The Hindu

Front Page

At above 7%, retail inflation stays stubborn (Page no. 1)
(GS Paper 3, Economy)
India's retail inflation inched lower to 7.01% in June, from May's 7.04%, but stayed stuck above the 7% mark for the third straight month. Price gains also exceeded the RBI's upper tolerance limit of 6% for the sixth month.
Rural inflation edged up to 7.09%, from 7.08% in May, while urban consumers faced a 6.92% price rise, as per the Consumer Price Index. Food price inflation, as per the Consumer Food Price Index, eased to 7.75%, from 7.97%, but remained above 8% in urban areas, at 8.04%.
Higher costs for cereals, and vegetables such as tomatoes, as well as milk and meat, clothing and footwear and services, were balanced out by slower price gains in edible oils and fuel, following excise and import duty cuts.
Finance Minister Nirmala Sitharaman emphasised the need to keep a constant vigil on prices and sustain growth impulses.
Till the start of the second half... the central bank and the government will have to be extremely mindful and watchful of price movements. I will keep monitoring (inflation) item by item.
The Minister expressed the hope that the monsoon would be favourable for the farm sector and result in a good crop, adding that it would also help ensure rural demand remained intact. The government's pointed attack on inflation would, however, need to continue for a while.
Edible oil inflation slowed to 9.36%, slipping below double digits for the first time in 27 months, while transport and communication inflation eased to 6.9% in June, from 9.47% in May, reflecting the full impact of the excise duty cuts on petrol and diesel. Retail inflation has now averaged 7.3% in the first quarter of 2022-23, slightly lower than the RBI's forecast of 7.5.
There is not much relief for the low-income consumer budgets with inflation in clothing and footwear at higher levels of 9.2% and 11.9%, respectively, in June. Fuel and light inflation also increased to 10.4% in June as compared to 9.5% in May.
Inflationary pressures thus continue unabated due to global supply-side disruptions and consequent pressures on prices of global crude and primary products. The central bank is expected to continue to raise interest rates by about 50 to 60 basis points.

City

HC asks Centre to file 'exhaustive' reply on Fund (Page no. 3)
(GS Paper 2, Polity and Governance)
The Delhi High Court took exception to the Centre filing a one-page reply on "such an important issue" of PM CARES Fund on which a petition has been filed to declare it as a 'State' under the Constitution to ensure transparency in its functioning.
Observing that the issue concerning the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) is "not so simple" the high court asked the Centre to file a "detailed and exhaustive" response in the matter.
Such an important issue and one-page reply. There is not even a whisper of what the senior advocate (of petitioner) is arguing. You file a reply. The issue is not so simple.
The high court was informed by the counsel for the Centre that a detailed reply was already filed in a similar petition by the same petitioner.
The chief justice responded, "learned SG let a proper exhaustive reply be filed because this matter will certainly travel to the apex court and we have to decide and give judgement and deal with all the issues raised. The bench said, "Let a detailed and exhaustive reply be filed in four weeks.
Petitioner Samyak Gangwal, represented through senior advocate Shyam Divan, in the petition filed in 2021 has sought to declare PM CARES Fund a 'State' under Article 12 of the Constitution and to direct the fund to disclose its audit reports on the PM CARES website periodically. The high court had earlier issued notice to the Centre on the petition.
Another petition filed by the same petitioner in 2020 seeking to declare PM CARES a 'public authority' under the Right to Information (RTI) Act is also pending in the court which had earlier sought the Centre's reply on it.

In the 2021 petition, he has also sought direction to disclose funds deposited every quarter, on the PM CARES website, and the details of the donations received by it which shall include each donor's name.
An affidavit filed by an Under-Secretary at the Prime Minister's Office (PMO) who is discharging his functions in the PM Cares Trust on an honorary basis in response to the 2021 petition, has said the trust functions with transparency and its funds are audited by an auditor -- a chartered accountant drawn from the panel prepared by the Comptroller and Auditor General of India. It contended that irrespective of the status of the PM CARES Fund under the Constitution and the RTI Act, it is not permissible to disclose third-party information.

Editorial Page

Create more jobs; revamp employment policy (Page no. 6)
(GS Paper 3, Economy)
The Government of India has recently announced its plan to create 10 lakh government jobs in the next 18 months. Of about 40 lakh sanctioned posts, 22% posts are now vacant and the Government will fill these posts in 18 months.
Though the announcement has been called a “historic step in the interest of the youth” and as “raising a new hope and confidence among youth” by some top Government leaders, the plan has serious problems.
The first question is: how is the Government managing now in the absence of more than a fifth of the required number of staff? There are as many as 8.72 lakh positions that were vacant in various departments of the Central government, as told by the Minister of State in Personnel, Public Grievances and Pensions, Jitendra Singh, to the Rajya Sabha on February 3, 2022.
If various positions in public sector banks, the defence forces and police, the health sector, central schools and central universities, and the judiciary are added, then the number touches about 30 lakh posts.
This number does not include vacancies in State government jobs. As sanctioned posts broadly indicate the required posts needed to run a government, it appears that this government is perhaps facing a serious shortage of staff, which is then causing long delays in work, corruption and maybe other inefficiencies.
Another major concern is about the quality of employment that will be generated through this plan. The share of contract workers in total government employment has been increasing rapidly in recent years — from 11.11 lakh in 2017 to 13.25 lakh in 2020 and to 24.31 lakh in 2021.
In addition, there are “honorary workers” such as Anganvadi workers, their helpers, accredited social health activist (ASHA) workers, etc.
These employees of the government earn a lower salary (consolidated wages), and are not entitled to “decent work” conditions (International Labour Organization recommendations) including a minimum package of social security.
The Government must ensure that the employment generated under its plan will be of a standard quality. There has been no assurance so far on this by the Government.
The total labour force in the country stands at 437.2 million (April 2022 data). At a labour force participation rate of 42.13% (Centre for Monitoring Indian Economy Pvt. Ltd.) the unemployment rate of the youth is about 20% at present.

Given the backlog of about 30 million unemployed people and an annual addition of 50 lakh-70 lakh workers every year (World Bank), the dimensions of India’s unemployment problem today are formidable.
The generation of a mere 10 lakh jobs in the next 18 months is too little. This scheme of the Government will hardly provide any relief to the youth of the country; and will not have much of an impact on the present unemployment problem.

OPED

The scale of municipal finances is inadequate (Page no. 7)
(GS Paper 2, Polity and Governance)
The health of municipal finances is a critical element of municipal governance which will determine whether India realises her economic and developmental promise.
The 74th Constitution Amendment Act was passed in 1992 mandating the setting up and devolution of powers to urban local bodies (ULBs) as the lowest unit of governance in cities and towns.
Constitutional provisions were made for ULBs’ fiscal empowerment. However, three decades since, growing fiscal deficits, constraints in tax base expansion, and weakening of institutional mechanisms that enable resource mobilisation

remain challenges. Revenue losses after implementation of the Goods and Services Tax (GST) and the pandemic have exacerbated the situation.

Comprehensive data sets on municipal finance are important to understand and counter these challenges, but few exist at the city level.

Recently, the Indian Institute for Human Settlements (IIHS) analysed data from 80 ULBs across 24 States between 2012-13 and 2016-17 to understand ULB finance and spending, and found some key trends.

The first is that ULBs' own sources of revenue were less than half of their total revenue, with large untapped potential.

The ULBs' key revenue sources are taxes, fees, fines and charges, and transfers from Central and State governments, which are known as inter-governmental transfers (IGTs).

The share of own revenue (including revenue from taxes on property and advertisements, and non-tax revenue from user charges and fees from building permissions and trade licencing) to total revenue is an important indicator of ULBs' fiscal health and autonomy.

This ratio reflects the ULBs' ability to use the sources they are entitled to tap, and their dependency on IGTs. Cities with a higher share of own revenue are more financially self-sustaining.

Our study found that the ULBs's own revenue was 47% of their total revenue. Of this, tax revenue was the largest component: around 29% of the total. There was a 7% increase in own revenue from 2012-13 to 2016-17, but ULBs still lacked revenue buoyancy as their share in GDP of own revenue was only 0.5% for the five-year period.

A guarantor of free speech (Page no. 7)
(GS Paper 2, Polity and Governance)

The LDF government's biggest mistake was to get Kerala Minister Saji Cherian to resign over his remarks on the Constitution. Mr. Cherian had said the Constitution is "British-crafted and anti-working class."

The writers of the Constitution inserted a few words such as "secularism" and "democracy'' here and there, but this did not take away from the fact that the Constitution is a "tool to exploit the common man," he said. Is there any evidence that Mr. Cherian reneged on the oath he took as an MLA and as a Minister?

The Indian Constitution is fundamentally liberal. There is no stipulation that makes contempt of the Constitution a serious felony. In fact, Article 19(1)(1) guarantees freedom of expression with which one can even criticise the working of the Constitution. Criticism over Mr. Cherian's remark that the British dictated the Constitution does not hold water.

The Constituent Assembly, which drafted the Constitution, borrowed heavily from the Government of India Act, 1935, which was introduced and used by the British for over 12 years in this country.

The Constitution is not a holy scripture, but an organic document. The word 'secular' was not found in the original text adopted, but was inserted under the 42nd Amendment.

Many amendments have been made in the Constitution to remove the bias of judgments of higher courts. When Indira Gandhi as Prime Minister announced that 14 banks would be nationalised, the move was challenged in court by the affected banks.

The Supreme Court held the Act void. The Mrs. Gandhi government's bill to abolish privy purses was passed in the Lok Sabha, but defeated in the Rajya Sabha. President V.V. Giri then withdrew recognition of all rulers under Article 366(22), which the Supreme Court held unconstitutional.

These court decisions led Parliament to introduce the 24th and 25th Amendments to the Constitution. While speaking in support of the amendments, many members of Parliament criticised the judiciary and expressed their dismay over the inadequacies found in the Constitution. P. Ramamurthi of the CPI(M) even went to the extent of describing the Constitution as a representative of the bourgeois landlord state.

In the light of these developments, the Marxist party's Central Committee discussed proposing substantial amendments to the Constitution. Just because party cadres contest elections, it does not mean that they are satisfied with the working of the Constitution. They are entitled to criticise the Constitution and work for changes as per their theory of social justice.

<u>Text and Context</u>

Mediation Bill: Not getting the Act together (Page no. 9)
(GS Paper 2, Polity and Governance)

The Parliamentary Standing Committee on Law and Justice has recommended substantial changes to the Mediation Bill. The panel has particularly cautioned the Centre against making pre-litigation mediation compulsory.

In this article dated December 8, 2021, Sriram Panchu explains the good, the bad and the sad of the much disputed Mediation Bill.

Over the last 15 years, the dispute resolution landscape in India has undergone significant change with the advent of mediation. To house this consensual creature in the same stables as thoroughbreds of adversarial litigation and arbitration was a challenge, and even more to ensure that they got on reasonably well, working in tandem in inventive ways like arbitration-cum-mediation and vice versa.

It seems to be the way of the world that when something becomes prominent, there must be a law to regulate it. And so with mediation. While scattered mention was made of its use in several statutes, including commercial and consumer disputes, there was no comprehensive statute providing for all dimensions of the mediation process and its practice.

Such a need was articulated in several quarters, notwithstanding doubters and dissenters who insist that regulation will kill the free spirit that mediation embodies.

A group of senior mediators was set up by the Supreme Court Committee in charge of court-annexed mediation process, and over a period of several months, a draft Bill emerged which then started to make its way through the labyrinthine processes of governmental and legislative mandarins.

The resultant Bill titled the Draft Mediation Bill 2021, slated for presentation now to Parliament, bears no resemblance to the original in some crucial places. It reminds the mediation community of an old Clint Eastwood film — the Good, the Bad, and the Sad (tweaked)

World

NASA telescope dives deep into the universe (Page no. 13)
(GS Paper 3, Science and Technology)

Our view of the universe just expanded: The first image from NASA's new space telescope unveiled is brimming with galaxies and offers the deepest look of the cosmos ever captured.

The first image from the $10 billion James Webb Space Telescope is the farthest humanity has ever seen in both time and distance, closer to the dawn of time and the edge of the universe.

That image will be followed on Tuesday by the release of four more galactic beauty shots from the telescope's initial outward gazes.

The "deep field" image released at a White House event is filled with lots of stars, with massive galaxies in the foreground and faint and extremely distant galaxies peeking through here and there. Part of the image is light from not too long after the Big Bang, which was 13.8 billion years ago.

The images on tap include a view of a giant gaseous planet outside our solar system, two images of a nebula where stars are born and die in spectacular beauty and an update of a classic image of five tightly clustered galaxies that dance around each other.

The world's biggest and most powerful space telescope rocketed away last December from French Guiana in South America. It reached its lookout point 1 million miles (1.6 million kilometers) from Earth in January.

Then the lengthy process began to align the mirrors, get the infrared detectors cold enough to operate and calibrate the science instruments, all protected by a sunshade the size of a tennis court that keeps the telescope cool.

The plan is to use the telescope to peer back so far that scientists will get a glimpse of the early days of the universe about 13.7 billion years ago and zoom in on closer cosmic objects, even our own solar system, with sharper focus.

Business

Industrial output jumps 19.6% (Page no. 14)
(GS Paper 3, Economy)

India's industrial output grew 19.6% in May, the fastest pace of growth in 12 months, with overall production rising 2.3% month-on-month from April, and surpassing the pre-pandemic level by 1.7%.

The National Statistical Office (NSO), which released the provisional Index of Industrial Production (IIP) figures on Tuesday, also revised the index for April based on updated data, lowering growth to 6.7% from the 7.1% estimated earlier.

This was the first time in nine months that IIP growth outpaced the growth of core sectors, observed ICRA chief economist Aditi Nayar, noting that manufacturing and electricity had led the surge.

Consumer durables production, which had turned positive in April after six months of contraction, zoomed 58.5% in May, followed by capital goods which registered 54.5% growth. Primary goods, infrastructure/construction items as well as intermediate goods, each clocked about 18% growth in output. However, growth in consumer non-durables' production slowed sharply to 0.9%.

While the May growth figures have been pushed up by a favourable base, a sequential improvement across most categories is encouraging. Manufacturing continues to show improvement, but the continued weakness in the consumer non-durables segment is concerning.

Relative to the pre-COVID level of May 2019, the performance was decidedly mixed, with capital goods, consumer durables and consumer non-durables trailing, and primary goods, infrastructure goods and intermediate goods posting a rise in May 2022.

The rating agency expects IIP growth to moderate to a range of 11%-13% in June, before slipping back to single digit growth in the second quarter of 2022-23, as the base effect of impaired output from the deadly second COVID-19 wave last year dissipates.

Impact of inflation on India's poor negligible: Sitharaman (Page no. 14)
(GS Paper 3, Economy)

The impact of inflation on India's poor would be negligible as per a United Nations Development Programme report on 'Addressing the Cost of Living Crisis in Developing Countries', which also looked at the ripple effects of the Russia-Ukraine war such as energy and food market disruptions.

Finance Minister Nirmala Sitharaman cited the UNDP's conclusions in the report to emphasise that India's 'well-tailored' programmes carried out over the past two years to support people and ensure they don't run the risk of slipping into poverty seemed to have made an impact on the ground.

While soaring food and energy prices can push up to 71 million people around the world into poverty, the UNDP said in the report the chances of those in India earning \$1.9 a day slipping into poverty due to this upturn would be zero, while the impact would be a mere 0.02% and 0.04% if a poverty line of \$3.30 or \$5.50 a day was assumed, respectively.

A recent comparative assessment of price and income support measures shows that targeted transfers not only help poorer households cope with price spikes but also have a significantly lower impact on carbon emissions.

The government has allocated more than 1,000 lakh tonnes of foodgrains from April 2020 till September this year, over and above the usual quota under the National Food Security Act and had provided a support of ₹1,500 to 20 crore women Jan Dhan account holders during the first three months of the pandemic.