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Daily News Juice

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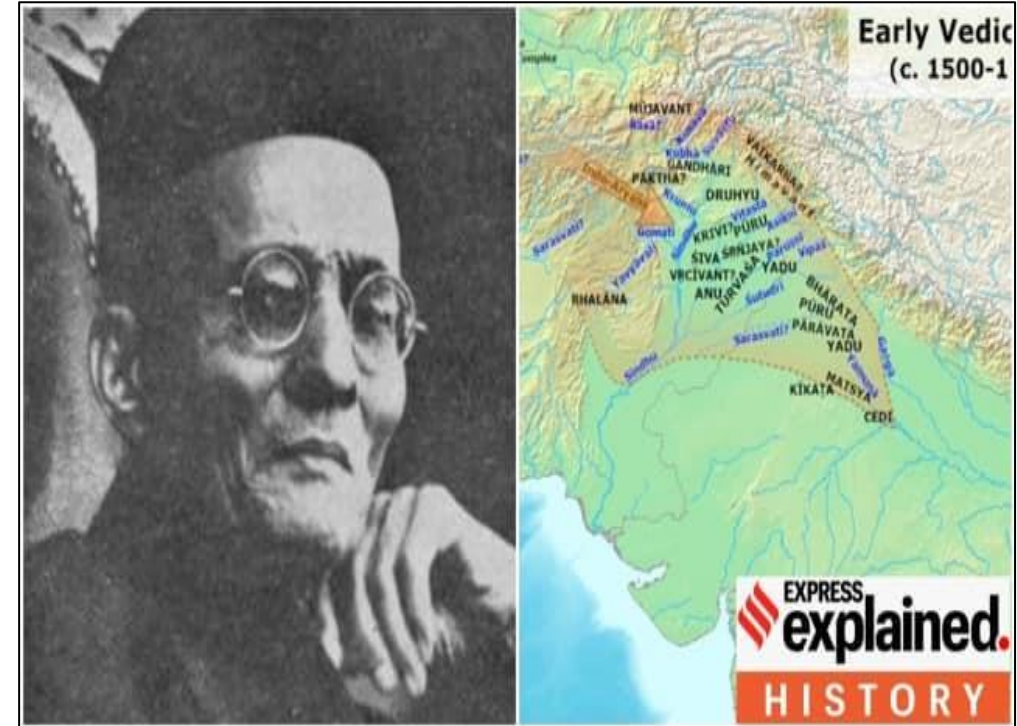
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Relevance: Prelims & Mains Paper I; History & Culture

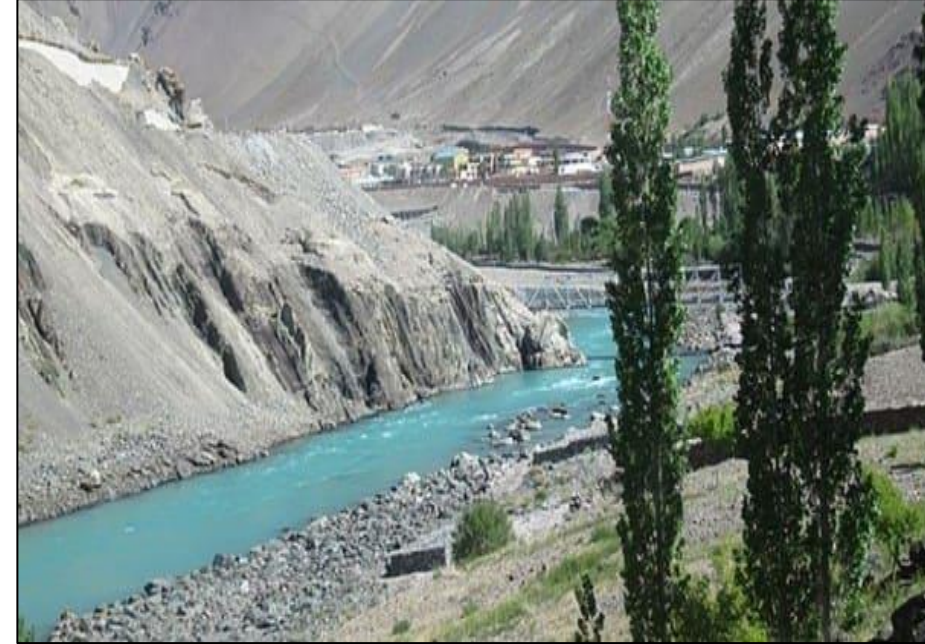
Why in news?

- A political row has erupted after invites for a dinner to be hosted by the President for world leaders, during the upcoming G20 Summit, were sent out in the name of the 'President of Bharat' instead of the customary 'President of India'. While the Opposition said the BJP was pushing the name 'Bharat' because their alliance was called INDIA, the ruling party questioned why the 'Congress had a problem with Bharat'.
- The Constitution mentions both Bharat and India, with Article 1 saying: "India, that is Bharat, shall be a Union of States." Many other names are popularly linked with the nation, such as Hindustan and the older Bharatvarsha and Aryavarta.
- The row over Bharat and India comes at a time of another controversy, over DMK leader Udhayanidhi Stalin's remarks on Sanatan Dharma, is yet to die down.
- Hindutva ideologue Vinayak Damodar Savarkar, in his seminal work Essentials of Hindutva, has dealt with all these topics — the names Hindustan and Bharat, and the difference between Sanatan Dharma, Hinduism, and Hindutva.



Aryans and the Sapta Sindhu

- As per Savarkar, the word Hindu and Hindustan best describe the people who lived between Sindhu and Sindhu — the river Indus or Sindhu in the north and the Indian Ocean in the south. He says that while the name 'Sindhu' was given by the Aryans, and S is replaced by H in both Persian and Prakrit.
- He adds that while it is difficult to state when the first band of Aryans made the banks of the Indus their home but it is yet certain that this was long before the ancient Egyptians, and Babylonians had built their civilizations.
- Savarkar says the Aryans called themselves the Sapta Sindhus after the seven rivers "presided over by the Sindhu". As per him, the word Hapta Hindu can be found in the Avesta, the ancient collection of Zoroastrian religious texts, and the name soon spread beyond Persia.
- He then goes on to argue that the name Sindhu could be older than the Aryans, who borrowed it from the friendlier of the tribes who inhabited this land before their arrival.



The Indus river in Ladakh

- Savarkar says the word Bharat came about when the “centre of gravity” shifted from Sapta Sindhu to the Gangetic delta. “The terms Aryawarta or Bramhawarta were not so suitable as to express the vast synthesis that embraced the whole continent from the Indus to the sea and aimed to weld it into a nation. Aryawarta as defined by the ancient writers was the land that lay between the Himalayas and the Vindhya.... it could not serve as a common name to a people that had welded Aryans and non-Aryans into a common race.
- Savarkar says “it is enough to know that the name - ‘Bharat’ had been not only the accepted but the cherished epithet by which the people of Aryawarta and Daxinapatha delighted to call their common motherland and their common cultural empire.”
- However, he goes on to argue, “But this new word Bharatavarsha could not altogether suppress our cradle name Sindhus or Hindus nor could it make us forget the love we bore to that River of rivers.” Foreigners, too, he says, continued to identify the land with Sindhu.
- He cites a more defined description given by Shalivahan, the grandson of King Vikramaditya. “The best country of the Aryans is known as Sindhusthan whereas the Mlecch country lies beyond the Indus.”
- He then argues that while Emperor Bharat is gone, the Sindhu lives on forever.

Savarkar On Sanatan Dharma, Hindu dharma, and Hindutva



- Savarkar describes the followers of Sanatan Dharma as those who recognise the authority of Shruti, Smriti and Puranas. Shruti and Smriti both refer to Vedic literature, Shruti is first-hand knowledge, that which was heard (Vedas, Upanishads, etc.), while Smriti is that which is written down from memory (Upvedas, Tantras, etc.)
- He adds “The religion of the majority of the Hindus could be best denoted by the ancient accepted appellation, the Sanatan dharma or the Shruti-smriti-puranokta Dharma or the Vaidik Dharma; while the religion of the remaining Hindus would continue to be denoted by their respective and accepted names Sikha Dharma or Arya Dharma or Jain Dharma or Buddha Dharma. Therefore, the Vaidik or the Sanatan Dharma itself is merely a sect of Hinduism or Hindu Dharma, however overwhelming be the majority that contributes to its tenets.”
- About Hindutva, he says, “Hindutva is not a word but a history. Not only the spiritual or religious history of our people as at times it is mistaken to be by being confounded with the other cognate term Hinduism, but a history in full. Hinduism is only a derivative, a fraction, a part of Hindutva.”

Data analysis shows Odisha leads while Punjab lags far behind in State-level finances

Relevance: Prelims & Mains Paper III; Economics

Why in news?

- During a recent interview, **PM Narendra Modi underscored the need for fiscal discipline**, which essentially refers to **governments spending within their means**.
- This comment has placed **state govt finances in sharp focus yet again**. PM Modi and his political opponents have been **arguing about the issue of populism and the politics of dole (revdi culture) — what constitutes it and who is responsible for worsening it**.

Parameters to judge state govt finances

- Recently, **economists analyzed state finances on the basis of latest Budget data**. They analysed data for **27 states on four different counts**:
 - **Fiscal Deficit** (the amount of money a state govt has to borrow to meet its annual expenditure) expressed as a percentage of overall size of the state's economy (the gross state domestic product or GSDP).
 - **Debt** (that is, the accumulated borrowings by the govt over the years) expressed as a percentage of GSDP.
 - **Outstanding guarantees** that a state govt provides; again expressed as a percentage of the GSDP.
 - **Percentage of the total revenue income** that a state govt has to spend towards paying off the interest component of its debt.

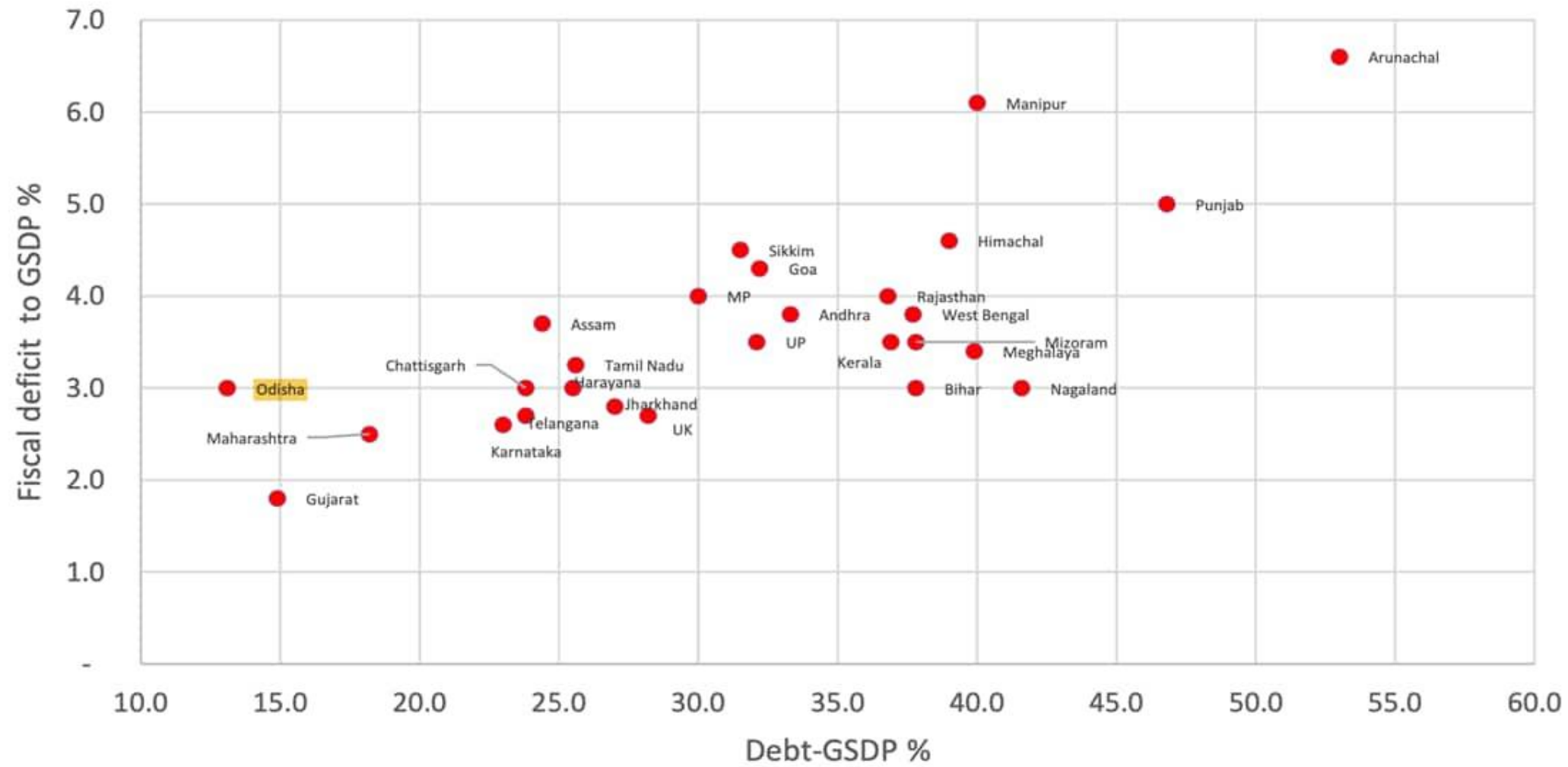
Details

- **Fiscal Deficit** tells us how much a state government has to borrow in the current financial year to meet the gap between its expenditures and revenues. Normally, fiscal deficit should not exceed more than 3% of a state's GDP.
- **Debt levels** tell a longer-term story. If a state has been recklessly borrowing year after year, it would end up having a huge pile of debt. Normally, debt should not go beyond 20% of a state's GDP.
- **Outstanding guarantees** refer to debts that are on the books of state government-run entities but are effectively backed by the state govt. For instance, a state govt-run electricity distribution company or an irrigation utility. Often such entities subsidise consumers by not charging the full price. In the process, they run up a debt which, in the final analysis, has to be paid by the state govt. State govts that do not allow their entities to run up high debts (by charging market prices) end up having lower outstanding guarantees.
- **The fourth metric** captures the net result of running high deficits and debts: That one has to pay higher interest costs. This is akin to a common man having to pay a higher EMI for a bigger loan. However, this interest payout is expressed as a percentage of the state government's total revenues. Again, just as a person with a big income can afford a big interest payment, so can a state pay higher interest payments despite high debt if it knows how to earn enough revenues.

States' ranking

- Chart 1 (on next slide) maps the first two metrics. The fiscal deficit (as a percentage of GSDP) is plotted on the vertical axis and the total debt (as a percentage of GSDP) is mapped on the horizontal axis. That's because to arrive at the best and worst performers, one has to see the combined performance on both the counts.
- On debt levels, only three states — Odisha, Gujarat and Maharashtra — in India manage to meet the prudential norm. However, within the three, it is Odisha which has the lowest debt levels; this shows it has contained its annual fiscal deficit far better than the other two states over the recent past.
- Barring these three, the situation just gets progressively worse. There are four states — Karnataka, Telangana, Assam and Chhattisgarh — which are at a debt level of less than 25%.
- The next five — Tamil Nadu, Haryana, Jharkhand, Uttarakhand and Madhya Pradesh — have debt ratios between 25%-30%.
- But as many as 15 states (out of the 27 for which data was available), had debt levels in excess of 30% of the state GDP (or GSDP). Four states, in particular, raise a red flag: Manipur, Nagaland, Punjab and Arunachal Pradesh.
- On the fiscal deficit front, three states — Punjab, Manipur and Arunachal — have fiscal deficit of 5% and above.
- Taking into account the performance on both metrics together, Odisha comes out on top while Punjab lies at the bottom.

Debt/GSDP and Fiscal deficit ratios: FY24 (B) (%)



Source: PRS Legislative Research

Chart 1

- Odisha continues to do well in the third metric as well as shown by the following chart.

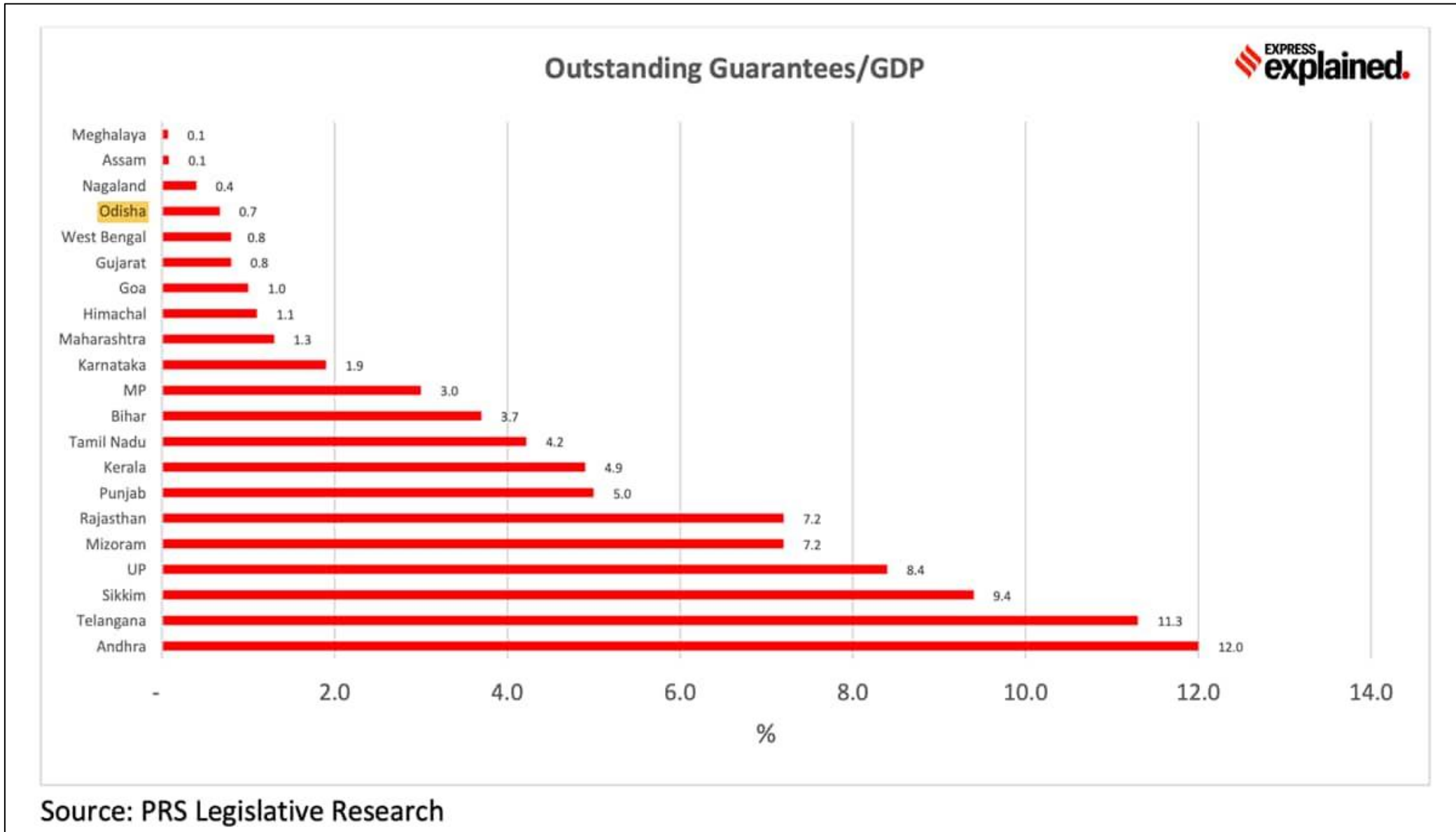
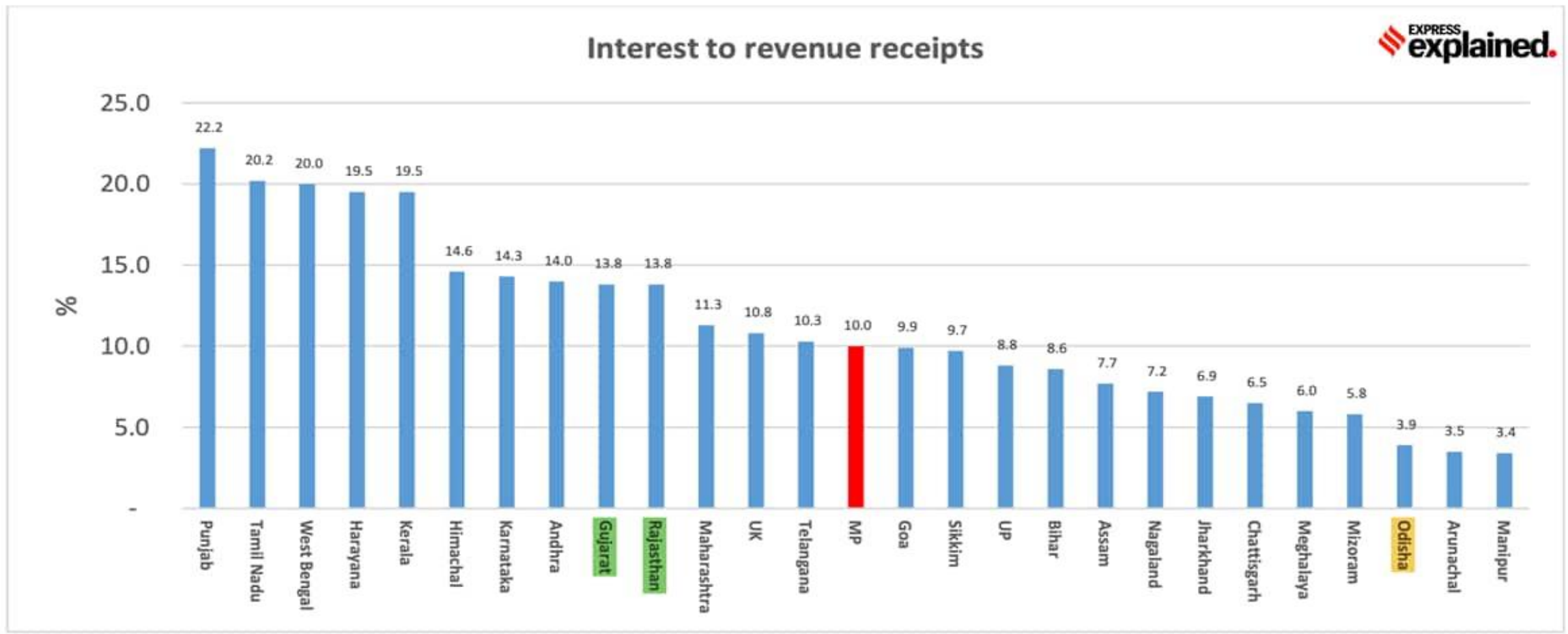


Chart 2

- Lastly, the chart below maps the impact high debt. As debt increases so does the interest outgo, which in turn puts pressure on the revenue account as a larger part of the revenue receipts are used to pay interest which means that less is left for other purposes. Here, again, Odisha stands out among the bigger states of India.



Source: PRS Legislative Research

The best and worst placed states

- In the final analysis, Odisha seems to lead the rest of India. Its debt to GDP ratio is the lowest and there are low contingent liabilities. The fiscal deficit too has been within the FRBM norms and the debt servicing ratio very low.
- Punjab, on the other hand, is the one big state that is pressurised on all counts — debt ratio, fiscal deficit, guarantees and debt servicing.
- These results are similar to the findings of a report released by CARE Ratings at the start of 2023. It, too, pegged Odisha as the best and Punjab as the worst among the major states on fiscal parameters.

How does Odisha do it?

- Economists outline three main reasons for Odisha's continued success:
 - Sticking to annual fiscal deficit targets - Doing this ensures that Odisha doesn't face higher interest rates and that keeps borrowing costs at a minimum.
 - Not compromising on expenditure - This means sticking to what is planned and not resorting to ad hoc changes mid-year.
 - Having realistic budget estimates for both income and expenditure - Often when a state govt is struggling to meet the fiscal deficit target, it can resort to overstating its revenues and understating its likely spending. Presenting a realistic picture helps Odisha govt live within its means.

SEBI plans to launch one-hour trade settlement by March next year



Relevance: Prelims & Mains Paper III; Economics

Why in news?

- Securities and Exchange Board of India (SEBI), which had in July announced it was working to launch real-time settlement of trades, is now planning to implement one-hour settlement of trades first.
- The regulator is aiming to launch one-hour settlement of trades by March next year. The Application Supported by Blocked Amount (ASBA)-like facility for trading in the secondary market will likely be launched in Jan. 2024.

What is trade settlement?

- Settlement is a two-way process which involves the transfer of funds and securities on the settlement date. A trade settlement is said to be complete once purchased securities of a listed company are delivered to the buyer and the seller gets the money.
- The current cycle of T+1 means trade-related settlements happen within a day, or 24 hours of the actual transactions. The migration to the T+1 cycle came into effect in January this year.
- India became the second country in the world to start the T+1 settlement cycle in top-listed securities after China, bringing in operational efficiency, faster fund remittances, share delivery, and ease for stock market participants.

Benefits of one-hour trade settlement

- Under the current T+1 settlement cycle, if an investor sells securities, the money gets credited into the person's account the next day.
- In one-hour settlement, if an investor sells a share, the money will be credited to their account in an hour, and the buyer will get the shares in their demat account within an hour.

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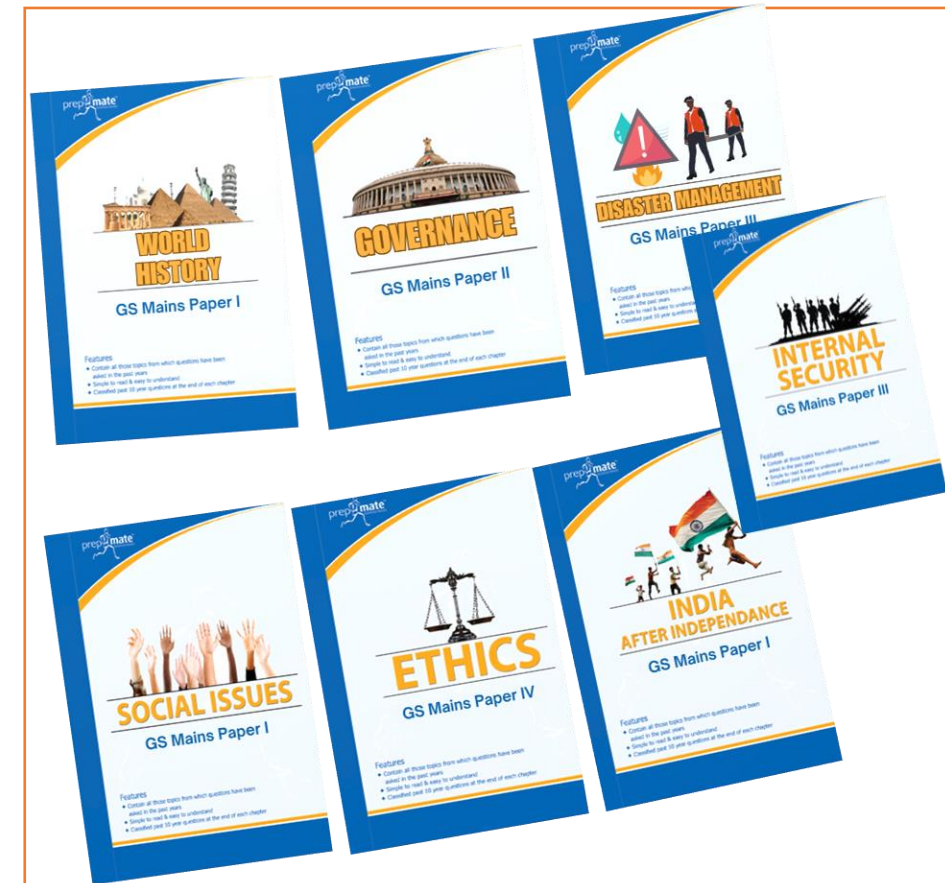
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