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1. What the white paper on economy says — and doesn't

Why in news?

Finance Minister Nirmala Sitharaman presented a "white paper" on the Indian economy in Parliament recently. The document, which has been prepared by the Ministry of Finance, essentially compares the 10-year record of economic governance under the Congress-led UPA governments (between 2004-05 and 2013-14) with the 10-year record of the BJP-led NDA governments (between 2014-15 and 2023-24).

What is a white paper, and is this one?


A white paper typically provides information about a specific issue. A government may present a white paper — say, on black money — to make people aware of the nature and scope of the problem and the possible ways to resolve it.

In that sense, what was presented in Parliament is not exactly a white paper, because it is a comparison between the record of two governments on a variety of economic parameters. A comprehensive review of the state of the Indian economy as things stood in 2014, when the incumbent government first took charge, would have been a white paper on the economy.

UPA AND NDA YEARS: WHAT SOME CRUCIAL NUMBERS SAY

| Financial Year | Nominal GDP growth rate (%) | Real GDP growth rate (%) | Fiscal Deficit* | Financial Year | Nominal GDP growth rate (%) | Real GDP growth rate (%) | Fiscal Deficit* |
|----------------------|-----------------------------|--------------------------|-----------------|----------------------|-----------------------------|--------------------------|-----------------|
| 2004-05 | 14.10 | 7.92 | 3.95 | 2014-15 | 10.99 | 7.41 | 4.10 |
| 2005-06 | 13.99 | 7.92 | 4.03 | 2015-16 | 10.46 | 8 | 3.87 |
| 2006-07 | 17.14 | 8.06 | 3.35 | 2016-17 | 11.76 | 8.26 | 3.48 |
| 2007-08 | 15.14 | 7.66 | 2.59 | 2017-18 | 11.03 | 6.8 | 3.46 |
| 2008-09 | 12.56 | 3.09 | 6.11 | 2018-19 | 10.59 | 6.45 | 3.44 |
| 2009-10 | 15.46 | 7.86 | 6.57 | 2019-20 | 6.37 | 3.87 | 4.64 |
| 2010-11 | 19.92 | 8.5 | 4.89 | 2020-21 | -1.36 | -5.83 | 9.17 |
| 2011-12 | 14.43 | 5.24 | 5.91 | 2021-22 | 18.36 | 9.05 | 6.75 |
| 2012-13 | 13.82 | 5.46 | 4.93 | 2022-23 | 16.06 | 7.24 | 6.38 |
| 2013-14 | 12.97 | 6.39 | 4.48 | 2023-24 | 8.87 | 7.32 | 5.85 |
| AVERAGE OF UPA YEARS | | | | AVERAGE OF NDA YEARS | | | |
| 2004-2014 | 14.95 | 6.80 | 4.7 | 2014-2024 | 10.31 | 5.9 | 5.1 |

Source: MoSPI and CMIE, *(as a % of Nominal GDP)



The white paper was presented in Parliament by Finance Minister Nirmala Sitharaman. PTU/Flte

What does it say?

The 58-page white paper has three main parts. Part 1 discusses the macroeconomic situation during the 10 years of UPA rule. Part 2 provides the "current status of the various corruption scams of the UPA government". Part 3 shows how the NDA "turned the economy around". Here are some of the most important claims in the white paper.

*The UPA Government inherited a healthy economy ready for more reforms, but made it non-performing in 10 years.

*UPA abandoned economic reforms.

*In a quest to maintain high economic growth by any means after the Global Financial Crisis of 2008, UPA severely undermined the macroeconomic foundations. For instance, it underscores high inflation, high fiscal deficit (or the money borrowed to meet expenses), and high proportion of bad loans in the banking system that dragged down economic activity.

Analysis

Analysing the performance of any economy over two decades, even when they are aligned back to back, is a daunting task. This is so because a variety of factors affect not just the economy but also how we measure it.

For instance, a very big reason why domestic inflation was very high during the last couple of UPA years and immediately subsided during the first two of NDA is the cost of crude oil, which ranged between \$111 and \$105 a barrel between FY12 and FY14, and then fell to \$84 in FY15 and to \$46 in FY16.

Indeed, on aggregate, data shows that India registered better GDP growth as well as lower fiscal deficits during the UPA time.

The NDA government has several genuine achievements to its credit — such as the GST and IBC — but the white paper ignores all that is amiss with the economy. For instance, it does not even contain the word “unemployment”. This was when the government’s own Periodic Labour Force Survey showed that unemployment had reached a 45-year high in 2017-18.

Similarly, it makes no mention of the fact that there has been no formal measure of poverty since 2011. Or that this government has failed to conduct the decadal Census — the first such miss since 1881. Also, a white paper on the Indian economy over two decades does not have a single chart on GDP growth over this period.

Relevance: GS Prelims & Mains Paper III; Economics

Source: Indian Express

2. Should some SCs get more quota benefits than others: What is the debate, in which apex court has reserved verdict

Why in News?

A seven-judge Constitution Bench headed by Chief Justice of India D Y Chandrachud reserved judgment in the sub-classification among Scheduled Castes (SCs) case.

Some states have argued that despite reservation, some castes are grossly underrepresented in comparison with the so-called dominant Scheduled Castes. They

want to create a separate quota for such castes within the SC quota of 15%, to ensure that the benefits are adequately distributed.

In 2004, a five-judge Constitution Bench in 'E.V. Chinnaiah v State of Andhra Pradesh' held that only the President could notify which communities could receive reservation benefits as per Article 341 of the Constitution, and that states did not have the power to tamper with this.

A number of states have now returned to the Supreme Court to argue against the Chinnaiah decision, claiming that states do have the power to make sure reservation benefits are distributed to communities that need them the most. The respondents on the other hand, defended the Chinnaiah judgment and argued that all Scheduled Castes must be treated equally.

The beginning

In 1975, the Punjab government issued a notification dividing its 25% SC reservation at that time into two categories. In the first category, seats were reserved solely for the Balmiki and Mazhabi Sikh communities, which were and continue to be considered two of the most economically and educationally backward communities in the state. Under the policy, they were to be given first preference for reservation in education and public employment. The second category consisted of the rest of the SC communities.

While the notification remained in force for nearly 30 years, it ran into legal hurdles when in 2004, a five-judge Constitution Bench struck down a similar law introduced by Andhra Pradesh in 2000. In 'E.V. Chinnaiah v State of Andhra Pradesh', the Supreme Court struck down the Andhra Pradesh Scheduled Castes (Rationalisation of Reservations) Act, 2000 for being violative of the right to equality. The law contained an expansive list of Scheduled Caste communities in the state and the quota of reservation benefits provided to each of them.

The court held that the sub-classification would violate the right to equality by treating communities within the category differently, and said that the SC list must be treated as a single, homogenous group. The rationale was that since the Constitution classifies certain castes in a Schedule as they historically faced discrimination due to untouchability, they cannot be treated differently from one another.

The court also drew attention to Article 341 of the Constitution, which gives the President the power to create a list of SC communities for the purposes of reservation. The five-judge Bench held that this meant states did not have the power to "interfere" or "disturb" this list, including through sub-classification.

Two years after the apex court ruling, the Punjab & Haryana High Court in 'Dr. Kishan Pal v. State of Punjab' struck down the 1975 notification.

The appeal

In October 2006, four months after the Punjab & Haryana High Court struck down the notification, the Punjab government attempted to bring back the law by passing the

Punjab Scheduled Caste and Backward Classes (Reservation in Services) Act, 2006. This Act reintroduced the first preference in reservations for the Balmiki and Mazhabi Sikh communities.

In 2010, the High Court once again struck down this provision. The Punjab government then moved the Supreme Court.

In 2014, the Supreme Court in 'Davinder Singh v State of Punjab', referred the appeal to a five-judge Constitution Bench to determine if the 2004 E V Chinniah decision required reconsideration, since it needed an inquiry into the interplay of several constitutional provisions. Interpretation of the Constitution requires a Bench of at least five judges of the Supreme Court.

Reconsidering the E V Chinniah ruling

In 2020, the Constitution Bench headed by Justice Arun Mishra held that the court's 2004 decision required reconsideration. The ruling noted that the court and the state "cannot be a silent spectator and shut its eyes to stark realities." The ruling disagreed with the premise that Scheduled Castes are a homogeneous group and said there are "unequals within the list of Scheduled Castes, Scheduled Tribes, and socially and educationally backward classes."

Crucially, since the E V Chinniah decision, the concept of a "creamy layer" has also trickled down to SC reservations.

In the landmark 2018 ruling in 'Jarnail Singh v Lachhmi Narain Gupta', the Supreme Court upheld the concept of "creamy layer" within SCs too. The 'Creamy layer' concept puts an income ceiling on those eligible for reservations. While this concept applies to Other Backward Castes (OBC), it was applied to promotions of SCs for the first time in 2018.

States have argued that the sub-classification is essentially an application of the creamy layer formula, where instead of excluding the better-off castes from the Scheduled Caste list, the state is merely giving preferential treatment to the most disadvantaged castes. Since the Davinder Singh Bench was also of five-judges (same as E V Chinniah), a larger seven-judge Bench is now hearing the issue — only a larger Bench's judgement can prevail over the decision of a smaller Bench.

Apart from Balmikis and Mazhabi Sikhs in Punjab and Madiga in Andhra Pradesh, Paswans in Bihar, the Jatavs in UP, and Arundhatiyars in Tamil Nadu will also be impacted by the sub-classification strategy.

The arguments on both sides

The Advocate General of Punjab, Gurminder Singh, argued that E.V. Chinniah was mistaken when it held that states could not tamper with the classes that comprised the Presidential list under Article 341.

Highlighting the language used in Article 16(4) of the Constitution, he pointed out that the Article allows the State to provide reservations for backward classes who are not

“adequately represented” in State services. As the phrase used is “adequately” and not “equally”, Singh argued, there is no obligation to provide the same opportunities to every community in the Presidential list.

Additional Advocate General of Punjab Shadan Farasat pointed out that the recently introduced Article 342A on the Constitution made it clear that the Chinnaiah decision could no longer apply. This provision specifically empowers States and Union Territories to maintain a list of Socially and Economically Backward Classes which may be different from the Presidential list.

Former Attorney General KK Venugopal also made a rare return to court to argue in favour of sub-classification. Recalling his experience arguing in the Chinnaiah case, he stated that without sub-classification, the weakest sections of society will be left behind, defeating the very purpose of reservations.

Senior Advocate Sanjay Hegde, appearing for the respondents, argued that all the communities included in the Presidential list suffered from the “taint of untouchability”, and the Constituent Assembly made a choice not to enter into comparisons of who suffered the most.

He then claimed that if a community named in the Presidential list did not receive reservation benefits, they would only be left with the stigma of being a Scheduled Caste. Another intervenor similarly argued that states did not have the discretion to ignore some Scheduled Castes in favor of others.

The Bench took note of this point and CJI Chandrachud acknowledged that the court would have to lay down criteria to ensure popular politics does not affect the granting of reservations.

Relevance: GS Prelims & Mains Paper II; Governance

Source: Polity & Governance

3. Bharat Ratna awards and Politics behind it

Why in news?

Prime Minister Narendra Modi recently announced that former Prime Ministers P V Narasimha Rao (1991-96) and Chaudhary Charan Singh (July 1979-January 1980), and the pioneer of the Green Revolution Dr M S Swaminathan, would be conferred the Bharat Ratna, the country's highest civilian honour.

The Prime Minister had earlier announced the Bharat Ratna for veteran BJP leader L K Advani and for OBC reservations pioneer and former Bihar Chief Minister Karpoori Thakur.

BJP signals for elections

The announcements are especially significant because they have come barely a couple of months ahead of Lok Sabha elections. By conferring the Bharat Ratna on Dr Swaminathan and Charan Singh, the government appears to be signalling it cares about farmers and agriculture.

Charan Singh is also among the tallest Jat leaders the country has seen. While Jats have stood firmly behind the BJP in Uttar Pradesh since 2014, the community is said to be unhappy with the party in Haryana.

The honour for Narasimha Rao is even more significant. It rubs in the message that the Congress had for years ignored one of its most able administrators, the man who pulled the country out of a deep financial crisis and set it on the path of economic growth, only because he had differences with Sonia Gandhi.

It also underscores the point the Prime Minister sought to make in Parliament recently — that while the BJP puts the nation above all else, for the Congress, the Nehru-Gandhi family always comes first.

The Ratna for Rao is also significant for coming soon after the consecration of the Ram Temple in Ayodhya. The Congress has been accused of putting the blame for the demolition of the Babri Masjid on Rao, who was Prime Minister at the time, by his alleged miscalculation of the situation on the ground at the time.

For Temple and Mandal

The Bharat Ratna for Advani was noteworthy given his role in making the Ram Temple a reality — as BJP president at the time, it is Advani who put the Ram Janmabhoomi movement at the forefront of the party's agenda. The highest civilian honour for Advani is likely to contribute to the BJP's narrative on the temple in the run-up to the elections.

The honour for Karpoori Thakur came at a time when the Opposition has been hoping to build its demand for a caste census into a plank that might be able to reduce the post-Ram Temple Hindutva fervour in favour of the BJP.

Recognition for the man whom Nitish Kumar and Lalu Prasad consider their political guru — but whose contribution to social justice has never been recognised by the Congress — was intended to signal the BJP's empathy and concern for the backward castes, especially in Bihar and UP. Days after the announcement of the Ratna, Bihar Chief Minister Nitish Kumar, who had spearheaded the demand for a caste census and carried out a survey of castes in his state, shifted his allegiance to the NDA.

Past recipients

Before the announcement of these five Bharat Ratnas, the Modi government has conferred the honour on five others over its two terms in power.

They are educationist, freedom fighter, and once-Congress president Pandit Madan Mohan Malviya, former Prime Minister Atal Bihari Vajpayee, former President and Congress leader Pranab Mukherjee, the legendary Assamese musician Bhupen Hazarika, and RSS leader Nanaji Deshmukh.

The honour for Malviya and Vajpayee came in 2015, within a year of the Modi government coming to power.

While Malviya was elected Congress president in 1909, 1918, and 1932, he was always to the Hindu right in the ideological spectrum that the party represented before Independence. Malviya founded the Akhil Bharatiya Hindu Mahasabha in 1907 and the Banaras Hindu University in 1916, and served as its Vice Chancellor from 1919 until 1938. The Sangh Parivar has always claimed the legacy of Pandit Malviya.

Vajpayee, of course, was a towering stalwart who had friends across parties. In his four-decade career in Parliament, he served nine terms in Lok Sabha and two in Rajya Sabha, and took oath as Prime Minister thrice. In 2004, he became the first non-Congress PM to complete a full five years in power.

In 2019, the Modi government picked Mukherjee, one of the Congress's most senior leaders, for the Bharat Ratna. A year previously, Mukherjee had accepted an invitation to deliver a lecture at the RSS headquarters in Nagpur.

The honour for Mukherjee was seen, again, as the BJP 'correcting' the Gandhis' "sidelining" of a man who had played a central role in the party for decades. In his five-decade political career, Mukherjee occupied top positions under Congress governments, including Minister for Finance and Home — and making him President in 2012 was seen as a way to "retire" him as Rahul Gandhi came to the fore in the party.

Bhupen Hazarika, who was honoured in 2019, was one of the foremost cultural icons of the Northeast, and the award fulfilled a long-standing demand from his fans and the region as a whole.

Chandikadas Amritrao Deshmukh, better known as Nanaji Deshmukh, who also received the Ratna in 2019, worked in the fields of education, health, and rural self-reliance, but his greatest contribution was seen as building the Bharatiya Jana Sangh, the precursor of the BJP, into a formidable force.

As treasurer of the BJS, Deshmukh's efforts brought the party the support, political and financial, of the big business community of Bombay and Guajarat.

Ratna before Modi era

Under Congress governments, the choices for Bharat Ratna were more conventional — and included sitting Prime Ministers Jawaharlal Nehru (1955) and Indira Gandhi (1971, after the Bangladesh War), and Lal Bahadur Shastri (1966) after his sudden death.

In 1988, the government of Rajiv Gandhi conferred the Ratna on former Tamil Nadu Chief Minister M G Ramachandran ahead of Assembly elections in that state.

In 1990, the Janata Dal government headed by V P Singh and supported by the BJP picked Dr B R Ambedkar for the honour. That same year, the Ratna was awarded to Nelson Mandela.

In 1991, the Narasimha Rao government gave the award to former Prime Ministers Rajiv Gandhi (who had been assassinated recently) and Morarji Desai, and Sardar Vallabhbhai Patel.

In 1992, Maulana Abul Kalam Azad, stalwart of the freedom movement, and industrialist JRD Tata were honoured.

Under the short-lived coalition governments after 1996, Gulzarilal Nanda, who served as acting PM twice, freedom fighter Aruna Asaf Ali, and scientist Dr A P J Abdul Kalam (who would later become President) were among those who were honoured.

The Vajpayee government gave the Ratna to socialist icon and social reformer Jayaprakash Narayan, economist Amartya Sen, and musicians Ravi Shankar and Bismillah Khan.

Under the Manmohan Singh government from 2004 to 2014, only three Bharat Ratnas were conferred: to Hindustani classical musician Bhimsen Joshi, cricketer Sachin Tendulkar, and scientist CNR Rao.

Relevance: GS Prelims & Mains Paper II; Governance

Source: The Indian Express