

POLITY AND GOVERNANCE**STATE OF INDIA'S FISCAL FEDERALISM**

CONTEXT: The concerns of the founding fathers for addressing socio-economic inequities are being forgotten in today's fiscal policy.

Degree of centralisation in Fiscal power

- A degree of centralisation in fiscal power was required to address the concerns of socio-economic and regional disparities.
 - This asymmetric federalism was accelerated and mutually reinforced with political centralisation since 2014, making the Union Government extractive rather than enabling.
 - States lost their capacity to generate revenue by surrendering their rights in the wake of the Goods and Services Tax (GST) regime
 - Their expenditure pattern too was distorted by the Union's intrusion, particularly through its centrally sponsored schemes .

Broadening powers of the Finance Commission.

- Historically, India's fiscal transfer worked through two pillars, i.e., the Planning Commission and the Finance Commission.
 - But abolition of the Planning Commission in 2014 led to the Finance Commission becoming a major means of fiscal transfer as the commission itself broadened its scope of sharing all taxes since 2000 from its original design of just two taxes — income tax and Union excise duties.
 - Today, the Finance Commission became a politicised institution with arbitrariness and inherent bias towards the Union government.

Observations of P.V. Rajamannar committee

- The Dravida Munnetra Kazhagam constituted a committee under Justice P.V. Rajamannar in 1969, the first of its kind by a State government, to look at Centre-State fiscal relations and recommend more transfers and taxation powers for regional governments.

Issues /Challenges

- Hollowing out fiscal capacity
 - The ability of States to finance current expenditures from their own revenues has declined from 69% in 1955-56 to less than 38% in 2019-20.
 - States cannot raise tax revenue because of curtailed indirect tax rights — subsumed in GST, except for petroleum products, electricity and alcohol — the revenue has been stagnant at 6% of GDP in the past decade.
- Differential interest
 - States are forced to pay differential interest — about 10% against 7% — by the Union for market borrowings.
 - the Union gains at the expense of States by exploiting these interest rate differentials.
- Curbing autonomy and diversion of a State's own funds
 - There are 131 centrally sponsored schemes, with a few dozen of them accounting for 90% of the allocation, and States required to share a part of the cost.
 - States autonomy has been curbed by turning them into mere implementing agencies of the Union's schemes
- These schemes, driven by the one-size-fits-all approach, are given precedence over State schemes, undermining the electorally mandated democratic politics of States.
 - The diversion of a State's own funds to centrally sponsored schemes, thereby depleting resources for its own schemes, violates constitutional provision.
- Deepening inequality
 - The political centralisation has only deepened inequality.
 - The poorest half of the population has less than 6% of the wealth while the top 10% nearly grab two-third of it'.

Conclusion and Way Forward

- In sum, India's fiscal federalism driven by political centralisation has deepened socio-economic inequality, belying the dreams of the founding fathers who saw a cure for such inequities in planning.
 - If there was anything that alleviated poverty, reduced inequality and improved the well-being of people, these were the time-tested schemes of State governments, but they are now under threat.
 - Therefore ,the states should be given some autonomy
- Distribution of resources is also essential alongside decentralisation of powers for achieving economic growth.
- If needed ,the State Legislature will have to take a collective stand to resist the Centre's policy of suffocating the States' right
- The Union government needs to invest resources towards facilitating effective consultation with States as a part of the lawmaking process.

- It is critical that the Union establishes a system where citizens and States are treated as partners and not subjects.
- The states need to be given the right to modify the SGST within a narrow band to introduce some level of federal flexibility into the GST.
- Recommendations of P.V. The Rajamannar committee needs to be considered .
- Some urgent necessary measures need to be taken for pumping oxygen to fiscal federalism in India.

PRELIMS

1. Suspension of MPs

CONTEXT: Recently, nineteen Members of Parliament (MPs) were suspended from Rajya Sabha for a week. The MPs were suspended for “unruly behaviour”.

Rules under which the Presiding Officer acts

- **Rule 373:** The Speaker, if he is of the opinion that the conduct of any Member is grossly disorderly, may direct such Member to withdraw immediately from the House, and any Member so ordered to withdraw shall do so forthwith and shall remain absent during the remainder of the day’s sitting.
- To deal with more recalcitrant Members, the Speaker makes recourse to Rules 374 and 374A.
- Rule 374 says:
 - a. The Speaker may, if deems it necessary, name a Member who disregards the authority of the Chair or abuses the rules of the House by persistently and wilfully obstructing the business thereof.
 - b. If a Member is so named by the Speaker, the Speaker shall, on a motion being made forthwith put the question that the Member (naming such Member) be suspended from the service of the House for a period not exceeding the remainder of the session: Provided that the House may, at any time, on a motion being made, resolve that such suspension be terminated.
 - c. A member suspended under this rule shall forthwith withdraw from the precincts of the House.
- Rule 374A was incorporated in the Rule Book on December 5, 2001. The intention was to skirt around the necessity of moving and adopting a motion for suspension.
- According to Rule 374A:
 - a. Notwithstanding anything contained in rules 373 and 374, in the event of grave disorder occasioned by a Member coming into the well of the House or abusing the Rules of the House persistently and wilfully obstructing its business by shouting slogans or otherwise, such Member shall, on being named by the Speaker, stand automatically suspended from the service of the House for five consecutive sittings or the remainder of the session, whichever is less: Provided that the House may, at any time, on a motion being made, resolve that such suspension be terminated.
 - b. On the Speaker announcing the suspension under this rule, the Member shall forthwith withdraw from the precincts of the House.
- In Rajya Sabha:
 - a. **Rule 255:** Like the Speaker in Lok Sabha, the Chairman of Rajya Sabha is empowered under this Rule of its Rule Book to “direct any Member whose conduct is in his opinion grossly disorderly to withdraw immediately” from the House.
 - b. **Under Rule 256,** the Chairman may “name a Member who disregards the authority of the Chair or abuses the rules of the Council by persistently and wilfully obstructing” business. In such a situation, the House may adopt a motion suspending the Member from the service of the House for a period not exceeding the remainder of the session.
 - c. The House may, by another motion, terminate the suspension.

2. Model Tenancy Act

CONTEXT: Recently, the government cleared the Model Tenancy Act (MTA) to regulate the rental market.

In the news

- Only four States have revised their tenancy laws to be in line with the Model Tenancy Act (MTA).
 - As per information available with the Ministry of Housing and Urban Affairs (MoHUA), the States of Andhra Pradesh, Tamil Nadu, Uttar Pradesh and Assam have revised Tenancy Acts on the lines of MTA.
- Model Tenancy Act aims to regulate the rental market and unleash the potential in the real estate sector.

The Model Tenancy Act

- Agreement & Security deposits:
 - The Model Act requires the landlord and tenant to sign a written agreement which specifies the rent, period of tenancy and other related terms.
 - Security deposit is capped at two months’ rent for residential premises, and six months’ rent for non-residential premises.
- Eviction of tenant:
 - Conditions for eviction of tenant under the Model Act include:

- Refusal to pay agreed-upon rent;
- Failure to pay rent for more than two months;
- Occupation of part or whole of premises without written consent; and
- Misuse of premises despite a written notice.
- Jurisdiction:
 - The Model Act establishes a three-tier quasi-judicial dispute adjudication mechanism consisting of:
 - Rent Authority;
 - Rent Court; and
 - Rent Tribunal.
 - No civil court will have jurisdiction over matters pertaining to provisions under the Model Act.
 - Establishment:
 - Rent Authorities and Rent Courts may be established by the District Collector with the approval of the state government.
 - The state or union territory government may establish a Rent Tribunal after consulting with the jurisdictional High Court.
- Model for urban & rural properties:
 - The Act provides a model for urban & rural properties & templates for residential & commercial properties.

3. Ramsar Sites

CONTEXT: Recently, India has designated five new wetlands of international importance, taking the total number of Ramsar sites in the country to 54.

More about the news

- The new sites are:
 - Karikili Bird Sanctuary in Tamil Nadu,
 - Pallikaranai Marsh Reserve Forest in Tamil Nadu,
 - Pichavaram Mangrove Forest in Tamil Nadu,
 - Pala wetland in Mizoram,
 - Sakhya Sagar in Madhya Pradesh.

What are the Wetlands?

- Wetlands are land areas, which are seasonally or permanently flooded with water.
- The Ramsar Convention's definition for wetlands includes:
 - "Areas of marsh, fen, peatland or water, whether natural or artificial, permanent or temporary, with water that is static or flowing, fresh, brackish or salt, including areas of marine water the depth of which, at low tides, does not exceed six meters".
 - Fishponds, rice paddies, and saltpans are human-made wetlands.

Significance of Wetlands

- Conserve Biodiversity:
 - Wetlands play a vital role in conserving biodiversity, they purify and replenish groundwater.
 - They also help fight climate change.
 - Wetlands are also known to have among the highest soil-carbon densities and therefore play a major role in buffering carbon dioxide emissions.
- Ecosystem Services:
 - Wetlands provide a wide range of important resources and ecosystem services such as food, water, fibre, groundwater recharge, water purification, flood moderation, erosion control and climate regulation.
- Prevent Flooding:
 - The wetlands serve as a natural sponge against flooding and drought.
 - They play a role in preventing urban flooding as well.
- Home for wildlife:
 - They offer the perfect place for animals to be safe and hidden from predators – perhaps from the air – as well as provide a lot of diverse foodstuffs such as grasses, mosses and other plant life.
 - The wetlands are also vital feeding and breeding grounds for migratory birds.
- Erosion Control:
 - Wetlands help in erosion control and protect our coastlines.
- Tourism:
 - Acquiring this label of “Ramsar Sites” also helps with a locale’s tourism potential and its international visibility.

4. NASA’s Mars Reconnaissance Orbiter(MRO)

CONTEXT: Recently, Scientists from National Aeronautics and Space Administration (NASA) released the first pieces of the multispectral maps made by the Compact Reconnaissance Imaging Spectrometer for Mars (CRISM).

About NASA's Mars Reconnaissance Orbiter (MRO)

- Launch: It was launched in 2005 and reached Mars in 2006.
- NASA's Mars Reconnaissance Orbiter (MRO) has been mapping minerals on the red planet for the last 16 years with the help of CRISM.
 - CRISM is a visible-infrared spectrometer whose primary goal is to look for mineralogical evidence for past water on the surface and subsurface of Mars.
- Aim: To search for evidence that water persisted on the surface of Mars for long periods of time.
 - These studies are identifying deposits of minerals that may have formed in water over long periods of time, looking for evidence of shorelines of ancient seas and lakes, and analysing deposits placed in layers over time by flowing water.
- Access: Anyone can access these maps from NASA's 'Planetary Data System website'.
 - It has managed to map 86 percent of Mars' surface with its multispectral mode, detecting nearly all of the minerals on the surface.
- Hyper spectral mode: The coverage goal for the multispectral mode was 80 percent owing to the limited lifetime of the coolers needed by its infrared detector. But it has managed to exceed that goal.
 - The hyper spectral mode, which uses the wavelengths from the visible and near-infrared (VNIR) detector, doesn't require cryogenic cooling and has attained more than 99 percent coverage.

Mission objectives

- One of the mission's main goals is to map the Martian landscape with high-resolution cameras in order to choose other landing sites for future missions.
- These include the Phoenix Lander, which will explore the Martian Arctic, and the Mars Science Laboratory, a highly manoeuvrable rover.
- MRO will help planners evaluate both the scientific value and the landing risks for possible landing sites for these missions.
- Characterise the present climate of Mars and how the climate changes from season-to-season and year-to-year.
- Investigate complex terrain on Mars and identify water-related landforms.
- Probe beneath the surface for evidence of subsurface layering, water and ice, and profile the internal structure of the polar ice caps.
- Identify and characterize sites with the highest potential for future missions that will land on Mars' surface, including possible missions to collect samples for returning to Earth.
- Relay scientific information to Earth from Mars surface missions.

5. Human-Animal Conflict

CONTEXT: Recently, the Minister of State for Forest, Environment and Climate Change has tabled data on human-animal conflict in Lok Sabha.

Key Findings

- Different modes of killing amongst Elephants (Between 2018-19 and 2020-21)
 - 222 elephants were killed by electrocution across the country
 - 45 by trains: Odisha (12 out of 45) also had the highest number of elephant deaths caused by trains, followed by West Bengal (11) and Assam (9).
 - 29 by poachers: Poaching deaths were highest in Meghalaya (12 out of 29) while poisoning deaths were highest in Assam (9 out of 11, including 8 in 2018-19 alone).
 - 11 by poisoning.
- Tiger killing:
 - Among tigers, too, 29 were killed by poaching between 2019 and 2021, while 197 tiger deaths are under scrutiny.
- Human casualties of conflict with animals:
 - Elephants killed 1,579 humans in three years:
 - 585 in 2019-20,
 - 461 in 2020-21, and
 - 533 in 2021-22.
 - States wise for elephant killing:
 - Odisha accounted for the highest number of these deaths at 322, followed by Jharkhand at 291 (including 133 in 2021-22 alone), West Bengal at 240, Assam at 229, Chhattisgarh at 183, and Tamil Nadu at 152.
 - Tigers killed 125 humans in reserves between 2019 and 2021.
 - Maharashtra accounted for nearly half these deaths, at 61.

Human-animal Conflict

- **About:**

- It refers to the interaction between wild animals and humans which results in a negative impact on people, animals, resources, and habitats.
- It occurs when growing human populations overlap with established wildlife territory which creates competition for space and resources.
- Conflicts between the man and animal have occurred since the dawn of humanity. However, it has come to light ever more frequently in recent times.
- **Main causes of human wildlife conflict include:**
 - Habitat loss,
 - Growth of population of wild animals,
 - Changing cropping patterns that attract wild animals to farmlands,
 - Movement of wild animals from forest areas to human dominated landscapes for food and fodder,
 - Movement of human beings to forests for illegal collection of forest produce,
 - Habitat degradation due to growth of invasive alien species.

ANSWER WRITING

Q. Critically evaluate the functioning of NITI Aayog since its inception. (150 words)

Introduction

India has undergone a paradigm shift over the past six decades - politically, economically, socially, technologically as well as demographically. The role of Government in national development has seen a parallel evolution. Keeping with these changing times, the Government of India set up NITI Aayog (National Institution for Transforming India), in place of the erstwhile Planning Commission, as a means to better serve the needs and aspirations of the people of India. NITI Aayog is basically a policy think tank of the Government of India and State Governments.

Body

- **Cooperative Federalism:** It has enabled States to have active participation in the formulation of national policy, as well as achieving time-bound implementation of quantitative and qualitative targets through the combined authority of the Prime Minister and Chief Ministers.
- **Competitive Federalism:** This Cooperation is further enhanced by the vibrancy of Competitive Federalism. NITI Aayog comes up with performance-based rankings of States across various verticals fostering a spirit of competitive federalism. For eg. Health Index, Composite Water Management Index etc.
- **Shared National Agenda:** NITI Aayog has helped evolve a shared vision of national development priorities and strategies, with the active involvement of States thus furthering the ideals of unity and integrity in the nation.
- **Knowledge and Innovation hub:** NITI Aayog has acted as an accumulator as well as disseminator of research and best practices on good governance, through a state-of-the-art Resource Centre which identifies, analyses, shares and facilitates replication of the same. NITI Aayog has established more than 1,500 Atal Tinkering Labs in schools across the country to improve the innovation ecosystem in India.
- **Monitoring and Evaluation:** Development Monitoring and Evaluation Office monitors the implementation of policies and programmes, and evaluates their impact. This not only helps identify weaknesses and bottlenecks for necessary course correction, but also enables data-driven policy making, leading to greater efficiency and effectiveness of policies and programmes.
- **Catalysing Reforms in Agriculture:** Through Model Agricultural Land Leasing Act 2016; Model Agricultural Produce and Livestock Marketing Committee (APLMC) Act 2017; Agricultural Marketing and Farmer Friendly Reforms Index etc.

However there are certain challenges regarding the functioning of the institution such as

- **Independence:** There is deep concern that NITI Aayog has lost its integrity as an independent institution to guide the government; that it has become a mouthpiece of the government and an implementer of the government's projects.
- **Too Many Voices:** The NITI Aayog has a considerably large number of members as compared to the erstwhile Planning Commission. The membership ranges from ministers to subject experts to state executive heads. Coming up with a consensus and trying to convince everybody is certainly a challenge.
- **Lack of active actionable targets:** It needs to take active measures to solve some of the challenges that India faces today such as job creations, increasing economic growth, etc. Even its three-year action agenda had too wide an approach for imminent challenges.
- **Expectations:** When an institution older than half a century is replaced by a new one, people look up to it as bringing immediate change and development. This expectation from the people might come as a hindrance to NITI Aayog.
- **Limited focus on implementation:** It doesn't focus adequately on the practical aspects of its recommendations such as fixing accountability of bureaucrats, government-citizen interaction etc. which is core to several good ideas remaining on paper.

Conclusion

NITI Aayog needs to adopt a bold, unconstrained and unconventional approach to resolve inherent contradictions of our systems and find innovative solutions to the differences among the states and between the centre and the states to take this country forward on a sustainable path of all-inclusive development on a substantially higher trajectory.

MCQs

- 1) Consider the following statements about Suspension of Members of Parliament:
- Chairman of Rajya Sabha is empowered can direct any Member whose conduct is in his opinion grossly disorderly to withdraw immediately from the House.
 - The Speaker in Lok Sabha may, if deems it necessary, name a Member who disregards the authority of the Chair or abuses the rules of the House by persistently and willfully obstructing the business there of.
 - The maximum period of suspension is for the remainder of the session.
- Which of the above statement(s) is/are correct?
- a. 1 and 2 only b. 2 and 3 only c. 1 and 3 only **d. 1, 2 and 3**
- 2) Consider the following statements regarding Model Tenancy Act:
- The Model Act requires the landlord and tenant to sign a written agreement which specifies the rent, period of tenancy and other related terms.
 - Security deposit is capped at two months' rent for residential premises, and six months' rent for non-residential premises.
- Which of the above statement(s) is/are correct?
- a. 1 only b. 2 only **c. Both 1 and 2** d. Neither 1 nor 2
- 3) Consider the following statements regarding Ramsar Sites:
- The Ramsar Convention signed on February 2, 1971, is one of the oldest inter-governmental accords signed by members countries to preserve the ecological character of their wetlands of international importance.
 - World Wetlands Day is observed every year on 4th February.
 - On the occasion of World Wetlands Day in 2022, India also added Khijadia Wildlife Sanctuary in Gujarat and Bakhira Wildlife Sanctuary in Uttar Pradesh to the list of Ramsar sites in India.
- Which of the above statement(s) is/are correct?
- a. 1 and 2 only b. 2 and 3 only **c. 1 and 3 only** d. 1, 2 and 3
- 4) Consider the following statements about Man-Animal Conflict:
- Odisha accounted for the highest number of elephant killing followed by Jharkhand.
 - Man-Animal Conflict refers to the interaction between wild animals and humans which results in a negative impact on people, animals, resources, and habitats.
 - It occurs when growing human populations overlap with established wildlife territory which creates competition for space and resources.
- Which of the above statement(s) is/are correct?
- a. 1 and 2 only b. 1 and 3 only c. 3 only **d. All are correct.**
- 5) Consider the following statements about Light Mantled Albatross:
- They are native to the Antarctic seas.
 - Their IUCN Status is 'Near Threatened'.
- Which of the above statement(s) is/are correct?
- a. 1 only b. 2 only **c. Both 1 and 2** d. Neither 1 nor 2
- 6) With reference to Sun Temple, Modhera, consider the following statements:
- It is situated on the bank of the river Sabarmati.
 - It was built during the reign of Bhima I of the Chalukya dynasty.
- 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
- 7) Consider the following statements about the Swadesh Darshan Scheme:
- It is a Central Sector scheme.
 - It was launched by the Ministry of Tourism, to develop theme-based tourist circuits in the country.
- Which of the above statements is/are correct?
- a. 1 only b. 2 only **c. Both 1 and 2** d. Neither 1 nor 2
- 8) Snow Leopard is naturally found in which of the following states?
- Jammu and Kashmir
 - Arunachal Pradesh
 - Sikkim
 - Uttar Pradesh
- Select the correct answer code:
- a. 1 and 2 only b. 2 and 3 only c. 1 and 3 only **d. 1, 2 and 3**
- 9) 'Virunga National Park', a UNESCO World Heritage Site, was in news recently, is located in the
- a. USA **b. Democratic Republic of Congo** c. Bangladesh d. Sri Lanka
- 10) "System of Rice Intensification" of cultivation, in which alternate wetting and drying of rice fields is practised, results in:
- Reduced seed requirement
 - Reduced methane production
 - Reduced electricity consumption
- Select the correct answer using the code given below:
- a. 1 and 2 only b. 2 and 3 only c. 1 and 3 only **d. 1, 2 and 3**