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1. Bharat Ratna for L K Advani: How his Rath Yatra contributed to the rise of the BJP



L K Advani addressing a gathering during his Rath Yatra

Why in news?

Prime Minister Narendra Modi announced that veteran BJP leader L K Advani will be conferred with the Bharat Ratna, India's highest civilian honour.

Advani, 96, was instrumental in transforming the Bharatiya Janata Party into a national political force in the late 1980s and early 1990s. His 1990 Rath Yatra was taken out to mobilise volunteers for the Ram Janmabhoomi movement, and was central to the party's rise.

From Gandhian Socialism to Hindutva

The BJP emerged in 1980 following the dissolution of the Janata Party. In its first national conference, held in Mumbai that year, party president Atal Bihari Vajpayee's address underscored that the BJP was not simply a new incarnation of Syama Prasad Mookerjee's Bharatiya Jana Sangh. Rather, Vajpayee claimed the legacy of Jayprakash Narayan, and declared Gandhian Socialism to be the party's foundational ideology.

But this position did not reap rewards in the 1984 general elections. The Rajiv Gandhi-led Congress won over 400 seats on the back of a sympathy wave after Indira Gandhi's assassination. The BJP won only two. This failure, however, was pivotal for the BJP's eventual rise. Advani took over the party's reins, and guided it towards a new direction.

Cashing in on the Ram Janmabhoomi Movement

In the 1980s, Hindu nationalist organisations such as the Vishwa Hindu Parishad (VHP) upped the ante on the Ram temple issue. While the earliest proposal to build a Ram temple in Ayodhya came up in the 19th century, the 1980s saw the movement gather momentum.

The BJP, under Vajpayee, had been somewhat sceptical about openly wading into the matter. But Advani sensed that the growing Ram temple agitation offered a unique opportunity to consolidate the Hindu vote. In 1989, the party officially took on the Ram Janmabhoomi cause in its historic Palampur Resolution. With Advani also stepping up pressure on Rajiv Gandhi over his (mis) handling of Sri Lanka and Kashmir, as well as the Bofors scandal, the BJP quickly emerged as a potent political force.

In the 1989 general elections the BJP won 85 seats. But Advani sensed that even greater inroads could be made — and needed to be made. In 1990, V P Singh decided to grant OBC reservations for government jobs, accepting the Mandal Commissions recommendations. This, Advani felt, could seriously undermine the BJP's Hindutva. Thus, he took to the road, with the intention to create pan-Hindu pressure to construct a Ram temple on the Babri Masjid site.

The Rath Yatra

On September 25, 1990, L K Advani commenced his Rath Yatra from Somnath, Gujarat. He planned to traverse across the country on a rath (a chariot, or in Advani's case, a modified car made to look like a chariot), building momentum for the Ram Janmabhoomi movement, and ultimately arriving at Ayodhya to stake claim to the Babri Masjid site.

Thronged by thousands of 'activists', Advani's procession was marked by songs and slogans, all with a singular aim to galvanise pan-Hindu support for the temple.

As he travelled through the country, Advani's Yatra left a trail of violence in its wake. Communal violence intensified especially after Advani's arrest in Bihar, on the orders of Chief Minister Lalu Prasad Yadav.

The Rath Yatra was a raging success for Advani and the BJP. In the 1991 elections, the BJP emerged, after the Congress (244 seats), as the second largest party in the Parliament, raising its tally to 120 seats. It also formed the government in Uttar Pradesh.

The Babri demolition and after

On December 6, 1992, around 100,000 kar sevaks descended upon the Babri Masjid and razed it to the ground. Advani too was in Ayodhya that day, but was not prepared for what had happened. He would later say that the events of December 6 "bothered him".

A wave of communal violence would once again sweep through the country, and although Advani did not condone the mosque's demolition, his party nonetheless reaped the benefits of it. Over the course of the 1990s, the BJP strengthened its national presence on the back of its role in the Ram Janmabhoomi temple, with Atal Bihari Vajpayee taking oath as the prime minister three separate times.

Advani gave way to Vajpayee in the aftermath of the Babri demolition, to allow the party to be helmed by a more "moderate" face. He would never be able to meet his prime ministerial aspirations. Nonetheless, his role in the rise of the BJP to its current, seemingly infallible position, remains undeniable.

Relevance: GS Prelims & Mains Paper II; Governance

Source: Indian Express

2. Why was the fiscal deficit estimate announced in the recent Union Budget considered to be ambitious? How does a government fund its expenditure? What is the difference between fiscal deficit and national debt? How much is the Centre expected to borrow from the market?

Why in news?

Union Finance Minister Nirmala Sitharaman announced during her Budget speech that the Centre would reduce its fiscal deficit to 5.1% of gross domestic product (GDP) in 2024-25. She further added that the fiscal deficit would be pared to below 4.5% of GDP by 2025-26. The FM's projections surprised most analysts who expected the government's fiscal deficit target would be slightly higher, at about 5.3% or 5.4% of GDP. The government's revised estimates also lowered the fiscal deficit projection for 2023-24 to 5.8% of GDP.

What is fiscal deficit?

Fiscal deficit refers to the shortfall in a government's revenue when compared to its expenditure. When a government's expenditure exceeds its revenues, the government will have to borrow money or sell assets to fund the deficit. Taxes are the most important source of revenue for any government. In 2024-25, the government's tax receipts are expected to be ₹26.02 lakh crore while its total revenue is estimated to be ₹30.8 lakh crore. The Union government's total expenditure, on the other hand, is estimated to be ₹47.66 lakh crore.

When a government runs a fiscal surplus, on the other hand, its revenues exceed expenditure. It is, however, quite rare for governments to run a surplus. Most governments today focus on keeping the fiscal deficit under control rather than on generating a fiscal surplus or on balancing the budget.

Difference with National Debt

The fiscal deficit should not be confused with the national debt. The national debt is the total amount of money that the government of a country owes its lenders at a particular point in time. The national debt is usually the amount of debt that a government has accumulated over many years of running fiscal deficits and borrowing to bridge the deficits. The fiscal deficit is generally expressed as a percentage of a country's GDP since it is believed that the figure shows how easily the government will be able to pay its lenders. In other words, the higher a government's fiscal deficit as a share of GDP, the less likely its lenders will be paid back without trouble. Countries with larger economies can run higher fiscal deficits (in terms of absolute numbers of money).

How does government fund its fiscal deficit?

In order to fund its fiscal deficit, the government mainly borrows money from the bond market where lenders compete to lend to the government by purchasing bonds issued by the government. In 2024-25, the Centre is expected to borrow a gross amount of ₹14.13 lakh crore from the market, which is lower than its borrowing goal for 2023-24, as it expects to fund its spending in 2024-25 through higher GST collections. Economists were expecting that the Centre would set a borrowing target of about ₹15.6 lakh crore for 2024-25.

It should be remembered that central banks such as the Reserve Bank of India (RBI) are also major players in the credit market, although they may not always directly purchase government bonds. The RBI may still purchase government bonds in the secondary market, from private lenders who have already purchased bonds from the government. So, when a government borrows from the bond market, it not only borrows from private lenders but also indirectly from the central bank. The RBI purchases these bonds through what are called 'open market operations' by creating fresh money, which in turn can lead to higher money supply and also higher prices in the wider economy over time.

Government bonds are generally considered to be risk-free as the government can — under the worst-case scenario — get help from the central bank, which can create fresh currency to pay off the lenders. So governments generally do not find it hard to borrow money from the market. The bigger problem is the rate at which they are able to borrow the money. As a government's finances worsen, demand for the government's bonds begins to drop forcing the government to offer to pay a higher interest rate to lenders, and leading to higher borrowing costs for the government.

Monetary policy also plays a crucial role in how much it costs governments to borrow money from the market. Central bank lending rates which were near zero in many countries before the pandemic have risen sharply in the aftermath of the pandemic. This makes it more expensive for governments to borrow money and could be one reason why the Centre is keen to bring down its fiscal deficit.

Why does the fiscal deficit matter?

The fiscal deficit matters for several reasons. For one, there is a strong direct relationship between the government's fiscal deficit and inflation in the country. When a country's government runs a persistently high fiscal deficit, this can eventually lead to higher inflation as the government will be forced to use fresh money issued by the central bank to fund its fiscal deficit. The fiscal deficit recently reached a high of 9.17% of GDP during the pandemic and has since improved significantly and is projected to drop to 5.8% now. The fiscal deficit also signals to the market the degree of fiscal discipline maintained by the government. A lower fiscal deficit may thus help improve the ratings assigned to the Indian government's bonds. When the government is able to fund more of its spending through tax revenues and borrow less, this gives more confidence to lenders and drives down the government's borrowing cost.

A high fiscal deficit can also adversely affect the ability of the government to manage its overall public debt. In December, the International Monetary Fund warned that India's

public debt could rise to more than 100% of GDP in the medium term due to risks although the Centre disagreed with the assessment. It is also worth noting that the Centre has been keen on tapping the international bond market. A lower fiscal deficit may help the government to more easily sell its bonds overseas and access cheaper credit.

What lies ahead?

The Centre plans to bring down its fiscal deficit in 2024-25 to 5.1% of GDP despite having plans to boost capital expenditure and to spend on other programmes. So, most of the revenue to fund such spending will have to come from tax collections. The Centre expects tax collections to rise by 11.5% in 2024-25. It has also projected a cut in expenditure on fertilizer subsidy, from ₹1.88 lakh crore in 2023-24 to ₹1.64 lakh crore in 2024-25. The amount spent on food subsidy is also projected to drop from ₹2.12 lakh crore in 2023-24, to ₹2.05 lakh crore in 2024-25. Trying to balance the budget primarily through raising tax rates to increase tax collections, however, could come at the cost of economic growth since taxes can act as a dampener on economic activity. There is no guarantee, however, that the government will be able to meet its fiscal deficit target, which is seen as ambitious by many, as its projections may turn out to be wrong.

Relevance: GS Prelims & Mains Paper III; Economics

Source: The Hindu

3. Northern Ireland gets a govt after two years



Newly elected First Minister Michelle O'Neill and Deputy First Minister Emma Little-Pengelly

Why in news?

Northern Ireland finally got a functional government, two years after its Parliament was paralysed over new trade rules between the European Union and the United Kingdom necessitated by Brexit. The new first minister, Michelle O'Neill, has created history, as she belongs to Sinn Féin, a political party linked to the paramilitary group Irish Republican Army, which has a long history of fighting the British.

Why was Northern Ireland's government not working? What has changed now, and what effect will it have?

First, Northern Ireland's unique position

Northern Ireland was created in May 1921 by partitioning Ireland, and consists of the six northeastern counties of the island. In 1922, the rest of Ireland gained independence from the British (today's Republic of Ireland, with its capital in Dublin). Northern Ireland remained with the United Kingdom, but tensions simmered between the side loyal to the Crown, mostly Protestants, and the faction wanting to join the Republic, mostly Catholics. Today, the side loyal to the British Union are called unionists, while those who support a united and free Ireland are called nationalists.

By the end of the 1960s, a bloody conflict was raging in Northern Ireland among those who wished to remain with the UK and those who wanted to join Ireland. The British Army and the police, frequently accused of excesses, worsened the violence. Finally, on April 10, 1998, the Good Friday Agreement was signed to end the bloodshed, and gave Northern Ireland a unique system of governance.

Thus, both unionists and nationalists share power in Stormont, the Parliament buildings in Belfast. Both sides have to cooperate for the government to work. While the faction that wins more votes in elections gets the post of First Minister, the other side gets the chair of Deputy First Minister, with equal power.

Collapse of parliament in 2022

After the UK (England, Scotland, Wales, and Northern Ireland) left the European Union, Northern Ireland now shared a land border with an EU member, the Republic of Ireland. Since the EU and the UK have different product standards, border checks would be necessary before goods could move from Northern Ireland to Ireland. However, given the history of violence here, it was decided to leave this border alone, and checks were introduced between Great Britain (England, Scotland, and Wales) and Northern Ireland instead. This was called the Northern Ireland Protocol.

This system angered the unionists, who believed it undermined Northern Ireland's position with the UK.

The new deal

Various efforts were made to resolve the problem, including the Windsor Framework of February 2023, which introduced a system of green lanes for goods that would stay in Northern Ireland and red lanes (with more checks) for those that would go to the EU. It also brought in the 'Stormont Brake', which allowed Northern Ireland lawmakers and London to veto any EU regulation they believed affects the region adversely.

However, for the Unionists, these measures were far too little. Now, a new deal has been reached, published as a command paper called 'Safeguarding the Union' by the UK government.

Its three main points, as stated on the UK's Institute for Government, include: The green lane is now called the UK Internal Market channel, on which checks and customs paperwork have been reduced further, to only "risk and intelligence-based checks" relating to "criminality, smuggling and disease"; there's a "Internal Market Guarantee" which says that at least 80% of Great Britain to Northern Ireland goods will pass through this channel; the UK government will extend a £3.3 billion package to help Northern Ireland's finances.

What does the new deal change in practice?

Under the Brexit deal, certain goods have to be checked when they enter Northern Ireland from Great Britain

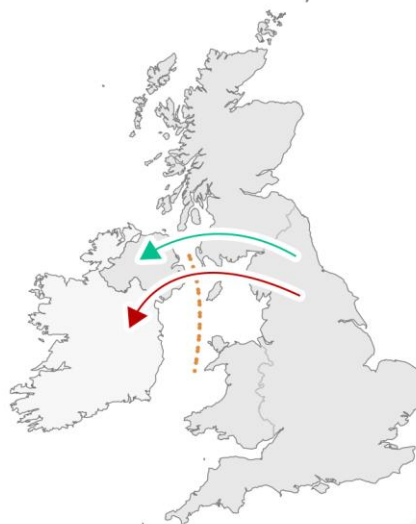
The current process

- The goods are checked at ports in Northern Ireland on arrival
- They can then be moved into the Republic of Ireland once checked



The new plan

- The goods are split into two different lanes
- Goods destined for Northern Ireland go into the **Green Lane** meaning they wouldn't have to be checked and would require minimal paperwork
- Goods destined for Ireland and the EU go into the **Red Lane** and checks are carried out



The new government's long list of tasks

While matters like security, foreign policy, tax laws, immigration, etc. are looked after by the UK government for Northern Ireland, its devolved government has powers over local matters, such as health, social services, etc. The prolonged deadlock had affected public services, while

public sector employees were protesting delayed salary hikes. With a new First Minister taking power, the business of governance will finally take off.

Relevance: GS Prelims & Mains Paper II; International Issues

Source: The Indian Express

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