

# **The Hindu**

## **States**

### **Supreme Court allows 27% OBC reservation for Maharashtra in polls (Page no. 4) (GS Paper 2, Polity and Governance)**

The Supreme Court allowed 27% reservation for Other Backward Classes (OBCs) in all the upcoming local body elections in Maharashtra.

A Bench headed by Justice A.M. Khanwilkar accepted the 781-page report of the commission led by former Chief Secretary Jayant Banthia and allowed reservation for OBCs in the nagar panchayat, nagar parishad and Brihanmumbai Municipal Corporation elections.

Senior advocate Shekhar Naphade appearing for the government told, “The commission was appointed in March this year. It conducted a door-to-door survey and found that some areas have less OBC population while some have more.

But the triple test laid down by the Constitutional Bench of the SC has been strictly adhered to.” The court while accepting the commission’s report said reservation should be applied to all the upcoming elections.

In 1992, in one of its landmark judgments - Indra Sawhney vs Union of India - the SC had ruled that the 50% ceiling must not be breached for reservation in any State.

In 2010, the SC had laid down the ‘triple test’ where an independent commission should be formed, empirical data collected and ensured that the number of quota seats don’t cross 50%.

On December 6, 2021, the SC had stayed the local body polls for OBC seats in Maharashtra. This was done as the Maha Vikas Aghadi (MVA) government was found in breach of the 50% ceiling rule.

Tweeting about the order by the top court, Maharashtra Chief Minister Eknath Shinde said, “OBC community has been granted political reservation by the Hon’ble Supreme Court. We are the true Shiv soldiers of Shiv Sena chief Balasaheb Thackeray. Once a promise is made, it will be kept.”

Deputy Chief Minister of Maharashtra Devendra Fadnavis hailed the decision and said, “Today the SC cleared reservation for OBCs. It is a big win. I had made a promise that reservation will be brought back once I am in the government and the SC has made it possible.”

## **Editorial**

### **Revamp India’s school health services (Page no. 6) (GS Paper 2, Governance)**

Children across India are back to school for in-person classes after an unnecessarily prolonged and arguably unwarranted closure (especially for the last one year) in the wake of the COVID-19 pandemic.

It is time for concrete policy measures and actions that target schoolchildren. On the education front, while there has been some discourse on ‘learning recovery’, there is an urgent need to factor in the health needs of schoolchildren.

One of the reasons school health services receive inadequate policy attention is because health-care needs are often equated with medical care needs.

Though school-age children have a relatively low sickness rate (and thus limited medical care needs), they do have a wide range and age-specific health needs that are linked to unhealthy dietary habits, irregular sleep, lack of physical activity, mental, dental and eye problems, sexual behaviour, and the use of tobacco and other substances, addiction, etc.

Then, the health knowledge acquired, and lifestyle adopted in the school-going age are known to stay in adulthood and lay the foundations of healthy behaviour for the rest of their life. For example, scientific evidence shows that tobacco cessation efforts are far more successful if started in school.

The first documented record of school health services in India goes back to 1909 when the then presidency of Baroda began the medical examination of schoolchildren.

Later, the Sir Joseph Bhore committee, in its 1946 report, observed that school health services in India were underdeveloped and practically non-existent. In 1953, the secondary education committee of the Government of India recommended comprehensive policy interventions dealing with school health and school feeding programmes.

The result was programmatic interventions, led by a few selected States, that mostly focused on nutrition. However, school health has largely remained a token service.

In two and half years of the COVID-19 pandemic, there has barely been any serious initiative about school health. In the first week of March 2022, the government of Delhi began 20 school health clinics with the promise of more.

## **India -Vietnam ties, from strong to stronger (Page no. 6)**

### **(GS Paper 2, International Relations)**

India and Vietnam are celebrating the 50th anniversary of their diplomatic relations. Bolstering friendship between the two countries is a natural outcome of a growing convergence of their strategic and economic interests, and also their common vision for peace, prosperity and their people.

A strong commitment of political leadership along with the necessary institutional frameworks and cooperation between the two countries is likely to be more robust in the future.

More importantly, embedding a flexible framework of engagement can contribute positively to regional stability and prosperity.

India is essentially a maritime nation and the oceans hold the key to India's future. India's external trade (over 90% by volume and 70% by value) is by sea. Very dependent on the seas for its trade and commerce, India has intensified its efforts to engage with maritime neighbours, including Vietnam.

India's relations with Vietnam — some of which is based on a set of historical commonalities — predate any conflict between India and China as well as that between China and Vietnam.

The strategic dimensions of Indo-Vietnamese relations, initiated during the 1980s, began unfolding in the form of structured and institutional arrangements during the 1990s. As India pursues its 'Act East Policy', Vietnam has become a valuable partner in India's political and security engagements in the Indo-Pacific region.

The two countries are working to address shared strategic concerns (such as energy security and open and secure sea lines of communication), and make policy choices without undue external interference.

Given India's broadening economic and strategic interests in the region and Vietnam's desire for strategic autonomy, both countries will benefit from a stronger bilateral relationship.

India and Vietnam face territorial disputes with and shared apprehensions about their common neighbour, China. Vietnam is of great strategic importance because its position enables it to control 'the South China Sea — a true Mediterranean of the Pacific'. The maritime domain, therefore, has become an essential element of India and Vietnam cooperation.

There are four key motivations behind India's growing maritime engagement with Vietnam. First, India's aspiration to counter an assertive China by strengthening Vietnam's military power.

## **OPED**

### **The cost of misrepresenting inflation (Page no. 7)**

#### **(GS Paper 3, Economy)**

Globally, inflation is now the prime concern of governments, even as there is a speculation that a recession may not be far behind. In India, though, government agencies regularly announce that the country is growing at a much faster rate than most economies and presently assert that inflation is much lower.

The growth performance is not so surprising given that among the larger economies of the world, India's economy contracted the most in 2020-21. But despite the sharp recovery, real output in 2021-22 was barely higher than in the pre-pandemic year of 2019-20.

On the claim that inflation in India is not so high in an international comparison, note that before the recently announced rise in the U.S. inflation rate for June, inflation here was close to what it was there.

While the data on inflation in India is in the public domain, the public may be excused for not seeing that India's economic agencies appear to have not fully understood what is driving it, for this requires some specialist knowledge.

The Governor of the Reserve Bank of India (RBI) has been reported as saying that there was a "need to recognise global factors in inflation".

In our view, the diagnosis that the current inflation in India is, even largely, due to global factors is wrong, and harmful for reasons that we set out.

It is a common mistake to observe sharply rising prices of certain goods and conclude therefrom that it is this that is driving inflation. This conclusion can be way off the mark when the concerned goods account for only a small part of the consumption basket that the overall consumer price index is based on.

Thus, while the price of edible oils and the world price of crude may have risen following the Ukraine war, the impact of this development on overall inflation in India, measured by the rise in the consumer price index, would depend upon their share in the consumption basket of households, which is relatively low.

Our investigation of price trends among the major commodity groups threw up some findings crucial to understanding the current inflation in India.

## Explainer

### **The sweltering heat wave across Europe (Page no. 8)**

#### **(GS Paper 3, Environment)**

**The story so far:** Large swathes of Europe, the U.K. and the U.S. are sweltering under extreme heat wave conditions. Devastation due to extreme weather has been particularly acute in western Europe, which has been hit by raging wildfires, drought, and hundreds of heat-related deaths, ringing alarm bells about a looming climate emergency.

While Europe has witnessed some hot summers in recent years, rarely have temperatures risen so high across so many regions at the same time.

On July 19, the U.K. posted its highest temperature ever recorded — crossing 40°C, resulting in the government issuing its first ever red alert for extreme heat.

Parts of France, Spain and Portugal recorded temperatures between 42 and 46 degrees. Dozens of towns and regions across Europe reeled under what has been described as a “heat apocalypse”, which has caused widespread devastation this year.

Wildfires caused by a combination of extreme heat and dry weather have destroyed 19,000 hectares of forest in southwestern France, and thousands of people had to be evacuated to temporary shelters.

Portugal reported more than 250 blazes over a period of two days, and 650 deaths due to heat-related illnesses in a span of one week. Neighbouring Spain lost 14,000 hectares of land to fires, with an estimated 360 deaths caused by extreme heat, mostly of elderly people.

Italy, on the other hand, has been reeling under a drought, with the Po river basin, one of Europe’s ‘food bowls’, not having received rains in more than 200 days.

Across the Atlantic, with temperatures touching 43°C in some regions, around 69 million Americans were reported to be at risk of exposure to dangerous levels of heat and heat-related illnesses.

Scientists are near-unanimous that the heat waves are a result of climate change caused by human activity. Global temperatures have already risen by more than 1°C, and studies in the U.K. had shown that a one degree rise in temperature raises the probability of the country witnessing 40°C by ten times.

## News

### **Cheetahs likely to arrive in Kuno before August 15 (Page no. 12)**

#### **(GS Paper 3, Environment)**

India came one step closer to **bringing back the world’s fastest animal**, which has been **extinct in the country since 1952**, with an agreement that was signed in Delhi between the government and the visiting Namibian Deputy Prime Minister and Minister of International Relations, Netumbo Nandi Ndaitwah.

The agreement, which has been negotiated for some years, will prepare the ground for the relocation of the first batch of cheetahs from southern Africa to Madhya Pradesh’s Kuno National Park, with officials trying to complete the first transfer before August 15.

The [agreement] seeks to promote conservation and restoration of cheetah in their former range from which the species went extinct,” said Minister of Environment and Forests Bhupender Yadav in a tweet after the signing ceremony for what he called an “historic.

Completing 75 glorious years of Independence with restoring the fastest terrestrial flagship species, the cheetah, in India, will rekindle the ecological dynamics of the landscape.

The MoU focused on biodiversity conservation, and the sharing of expertise between the two countries, technological applications, collaborations on climate change, pollution and waste management, and the exchange of personnel for training and education in wildlife management.

However, the government has yet to reveal whether it has already procured the cheetahs, how many will be transferred in the first trial, and when they are likely to be brought to India.

According to officials, plans for the Cheetah translocations to Kuno are in compliance with the IUCN’s guidelines, with particular focus on the forest site quality, prey density and the current carrying capacity for a large mammal like the Cheetah.

The cheetahs will arrive in India for a one-year trial period. The project for the cheetah — the only wild cat to go extinct in independent India — was put back on track in 2020 when the Supreme Court lifted a stay on the original proposal to introduce African cheetahs from Namibia into the Indian habitat on an experimental basis.

## **Business**

### **Centre pares windfall tax on crude, junks petrol export levy (Page no. 14)**

#### **(GS Paper 3, Economy)**

With global oil prices ebbing, the Centre on Wednesday slashed the windfall tax levied on crude petroleum producers, reduced the export tax on Aviation Turbine Fuel (ATF) and diesel and scrapped the duty on petrol exports.

On July 1, the government had **levied fresh taxes on the export of petrol, fuel and ATF** as well as the domestic sale of crude oil in view of runaway global prices, with a plan to review the taxation levels every fortnight.

In the first such review, notified on Wednesday, the cess of ₹23,250 per tonne on petroleum crude has been lowered to ₹17,000 per tonne.

This cess was aimed at reining in windfall profits for domestic oil producers who sell their output at international parity prices even to domestic refineries.

The Finance Ministry had emphasised that this cess would not apply on imported crude or impact domestic fuel prices. Similarly, the levies on export of ATF and diesel were both cut by ₹2 per litre, to ₹4 per litre and ₹13 per litre, respectively, while the levy of ₹6 per litre on the export of petrol was completely scrapped.

Also, exports of these fuels from units located in Special Economic Zones, or SEZs, have now been exempted from duties, undoing the July 1 decision, which had made cesses applicable to any export of diesel and petrol from the country.

The duty tweaks, including the 27% cut in cess on domestic crude oil, would lead to a reduction in the fiscal windfall from these taxes from about 0.37% of GDP, to about 0.2% of GDP for this year, Nomura economists wrote in a note, adding that fiscal risks remained elevated for India.

At the margin, the reduction in export duties on fuel should be positive for export growth, although we await merchandise trade data for July-August to assess whether there was a material deterioration in oil exports due to the imposition of taxes," Nomura economists Sonal Varma and Aurodeep Nandi wrote, adding that concerns about the current account deficit (CAD) persist.

### **RBI to initiate CBDC in wholesale, retail sectors (Page no. 14)**

#### **(GS Paper 3, Economy)**

The Reserve Bank of India (RBI) is in the process of implementing the Central Bank Digital Currency (CBDC) in a phased manner for wholesale and retail segments.

The introduction of CBDC was announced in the Union Budget 2022-23, by Finance Minister Nirmala Sitharaman and necessary amendments to the relevant section of the RBI Act, 1934 have been made with the passage of the Finance Bill 2022, Ajay Kumar Choudhary, Executive Director (Fintech). The passage of the bill has enabled the RBI to conduct a pilot and subsequent issuance of CBDC.

"The RBI is also working on phased implementation of a central bank digital currency (CBDC) in both wholesale and retail segment," Choudhary said while delivering a keynote address at the 'PICUP Fintech Conference & Awards' by FICCI.

CBDC is a digital or virtual currency but it is not comparable with private virtual currencies or cryptocurrency that have mushroomed over the last decade. Private virtual currencies do not represent any person's debt or liabilities as there is no issuer.

India's official digital currency is likely to debut by early 2023, which will mirror any of the currently available private company-operated electronic wallets. The CBDC will be a sovereign-backed digital currency.

Touching upon the role of fintechs in the fast evolving digital payments space, the official said that the RBI has fostered innovation and it is keeping a close eye on the benefits and risks associated with innovative products and services offered by fintechs.

As fintech adoption picked up in the country, the Reserve Bank issued guidelines regulations for emerging areas such as payment banks in 2014, account aggregator in 2016, pre-paid instruments in 2017, peer-to-peer lending in 2017, invoice discounting 2018 to facilitate the industry in digital and for facilitating onboarding of consumers, individuals as well as KYC documentation.