in the galaxy and beyond.
 - Existence of “Knee” in the energy spectrum of cosmic rays.
 - Production and/or acceleration of highest energy (~10²⁰ eV) cosmic rays in the universe.
 - Astronomy of multi-TeV γ -rays from neutron stars and other compact object.
 - Sun the closest astrophysical object, accelerator of energetic particles and its effects on the Earth.

Key facts about Cosmic rays:

- These rays were discovered more than a century ago.

- They are considered to be the most energetic particles in the universe.
- Our planet is constantly bombarded by them from outer space almost uniformly from all directions at a constant rate.
- They enter into Earth's atmosphere and induce a shower of particles that travel to the ground almost at the speed of light.
- The shower particles constitute electrons, photons, muons, protons, neutrons etc.
- They have been observed over a remarkably wide energy range (108 to 1020 eV).

4. National Agriculture Market (eNAM)

- With more states facilitating the trade of agricultural commodities on the eNAM, a spurt in trading among various markets within the state as well as at the inter-state level is being witnessed.

About eNAM:

- It is an online trading platform for agricultural commodities in India.
- It was launched on April 14, 2016, and is completely funded by the Government of India.
- The Small Farmers Agribusiness Consortium (SFAC) acts as the lead agency for implementing e-Nam under the Ministry of Agriculture and Farmer's Welfare.
- It aims to create better marketing opportunities for the farmers to sell their products through a competitive and transparent price discovery system, along with an online payment facility for the buyers.
- The NAM portal networks the existing APMC (Agriculture Produce Marketing Committee) / Regulated Marketing Committee (RMC) market yards, sub-market yards, private markets, and other unregulated markets to unify all the nationwide agricultural markets by creating a central online platform for agricultural commodity price discovery.
- Features:
 - It will enable farmers to showcase their products through their nearby markets and facilitate traders from anywhere to quote prices.
 - It provides single-window services for all APMC related services and information. This includes commodity arrivals, quality and prices, buy-and-sell offers, and e-payment settlements directly into farmer's accounts, among other services.
 - Using the eNAM service, licenses for traders, buyers, and commission agents can be obtained from state-level authorities without any pre-condition of the physical presence or possession of a shop or premises in the market yard.
 - Harmonisation of quality standards of agricultural products and infrastructure for quality testing are made available in every market.
 - Provision of Soil Testing Laboratories is provided for the selected mandi (market) in order to facilitate the farmers visiting the mandi.
- e-NAM is designed and implemented to benefit all the stakeholders: farmers, mandis, traders, buyers, Farmer Producer Organization (FPOs), processors, and exporters.
- The benefits to stakeholders include:
 - Transparent online trading with enhanced accessibility to the market.
 - Real-time price discovery for better and more stable price realization for producers.
 - Reduced transaction costs for buyers.
 - Availability of information on the e-NAM mobile app about commodity prices.
 - The details of the price of commodity sold, along with the quantity, are received through SMS.
 - Quality certification.
 - More efficient supply chain and warehouse-based sales.
 - Online payment directly to the bank accounts of the farmers

5. Hydrothermal Systems

- New maps have revealed a hidden hydrothermal system beneath Lake Rotorua, which sits at the heart of a dormant volcano in New Zealand.

About Hydrothermal Systems:

- Hydrothermal systems occur in areas with high heat fluxes, both on continents, near convergent plate boundaries, and on the ocean floor, near the mid-ocean ridges.
- Their formation requires the existence of three important components: fluids, heat, and permeability through rocks so that fluids can circulate.

- These systems are often found near mid-ocean ridges, where tectonic plates diverge and new seafloor is created.
- How hydrothermal systems work?
 - Hydrothermal systems occur when seawater percolates down through fractures in the oceanic crust, heating up as it nears the earth's hot interior.
 - Descending seawater interacts with the oceanic crust, removing chemicals from the rocks as it heats to 350-400 degrees Celsius, about four times hotter than boiling water (the extreme pressure in the ocean's depths prevents fluids from boiling).
 - This interaction of seawater and crust produces hydrothermal fluid, chemically modified slurry of gases and dissolved elements, including metals.
 - The superheated fluid is then ejected back up to the seafloor and promptly chilled by near-freezing ocean bottom waters.
 - Chemicals dissolved in the fluid precipitate at the vent, forming chimney-like deposits.
 - These deposits support deep-sea chemosynthetic communities—organisms that rely on chemicals rather than photosynthesis to fuel their metabolism

ANSWER WRITING

Q. How have land reforms contributed to socio-economic development, and what measures can be taken to address the persistent issues hindering their success?

Answer: Land reforms have played a significant role in fostering socio-economic development by addressing issues of land inequality, promoting agricultural productivity, and supporting overall economic growth.

Contributions to Socio-Economic Development:

- Abolished the intermediaries: Intermediaries have been abolished between the state and the cultivators, such as zamindars, jagirdars and inamdars, who used to extract a large share of the produce as rent and revenue.
- Equitable Land Distribution: Land reforms aim to redistribute land more equitably among the population, reducing disparities in land ownership.
- Agricultural Productivity: By breaking up large, unproductive landholdings and redistributing land to smaller farmers, land reforms can increase agricultural productivity.
- Rural Development: Land reforms often include measures to improve rural infrastructure, access to credit, and agricultural extension services.
- Social Justice: Land reforms address historical injustices related to land tenure, promoting social justice by providing marginalized groups, such as indigenous communities, with secure land rights and the opportunity to participate in economic activities.

Measures to Address Persistent Issues:

- Effective Implementation: Enhance the implementation of land reform policies by ensuring clarity, transparency, and accountability in the process.
- Access to Credit and Resources: Facilitate access to credit, technology, and support services for smallholder farmers to optimize the use of redistributed land.
- Community Involvement: Involve local communities in the decision-making process of land reforms. Community participation ensures that the reforms align with the specific needs and aspirations of the people, promoting sustainable development.
- Legal Framework and Land Tenure Security: Develop and enforce a robust legal framework that guarantees secure land tenure.
 - Clear land titles and effective property rights help build investor confidence, stimulate economic activities, and prevent land-related disputes.
- Environmental Sustainability: Integrate environmental considerations into land reform policies to ensure sustainable land use practices.
- Monitoring and Evaluation: Establish robust monitoring and evaluation mechanisms to assess the impact of land reforms over time.

Conclusion

The land reforms have contributed significantly to socio-economic development, addressing persistent issues requires a comprehensive approach. Effective implementation, community involvement, secure land tenure, and a focus on environmental sustainability are key measures to ensure the success and sustainability of land reform initiatives.

MCQs

1. Which one of the following in Indian polity is an essential feature that indicates that it is federal in character?
 - (a) **The independence of judiciary is safeguarded.**
 - (b) The Union Legislature has elected representatives from constituent units.
 - (c) The Union Cabinet can have elected representatives from regional parties.
 - (d) The Fundamental Rights are enforceable by Courts of Law.
2. What is/are the most likely advantages of implementing 'Goods and Services Tax (GST)'?
 1. It will replace multiple taxes collected by multiple authorities and will thus create a single market in India.
 2. It will drastically reduce the 'Current Account Deficit' of India and will enable it to increase its foreign exchange reserves.
 3. It will enormously increase the growth and size of economy of India and will enable it to overtake China in the near future.
 Select the correct answer using the code given below:
 - (a) **1 only**
 - (b) 2 and 3 only
 - (c) 1 and 3 only
 - (d) 1, 2 and 3
3. With reference to the United Nations Convention on the Rights of the Child, consider the following:
 1. The Right to Development
 2. The Right to Expression
 3. The Right to Recreation
 Which of the above is/are the Rights of the child?
 - (a) 1 only
 - (b) 1 and 3 only
 - (c) 2 and 3 only
 - (d) **1, 2 and 3**
4. What is the theme of World Cancer Day 2024?
 - (a) **Close the Care Gap**
 - (b) Not Beyond Us
 - (c) Together let's do something
 - (d) We can I can
5. Consider the following statements with reference to the PRITHVI VIGYAN (PRITHVI) scheme:
 1. It will be spearheaded by the Ministry of Science and Technology.
 2. It will help to boost and maintain research momentum in the field of land reclamation.
 Which of the statements given above are incorrect?
 - (a) 1 only
 - (b) 2 only
 - (c) **Both 1 and 2**
 - (d) Neither 1 nor 2
6. Consider the following statements with reference to the NASA-ISRO SAR (NISAR) Mission:
 1. The aim of the mission is to measure Earth's changing ecosystems.
 2. The mission is a baseline 3-year mission.
 3. It will use two different RADAR frequencies, S and L bands.
 How many of the statements given above are correct?
 - (a) Only one
 - (b) Only two
 - (c) **All three**
 - (d) None
7. Consider the following statements.
 1. India's External commercial borrowings in rupees helps to promote the internationalisation of the rupee.
 2. For a currency to be considered a reserve currency, it needs to be fully convertible, readily usable, and available in sufficient quantities.
 3. India permits full capital account convertibility, without any constraints on the exchange of its currency with others.
 How many of the above statements are correct?
 - (a) Only one
 - (b) **Only two**
 - (c) All three
 - (d) None
8. In the 2023 Corruption Perceptions Index (CPI) assessment, where did India rank among 180 nations?
 - (a) 45th
 - (b) **93rd**
 - (c) 120th
 - (d) 150th
9. Consider the following statements:
 1. Insurance penetration is a percentage of total premiums collected to the country's Gross Domestic Product
 2. Insurance Density is the ratio of premiums collected by insurance companies to the country's population.
 Which of the statements given above is/are correct?
 - (a) 1 only
 - (b) 2 only
 - (c) **Both 1 and 2**
 - (d) Neither 1 nor 2
10. The joint statement — 'Horizon 2047, marks the 25th Anniversary of the Strategic Partnership between
 - (a) India and Japan
 - (b) India and UAE
 - (c) India and US
 - (d) **India and France**