

DAILY CURRENTS AFFAIRS (03 August 2024)

TOPICS COVERED

1. Cong. moves privilege motion over Shah's speech on Wayanad (GS Paper-II: Parliament)
2. 72% of personal income-tax payers opted for new tax regime in 2023-24
3. Citizenship process under CAA Rules degrading, says MP (GS Paper-II: Parliament & Citizenship)
4. India selects 2 crew members for Axiom-4 mission to ISS (GS Paper-III: S&T)
5. Mamata urges Nirmala to withdraw GST on insurance (GS Paper-III: Budget)
6. ICMR got ₹172 cr. from Bharat Biotech for Covaxin: Nadda (GS Paper-III: S&T)
7. The five guidelines to a Dragon-Elephant tango (GS Paper-II: India-China)
8. An unstated shift in Modi's economic direction (GS Paper-III: Employment)
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Cong. moves privilege motion over Shah's speech on Wayanad

GS Paper II: Parliament

The Hindu Bureau

NEW DELHI

Citing *The Hindu's* fact-check of Home Minister Amit Shah's speech in Parliament on the landslides in Wayanad, the Congress has moved a privilege motion in the Rajya Sabha against him for misleading the House.

Congress general secretary (communication) Jairam Ramesh, also the party's chief whip in the Rajya Sabha, wrote to Chairman of the Upper House Jagdeep Dhankhar citing *The Hindu* report, which he said, clearly illustrates that the Home Minister "misled" the Rajya Sabha by his



Amit Shah

"emphatic statements on early warnings issued by the Union government which have been proven to be false".

He said privilege proceedings should be initiated against the Home Minister.

Answering a **calling attention motion**, Mr. Shah

had said that the first advance warning was sent to the State on July 23 and subsequent warnings were issued on July 24, 25 and 26.

Nine National Disaster Response Force (NDRF) teams were sent on July 23 to prepare for the impending tragedy, he had said.

But *The Hindu* report, published on August 2, pointed out that the weather warnings issued by the India Meteorological Department (IMD) carried an orange alert for Kerala for July 25 and a yellow "watch" alert for July 23, 24, 26 and 27.

A yellow alert does not specifically call for action.

Cong. moves privilege motion over Shah's speech on Wayanad (03 August)

- Congress moved a privilege motion in the Rajya Sabha against Home Minister Amit Shah.
- The motion is based on a fact-check by *The Hindu* regarding Shah's speech on Wayanad landslides.
- Congress claims Shah misled the House with false statements about early warnings by the Union government.
- Congress general secretary Jairam Ramesh wrote to Rajya Sabha Chairman Jagdeep Dhankhar.
- Ramesh requested privilege proceedings against the Home Minister.
- Amit Shah said advance warnings were sent to the State on July 23, with subsequent warnings on July 24, 25, and 26.
- Shah mentioned that nine NDRF teams were dispatched on July 23 to prepare for the impending tragedy.
- The *Hindu* report from August 2 noted that the IMD issued an orange alert for Kerala for July 25 and a yellow alert for July 23, 24, 26, and 27.
- A yellow alert does not specifically call for action.

India selects 2 crew members for Axiom-4 mission to ISS

Shubhanshu Shukla and Prasanth Balakrishnan Nair, Group Captains in the IAF, will train in U.S.; experience gained during the mission will be beneficial for human space programme, says ISRO

GS Paper III: S&T

The Hindu Bureau

BENGALURU

Indian astronaut-designates Group Captain Shubhanshu Shukla and Group Captain Prasanth Balakrishnan Nair have been shortlisted to go to the U.S. to train for the Axiom-4 mission to the International Space Station (ISS).

The National Mission Assignment Board has recommended them as prime and back-up mission pilots for the mission. Group Captain Shukla will be the prime mission pilot and Group Captain Nair will be the back-up.

The Axiom-4 mission is the fourth private astronaut mission to the International Space Station.

The India-U.S. joint statement during the state visit of Prime Minister Narendra Modi to the U.S. in June 2023 envisioned a joint ISRO-NASA effort to the ISS.

Towards the goal of mounting a joint ISRO-NASA effort, the Human Space Flight Centre (HSFC) of the ISRO has entered into a Space Flight Agree-



Group Captain Prasanth Balakrishnan Nair (left) and Group Captain Shubhanshu Shukla. SPECIAL ARRANGEMENT

ment with the NASA-identified service provider Axiom Space Inc., U.S., for its upcoming Axiom-4 mission to the ISS, the ISRO said.

Scientific research

The agency added that the assigned crew members will be finally approved to fly to the International Space Station by the Multilateral Crew Operations Panel. They will commence training for the mission from the first week of August, it said.

“During the mission,

the Gaganyatri will undertake selected scientific research and technology demonstration experiments on board the ISS as well as engage in space outreach activities. The experiences gained during this mission will be beneficial for the Indian Human Space Program and it will also strengthen human space flight cooperation between ISRO and NASA,” the ISRO said.

Group Captain Shukla and Group Captain Nair are among the four selected for India’s Gaganyaan mission.

Group Captain Shukla is an alumnus of the National Defence Academy and was commissioned on June 17, 2006 in the fighter stream of the IAF. He is a fighter combat leader and a test pilot with approximately 2,000 hours of flying experience. He has flown a variety of aircraft, including Su-30 MKI, MiG-21, MiG-29, Jaguar, Hawk, Dornier, and An-32.

Group Captain Nair is an alumnus of the NDA and recipient of the Sword of Honour at the Air Force Academy.

He was commissioned on December 19, 1998 in the fighter stream of the IAF. He is a Cat A flying instructor and a test pilot with approximately 3,000 hours of flying experience.

He has flown a variety of aircraft, including Su-30 MKI, MiG-21, MiG-29, Hawk, Dornier, and An-32. He is also an alumnus of the United States Staff College and a DS at the Defence Services Staff College, Wellington, and the Flying Instructors School, Tambaram. He has commanded a premier fighter Su-30 squadron.

India selects 2 crew members for Axiom-4 mission to ISS (03 August)

Shubhanshu Shukla and Prasanth Balakrishnan Nair, Group Captains in the IAF, will train in U.S.; experience gained during the mission will be beneficial for human space programme, says ISRO

- Group Captain Shubhanshu Shukla and Group Captain Prasanth Balakrishnan Nair have been shortlisted for training in the U.S. for the Axiom-4 mission to the ISS.
- The National Mission Assignment Board recommended Shukla as the prime mission pilot and Nair as the back-up mission pilot.
- The Axiom-4 mission is the fourth private astronaut mission to the ISS.
- During Prime Minister Narendra Modi’s visit to the U.S. in June 2023, a joint ISRO-NASA effort to the ISS was envisioned.
- ISRO’s Human Space Flight Centre has entered into a Space Flight Agreement with NASA-identified service provider Axiom Space Inc. for the Axiom-4 mission.

Scientific research

- Final approval for the crew members to fly to the ISS will be given by the Multilateral Crew Operations Panel.
- Training for the mission will begin in the first week of August.
- During the mission, the Gaganyatri will conduct scientific research, technology demonstrations, and space outreach activities on the ISS.
- The mission will benefit the Indian Human Space Program and enhance cooperation between ISRO and NASA.
- Group Captain Shukla and Group Captain Nair are also selected for India’s Gaganyaan mission.
- Group Captain Shukla is an NDA alumnus, commissioned on June 17, 2006, in the fighter stream of the IAF.
- He is a fighter combat leader and test pilot with ~2,000 flying hours, having flown Su-30 MKI, MiG-21, MiG-29, Jaguar, Hawk, Dornier, and An-32 aircraft.
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ICMR got ₹172 cr. from Bharat Biotech for Covaxin: Nadda

GS Paper III: S&T

The Hindu Bureau

NEW DELHI

The Indian Council of Medical Research (ICMR) has received ₹172 crore as royalty from Bharat Biotech International Ltd. for jointly developing Covaxin, an indigenously developed vaccine for COVID-19, Union Health Minister J.P. Nadda said during Question Hour in the Lok Sabha on Friday.

The Minister said that after the Union government objected to the failure to list ICMR as a co-owner and co-inventor during the filing of the patent for Covaxin, Bharat Biotech had accepted its mistake and rectified it. "Now ICMR, National Institute of Virology, along with three scientists are co-owners and co-inventors of Covaxin," Mr. Nadda said.

He informed the House that India had given Covaxin supplies to seven other countries under the Vaccine Maitri programme.



Covaxin was jointly developed by the ICMR, NIV, and Bharat Biotech.

Covaxin was jointly developed by the ICMR, National Institute of Virology (NIV) and Bharat Biotech in two phases. The first was to isolate the virus, and study the challenges and related issues, and these were done by the ICMR and the NIV.

Then, the development of the vaccine was done by Bharat Biotech, which spent around ₹60 crore to that end, the Minister said.

The ICMR spent around ₹35 crore on the development of Covaxin, including

₹20 crore towards the Phase 3 clinical trial which involved funding 25 sites for screening and recruiting 25,800 participants.

Patent application

Responding to Trinamool Congress member Sougata Roy, who had asked whether the government took any punitive action against Bharat Biotech for not mentioning the names of ICMR and NIV in the patent application, the Minister noted that there had been a joint memorandum of understanding between the ICMR, the NIV and Bharat Biotech for the vaccine's development.

Initially, when Bharat Biotech filed the patent application, it only included its own name. As soon as the government and the ICMR came to know about it, "we questioned them", Mr. Nadda said and added that after the objection was raised, the application was corrected by Bharat Biotech.

ICMR got ₹172 cr. from Bharat Biotech for COVAX in: Nadda (03 August)

- The Indian Council of Medical Research (ICMR) received ₹172 crore as royalty from Bharat Biotech for developing Covaxin.
- Union Health Minister J.P. Nadda announced this during Question Hour in the Lok Sabha.
- After the government objected to ICMR not being listed as a co-owner and co-inventor of Covaxin, Bharat Biotech corrected the issue.
- ICMR, the National Institute of Virology, and three scientists are now recognized as co-owners and co-inventors of Covaxin.
- India supplied Covaxin to seven countries under the Vaccine Maitri programme.
- Covaxin was developed in two phases: virus isolation and study by ICMR and NIV, followed by vaccine development by Bharat Biotech.
- Bharat Biotech spent around ₹60 crore on vaccine development.
- ICMR spent about ₹35 crore on Covaxin, including ₹20 crore for Phase 3 clinical trials, which involved 25 sites and 25,800 participants.

Patent application

- In response to a query from Sougata Roy, Health Minister J.P. Nadda said no punitive action was taken against Bharat Biotech.
- There was a joint memorandum of understanding for Covaxin's development between ICMR, NIV, and Bharat Biotech.
- Initially, Bharat Biotech's patent application only listed its own name.
- The government and ICMR raised objections, and Bharat Biotech corrected the application to include ICMR and NIV.

- Inactivated vaccines use the killed version of the germ that causes a disease.
- The virus or bacteria is inactivated using chemicals, heat, or radiation, so it cannot cause disease but can still stimulate an immune response.

Live Attenuated Vaccines

- **Concept:** Live attenuated vaccines use a weakened form of the germ that causes a disease. Since they are the closest to natural infection, they elicit strong and lasting immune responses.

Examples:

- Measles, Mumps, and Rubella (MMR) vaccine
- Varicella (chickenpox) vaccine
- Oral Polio Vaccine (OPV)
- Yellow Fever vaccine

Advantages:

- Strong and long-lasting immunity with fewer doses.

Disadvantages:

- Not suitable for people with weakened immune systems.
- Requires careful storage to maintain effectiveness.

2. Inactivated (Killed) Vaccines

- **Concept:** Inactivated vaccines use the killed version of the germ that causes a disease. They are safer as the pathogen cannot cause disease.

Examples:

- Inactivated Polio Vaccine (IPV)
- Hepatitis A vaccine
- Rabies vaccine
- Influenza vaccine (some types)

Advantages:

- Safe for people with weakened immune systems.

- Stable and easy to store.

Disadvantages:

- Usually require multiple doses for effective immunity.

3. Subunit, Recombinant, Polysaccharide, and Conjugate Vaccines

- **Concept:** These vaccines use specific pieces of the germ—like its protein, sugar, or capsid (a casing around the germ). Because these vaccines use only specific parts of the germ, they provide a very strong immune response that's targeted to key parts of the germ.

Examples:

- Hepatitis B vaccine (recombinant)
- Human Papillomavirus (HPV) vaccine (recombinant)
- Pneumococcal vaccine (polysaccharide and conjugate)
- Meningococcal vaccine (polysaccharide and conjugate)

Advantages:

- Can be used in people with weakened immune systems.
- Targeted immune response reduces side effects.

Disadvantages:

- May require booster shots for ongoing immunity.

4. Toxoid Vaccines

Concept: Toxoid vaccines use a toxin produced by the germ that causes a disease. They create immunity to the parts of the germ that cause disease, rather than the germ itself.

Examples:

- Diphtheria vaccine
- Tetanus vaccine

Advantages:

- Safe as they use inactivated toxins.
- Effective at neutralizing the harmful effects of the toxins.

Disadvantages:

- May require booster shots for sustained immunity.

5. mRNA Vaccines

Concept: mRNA vaccines use messenger RNA to instruct cells in the body to produce a protein similar to one found in the virus. This protein triggers an immune response.

Examples:

- COVID-19 vaccines by Pfizer-BioNTech and Moderna

Advantages:

- Can be developed quickly.
- Do not use live virus, making them safer for many people.

Disadvantages:

- Requires ultra-cold storage.
- Relatively new technology with ongoing long-term studies.

6. Viral Vector Vaccines

Concept: Viral vector vaccines use a different virus as a vector to deliver genetic material from the virus that causes the disease. The genetic material provides instructions for making a protein that triggers an immune response.

Examples:

- COVID-19 vaccine by AstraZeneca
- Ebola vaccine

Advantages:

- Can induce strong immune responses.
- Does not use the virus that causes the disease directly.

Disadvantages:

- Pre-existing immunity to the vector virus might reduce effectiveness.
- Complexity in manufacturing.

7. DNA Vaccines

Concept: DNA vaccines involve injecting genetically engineered DNA into the body. This DNA instructs cells to produce an antigen, which triggers an immune response.

Examples:

- Several experimental vaccines in development, including for COVID-19

Advantages:

- Stable and easy to produce.
- No risk of infection since DNA is non-replicating.

Disadvantages:

- Still under study; few have been approved for use.
- May require special delivery systems to ensure effectiveness.

8. Protein Subunit Vaccines

Concept: These vaccines use harmless pieces of the virus or bacteria (often a protein) to stimulate an immune response without using the live pathogen.

Examples:

- Hepatitis B vaccine
- Human Papillomavirus (HPV) vaccine

Advantages:

- Focuses immune response on key parts of the pathogen.
- Safe for immunocompromised individuals.

Disadvantages:

- Requires adjuvants to enhance the immune response.
- May need multiple doses.

Weakest first (03 August)

Allowing sub-quotas to least advanced among SCs deepens social justice

- Affirmative action jurisprudence has evolved from formal equality to aiming for substantive equality.
- Reservation is now viewed as a way to deepen equality by embracing diversity and accommodating those with historical and social disadvantages.
- The latest Supreme Court judgment allows States to classify Scheduled Castes (SCs) into groups and provide preferential treatment to the weaker and more backward among them.
- The Court, by a majority of 6:1, rejected the idea that SCs form a single homogenous class and that subclassification would violate equality.

- This verdict overturns the 2005 E.V. Chinnaiiah vs AP judgment, which had declared subclassification of SCs unconstitutional.
- The earlier judgment ruled that only Parliament could modify the SC list, barring States from altering it.
- This ruling had previously influenced the Punjab and Haryana High Court to quash a preferential sub-quota for certain SC communities.
- The Supreme Court has now referred the correctness of the E.V. Chinnaiiah judgment to a larger Bench.
- The majority verdict acknowledges that SCs are not a homogeneous class; while they share a common constitutional status, their levels of backwardness vary.
- There is historical and empirical evidence showing differences in advancement among SCs.
- States can identify weaker sections among SCs and provide them with additional benefits.
- Four judges support excluding the "creamy layer" among SCs from reservation benefits to ensure that the most disadvantaged receive affirmative action.
- Applying the "creamy layer" concept, previously used for OBCs, may be challenging.
- Justice B.R. Gavai supports the exclusion of more advanced SCs but notes that the norms for the creamy layer may differ from those for OBCs.
- The exclusion of more advanced SCs was not directly addressed by the Bench, and the opinions on this may not be binding at present.
- The priority should be ensuring adequate representation and support for the most marginalized among SCs.

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GS Paper II: Reservation

Weakest first**Allowing sub-quotas to least advanced among SCs deepens social justice**

The jurisprudence of affirmative action has been evolving constantly. From a notion of formal equality rooted in a general principle of non-discrimination, it has reached a point where the aim is substantive equality. Reservation is no more seen as an exception to the equality norm, but as a deepening of the idea of equality by embracing diversity and accommodation of those suffering from historical and social disabilities. The latest Supreme Court judgment allowing States to classify Scheduled Castes (SC) into groups and give preferential treatment to the weaker and more backward among them is in line with this progression. By a majority of 6:1, the Court has rejected the idea that the SCs constitute a single homogenous class and that subclassification will violate the equality rule. The verdict dislodges a 2005 Constitution Bench judgment (*E.V. Chinnaiah vs AP*) that had struck down an Andhra Pradesh law classifying SC communities into groups as unconstitutional. The Court had then ruled that once the President notifies the list of SCs under Article 341, Parliament alone could modify it by law, and that States were barred from “tinkering” with the list. This judgment was cited by the Punjab and Haryana High Court while quashing a preferential sub-quota for Balmikis and Mazhabi Sikhs within the SC quota. When the matter came to the apex court, a Bench doubted the correctness of *E.V. Chinnaiah* and referred the question to a larger Bench.

The majority verdict is based on a clear recognition that SCs do not constitute a homogeneous class. Under the Presidential List, they have a common constitutional status, but it does not mean that there are no differences in the extent of backwardness among them. A history of untouchability is indeed a common feature among them, but there is historical and empirical evidence that the level of advancement is not uniform. States are empowered to further identify the weaker sections among SCs and extend beneficial treatment. Four judges have taken the view that excluding the “creamy layer” among the SCs from reservation benefits is necessary to give full effect to the principle that the weakest should get the benefits of affirmative action and not be elbowed out by those more advanced than them. Applying the ‘creamy layer’ concept, hitherto confined to OBCs may not be easy. Justice B.R. Gavai, who writes in support of the exclusion of the better-off among the SCs, also notes that the creamy layer norms cannot be the same as those prescribed for the OBCs. The exclusion of the more advanced sections among Dalits was not an issue before the Bench, and the opinions may be non-binding as of now. While excluding the creamy layer may happen some day, the focus should be on the marginalised among Dalits

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- This verdict overturns the 2005 *E.V. Chinnaiah vs AP* judgment, which had declared subclassification of SCs unconstitutional.
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- The priority should be ensuring adequate representation and support for the most marginalized among SCs.

An unstated shift in Modi's economic direction

GS Paper III: Employment

“We are nudging industry to use less automation and more labour,” said Finance Secretary T.V. Somanathan in a post-Budget interview. He was referring to the Narendra Modi government's Budget announcement of a new **employment linked incentive (ELI) scheme** for corporates. Under the scheme, companies will be provided a **financial incentive for every new employee they hire**. Dozens of commentators and experts have critiqued it and have questioned the assumption that a company will hire more people, merely for a financial incentive. This is a myopic and technocratic analysis that misses a fundamental shift in economic thought. The Finance Secretary's statement symbolises a significant and profound change in the economic policy direction of the Modi government. It signals a recognition of the misplaced faith in chasing GDP growth, the big capital-labour skew, and the need for course correction.

Initiatives that did not work well

For a decade, the Modi government's economic philosophy was the **traditional Washington Consensus' trickle-down development model that emphasised the efficient production of goods and services, in the assumption that it would automatically lead to jobs, incomes and prosperity for people**. When companies produce, GDP grows, and jobs are created, was the doctrine. 'Make in India', which was launched in 2014, was this quintessential example that aimed to spur manufacturing in the hope that it would make companies hire large numbers of workers. In 2019, the Modi government made a sudden off-Budget announcement of a big cut in corporate tax rates for companies, again in the hope that it would lure industry to invest more, which would then trickle down to more jobs. In 2020, the government announced a new **production linked incentive (PLI) scheme of a whopping ₹2 lakh crore as financial incentives to be provided to companies based on the achieving of certain production targets**. Once again, the intent was to incentivise companies financially to produce more, which would then lead to more



Praveen Chakravarty

Chairman, All India Professionals' Congress

The new ELI scheme for corporates is an acknowledgement by the Narendra Modi government of the breakdown between GDP growth and jobs

jobs. Of course, we know now that none of these initiatives yielded the expected number of jobs. **Companies either pocketed the tax cuts without investing or they invested more in equipment than in hiring people. Simply put, production incentives or tax cuts for corporates neither trickled nor dripped down to enough people through jobs and incomes.**

ELI is a recognition of this failure and a change in course to provide **direct incentives to corporates to employ people rather than through indirect trickle-down means**. After all, if one agrees that production incentives can entice companies to produce more by lowering marginal production costs, then, by the same logic, employment incentives should propel companies to hire more people by lowering marginal labour costs. ELI must be viewed in the context of PLI and not as a standalone idea for job creation. PLI is an incentive for the economy to pour more into the top of a funnel. ELI is an incentive to collect more at the bottom of the funnel, which is the eventual objective anyway.

ELI is the first such policy of the Modi government that acknowledges the breakdown between GDP growth and jobs. If the ultimate goal of economic development is to improve the living standards of the median citizen, then the neo-liberal economic development paradigm of chasing GDP growth has run its course because it has stopped translating into jobs and prosperity for people. Which is why the bombastic rhetoric about **India being the fastest growing economy in the world has no significance for the average Indian**. The natural next step then is to call for direct policy interventions for jobs for people, rather than for economic output. And a PLI to ELI transition is the first attempt in this shift in economic direction.

It can make a difference

ELI by itself may not incentivise corporates to create more jobs. But **it can impact firm level decisions at the margin, of buying equipment versus hiring more people. Ceteris paribus, an ELI scheme encourages firms to hire people rather than use machines. When a million small, medium and large enterprises are 'ELI nudged' to**

choose labour over machines (capital), it can make a meaningful difference to overall job creation.

Neo-liberal economists, for whom technology-led productivity and efficiency are the cornerstones of economic development, would deem ELI blasphemous. Their argument is that it would render Indian companies less productive and, hence, less competitive globally. They are partially justified in their fears but the current model of development that prizes capital over labour and headline GDP over jobs is unsustainable in a democratic society.

Jobs deficit and ideas deficit

The shortage of jobs is the root cause of dangerous and foolhardy proposals such as the recent one in Karnataka to reserve all jobs for locals. When there are very few jobs generated overall in the economy, political compulsions in a democracy are bound to induce a mad rush to grab as many of the few available jobs for their voters. It is intellectually dishonest to merely criticise such proposals but not provide concrete ideas to create new jobs. India not only has a jobs deficit but also an ideas deficit to bridge the jobs deficit. The stock response by economists for creating more jobs is the much abused 'R' word – reforms. Their standard refrain is that a **concoction of labour, education, skills and ease of doing business reforms is the magic pill to create more jobs, which is easier written than done.**

ELI may or may not work to create additional jobs, but it is certainly a concrete new idea to alleviate the **capital-labour imbalance and jobless growth woes of India's economy**. More importantly, it marks a distinct shift in policy direction from **trickle-down economics to bottom-up interventions**. "India is ready for ELI, regardless of whose idea it is" was the last line in my article in a daily on the morning of Budget 2024. Just a few hours later, much to my utter surprise, Finance Minister Nirmala Sitharaman announced the ELI scheme in Parliament. ELI was proposed in the Congress's manifesto, and it is extremely laudable that the Finance Minister chose to keep politics aside to adopt this idea in the larger national interest.

The five guidelines to a Dragon-Elephant tango (03 August)

- Arrived in New Delhi on May 10 as the 17th Chinese Ambassador to India.
- Presented the letter of credence to President Droupadi Murmu on May 31.
- Met many Indian friends from various sectors and visited two other states.
- Observed India's new vitality and strong public support for China-India friendship.
- Noted confidence and expectations for bilateral relations.
- Emphasized the historical and modern connections between China and India.
- Highlighted the importance of China-India relations as one of the most significant bilateral relations.
- Mentioned President Xi Jinping and Prime Minister Narendra Modi's commitment to China-India relations.
- Stated that China and India are partners, not rivals or threats, focusing on cooperation and development.
- Foreign Minister Wang Yi and India's External Affairs Minister S. Jaishankar met recently to discuss mutual respect, understanding, trust, accommodation, and accomplishment.
- The "Five Mutuals" guide the implementation of the consensus for China-India relations and are key for stable and sound relations.
- Mutual respect is essential for China-India relations, with the proverb "jaisa des waisa bhes" highlighting the importance of adapting to different environments.
- During a visit to Maharashtra, attended a traditional wedding, wore local costumes, and tasted masala tea.
- Recognized the unique cultural traditions and development paths of both nations and emphasized open-mindedness and respect for each other's roles on the global stage.
- Mutual understanding is crucial for the development of China-India relations.
- Both countries supported each other's struggles for national independence and liberation.
- China understands and supports India's aspiration for national rejuvenation and strategic autonomy in foreign policy.
- Emphasized the importance of dialogue, communication, and exchanges at all levels to enhance mutual understanding and political trust.
- Highlighted the need to consolidate the political and public foundation for the development of bilateral relations.
- Mutual trust is crucial for the development of China-India relations amidst a volatile international situation.
- As two of the largest developing countries, China and India should avoid mutual suspicion and view their relationship strategically.
- Both countries should perceive each other's strategic intentions objectively and recognize each other as partners and opportunities rather than rivals or threats.
- Emphasized working together for peaceful coexistence and resolving disputes peacefully.
- Political trust is essential for strengthening friendly exchanges; without it, cooperation is hindered.
- The Chinese people wish to be good friends and partners with the Indian people, living in harmony and pursuing common development.
- Mutual accommodation ensures the development of China-India relations, as neighbors who cannot be relocated.
- Differences and frictions are natural; the key is to handle them properly.

- Both countries can use their political wisdom to accommodate each other's core interests and major concerns.
- Properly handling differences through dialogue to reach mutually acceptable solutions is crucial.
- The relationship is all-encompassing and should not be defined by specific differences or disrupted by single incidents.
- Mutual accomplishment is the goal of China-India relations.
- Both countries are at critical stages of national development and revitalization, with broad common interests and cooperation potential.
- China is advancing modernization, providing new opportunities globally.
- India has the vision of "Viksit Bharat 2047," and China supports India's development.
- China and India aim to help each other succeed, achieve common development, and promote Global South unity and cooperation.
- They seek to build a community with a shared future for mankind.

From the principles of peaceful coexistence

- The "Five Mutuels" build on the Five Principles of Peaceful Coexistence and align with India's "mutual respect, mutual sensitivity, and mutual interests."
- They guide the implementation of the leaders' consensus and are expected to be understood and recognized by India.
- Ups and downs in China-India relations are normal, but both ancient civilizations can steer relations positively and jointly create a new future.
- Attended the inauguration of the new campus of Nalanda University in June 2024, recognizing the close historical and cultural ties between China and India.
- President Xi Jinping stated that unified voices of China and India will be heard globally, and Prime Minister Modi described the countries as "two bodies with one spirit."
- The "Dragon-Elephant Tango" is the only correct choice for cooperation.
- Belief in the wisdom and capability of both sides, under the leaders' strategic guidance, to handle relations well and coexist harmoniously while developing together.

2024_08_03

MAINS PRACTICE QUESTION

GS Paper III: Employment

Question: The nature of economic growth in India in recent times is often described as a jobless growth. Do you agree with this view? Give arguments in favour of your answer. (12.5/200 Words) (UPSC 2015)

ANSWER APPROACH

- Introduce with a brief definition of "jobless growth" and its relevance to India's recent economic trends.
- Then bring evidence of Jobless Growth by mentioning high GDP growth rates vs. rising unemployment (e.g., Periodic Labour Force Survey, NSSO reports).
- Further highlight sectoral imbalances, with service sector dominance and less labor-intensive growth.
- In continuity write the factors contributing to Jobless Growth such as:
 - Technological advancements and automation.
 - Large informal sector with inadequate job security and low wages.
 - Skill mismatch between education outcomes and market needs.
- In the last acknowledge jobless growth while emphasizing the need for multi-pronged policy interventions to create sustainable employment opportunities.

ANSWER

The term "jobless growth" refers to economic growth that does not lead to a commensurate increase in employment. In recent years, India's economic growth has often been described as jobless. India has experienced robust economic growth in recent years, with GDP growth rates often exceeding 7%. This growth has been driven by sectors such as services, manufacturing, and IT. Despite this impressive economic performance, concerns about employment generation remain.

Employment Trends:

- **Employment Data:** According to the Periodic Labour Force Survey (PLFS) by the Ministry of Statistics and Programme Implementation, the overall unemployment rate in India has been rising. The National Sample Survey Office (NSSO) data from 2017-18 indicated the highest unemployment rate in 45 years at 6.1%.
- **Labour Force Participation Rate (LFPR):** The LFPR, particularly among women, has been declining. This suggests that a significant portion of the working-age population is not actively seeking employment.

Factors Contributing to Jobless Growth:

1. **Service Sector Dominance:** The service sector, which contributes significantly to GDP, is not as labor-intensive as agriculture or manufacturing. While IT and financial services have grown rapidly, they employ a relatively small proportion of the workforce.
2. **Technological Advancements:** Automation and digitalization in manufacturing and services have led to productivity gains without a proportional increase in employment. Technologies such as AI and robotics are replacing human labor in many industries.
3. **Informal Sector:** A large part of the Indian economy is informal. The informal sector does not provide stable and secure employment, and wages in this sector are generally low. The formal sector's growth has not been sufficient to absorb the labor from the informal sector.
4. **Skill Mismatch:** There is a significant gap between the skills possessed by the workforce and those demanded by the market. The education system has not kept pace with the changing needs of the economy, leading to unemployability among graduates.

Arguments in Favor of Jobless Growth:

- **Rising Unemployment:** The increase in GDP has not translated into sufficient job creation, as evidenced by high and rising unemployment rates.
- **Sectoral Imbalance:** Growth has been concentrated in capital-intensive sectors rather than labor-intensive ones.
- **Underemployment:** A significant portion of the employed population is underemployed, working in jobs that do not fully utilize their skills or provide adequate income.

Counterarguments:

- **Employment Initiatives:** Government programs like Make in India, Skill India, and Start-Up India aim to boost employment. These initiatives focus on enhancing manufacturing, skill development, and entrepreneurship.
- **Gig Economy:** The rise of the gig economy and platform-based employment (e.g., ride-sharing, food delivery) has provided new avenues for employment, though often not reflected in traditional employment data.
- **Agricultural Shifts:** Structural shifts from agriculture to more productive sectors can initially lead to job losses in agriculture but can result in long-term gains as workers move to higher-paying jobs.

Thus, while there is evidence to support the view that India has experienced jobless growth, it is also essential to recognize the complexities involved. The nature of economic growth, sectoral dynamics, and structural shifts in the economy all play a role. Addressing the challenge of jobless growth requires a multifaceted approach, including reforms in education, skill development, labor laws, and investment in labor-intensive sectors.

The Panchsheel Agreement

- The Panchsheel Agreement, also known as the Five Principles of Peaceful Coexistence, is a set of principles that were formulated to guide relations between India and China.

- These principles were first articulated in an agreement signed in 1954 and have since been a cornerstone of India's foreign policy.

Historical Background

- **Date:** The agreement was signed on April 29, 1954.
- **Signatories:** The agreement was signed by the Prime Ministers of India and China, Jawaharlal Nehru and Zhou Enlai, respectively.
- **Context:** The agreement was part of a trade and intercourse agreement between the Tibet region of China and India.

The Five Principles of Peaceful Coexistence (Panchsheel)

- **Mutual Respect for Each Other's Territorial Integrity and Sovereignty:** Both countries agreed to respect each other's borders and not interfere in each other's internal affairs.
- **Mutual Non-Aggression:** Both nations pledged not to resort to military force against each other and to resolve disputes peacefully.
- **Mutual Non-Interference in Each Other's Internal Affairs:** Each country committed to not interfering in the domestic issues of the other.
- **Equality and Mutual Benefit:** The relationship was to be based on equal partnership and cooperation that benefits both parties.
- **Peaceful Coexistence:** Both countries aimed to live in peace and harmony, setting an example for international relations.

An unstated shift in Modi's economic direction (03 August)

- Finance Secretary T.V. Somanathan stated the government is encouraging less automation and more labor use.
- This follows the Budget announcement of a new employment linked incentive (ELI) scheme for corporates.
- Companies will receive financial incentives for each new employee they hire.
- Critics question the effectiveness, doubting companies will hire more solely for financial incentives.
- The Finance Secretary's statement indicates a significant policy shift by the Modi government.
- The shift recognizes the previous overemphasis on GDP growth and the imbalance between capital and labor.
- It highlights the need for a policy course correction.

Initiatives that did not work well

- For a decade, the Modi government followed the Washington Consensus' trickle-down development model.
- This model emphasized efficient production, assuming it would lead to jobs, incomes, and prosperity.
- The 'Make in India' initiative launched in 2014 aimed to boost manufacturing and create jobs.
- In 2019, a significant corporate tax cut was announced to encourage industry investment and job creation.
- In 2020, a production linked incentive (PLI) scheme worth ₹2 lakh crore was introduced to financially incentivize companies to achieve production targets and create jobs.
- None of these initiatives resulted in the expected job growth.
- Companies either kept the tax cuts without investing or invested more in equipment rather than hiring people.
- Production incentives and tax cuts did not lead to sufficient job and income growth.
- ELI recognizes the failure of previous initiatives and shifts to direct incentives for hiring rather than trickle-down methods.
- Production incentives lower marginal production costs, while employment incentives lower marginal labor costs to encourage hiring.
- ELI should be seen in the context of PLI, not as a standalone job creation idea.
- PLI pours resources into the economy (top of the funnel), while ELI aims to collect benefits at the bottom (job creation).
- ELI is the Modi government's first policy acknowledging the gap between GDP growth and job creation.
- The neo-liberal focus on GDP growth has not translated into jobs and prosperity for the average citizen.
- The shift calls for direct policy interventions for job creation rather than just boosting economic output.
- The transition from PLI to ELI marks the first step in this new economic direction.

It can make a difference

- ELI alone may not create more jobs but can influence firm-level decisions between buying equipment and hiring more people.
- An ELI scheme encourages firms to hire people over using machines, making a significant impact on job creation when adopted by many enterprises.
- Neo-liberal economists prioritize technology-led productivity and efficiency and may view ELI as counterproductive.
- They argue ELI could make Indian companies less productive and competitive globally.
- While their concerns are partly valid, the current development model favoring capital over labor and GDP growth over job creation is unsustainable in a democratic society.

Jobs deficit and ideas deficit

- The shortage of jobs leads to proposals like reserving all jobs for locals in Karnataka.
- Few jobs lead to a political rush to secure available jobs for voters.
- Criticizing such proposals without offering solutions is unhelpful.
- India faces both a jobs deficit and an ideas deficit to address it.
- Economists often suggest reforms in labor, education, skills, and ease of doing business to create jobs, but these are challenging to implement.
- ELI is a concrete new idea to address the capital-labor imbalance and jobless growth.
- ELI represents a policy shift from trickle-down economics to bottom-up interventions.
- The author predicted the need for ELI in an article, and it was later announced by Finance Minister Nirmala Sitharaman in the Budget 2024.
- ELI was part of the Congress manifesto, and its adoption shows a focus on the larger national interest over politics.

Weakest first (03 August)

Allowing sub-quotas to least advanced among SCs deepens social justice

- Affirmative action jurisprudence has evolved from formal equality to aiming for substantive equality.
- Reservation is now viewed as a way to deepen equality by embracing diversity and accommodating those with historical and social disadvantages.
- The latest Supreme Court judgment allows States to classify Scheduled Castes (SCs) into groups and provide preferential treatment to the weaker and more backward among them.
- The Court, by a majority of 6:1, rejected the idea that SCs form a single homogenous class and that subclassification would violate equality.
- This verdict overturns the 2005 E.V. Chinniah vs AP judgment, which had declared subclassification of SCs unconstitutional.
- The earlier judgment ruled that only Parliament could modify the SC list, barring States from altering it.
- This ruling had previously influenced the Punjab and Haryana High Court to quash a preferential sub-quota for certain SC communities.
- The Supreme Court has now referred the correctness of the E.V. Chinniah judgment to a larger Bench.
- The majority verdict acknowledges that SCs are not a homogeneous class; while they share a common constitutional status, their levels of backwardness vary.
- There is historical and empirical evidence showing differences in advancement among SCs.
- States can identify weaker sections among SCs and provide them with additional benefits.

- Four judges support excluding the "creamy layer" among SCs from reservation benefits to ensure that the most disadvantaged receive affirmative action.
- Applying the "creamy layer" concept, previously used for OBCs, may be challenging.
- Justice B.R. Gavai supports the exclusion of more advanced SCs but notes that the norms for the creamy layer may differ from those for OBCs.
- The exclusion of more advanced SCs was not directly addressed by the Bench, and the opinions on this may not be binding at present.
- The priority should be ensuring adequate representation and support for the most marginalized among SCs.

Stealing the vote (03 August)

Maduro seems to have resorted to irregularities to hold on to power

- Venezuela's economy contracted by 80% under Nicolás Maduro's presidency, with 7.8 million Venezuelans fleeing the country.
- Extreme poverty increased from 11% in 2013 to 53%, and household poverty is now 82% according to the UN.
- The country has seen anti-government protests and crackdowns.
- In the July 28 presidential election, opinion polls indicated Edmundo González, the main opposition candidate, had a 20-point lead.
- Official results show Maduro won 51% of the vote, while González received 44%.
- Maduro can extend his rule for six more years.
- The opposition reported widespread irregularities in vote counting and accused Maduro of vote theft.
- The opposition claims González received 7.1 million votes compared to Maduro's 3.2 million.
- Protests against Maduro erupted after the official results, and the government has not yet released detailed voter data.
- Nicolás Maduro is not solely responsible for Venezuela's economic crisis; Hugo Chávez also played a role.
- Chávez created a welfare state funded by oil revenues, but falling oil prices and Trump's sanctions worsened the economy.
- Maduro, lacking Chávez's charisma, faced hyperinflation and shortages of essential goods and medicines.
- During the election campaign, the most popular opposition candidate, María Corina Machado, was banned from running.
- Maduro has denied opposition claims of election fraud but faces pressure from both the U.S. and Latin American allies.
- The U.S. recognized Edmundo González as the election winner and called for a peaceful transition.
- Even leftist allies like Colombia and Brazil are demanding full and transparent voting data.
- Maduro has military support but continues to face questions of legitimacy due to domestic divisions and international isolation.

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