The Hindu

Front Page

BJP seeks floor test in House, CM makes fresh plea to rebels (Page no.1)
(GS Paper 2, Polity and Governance)
In yet another emotional appeal to rebel Shiv Sena MLAs stationed in Guwahati, party president and Maharashtra Chief Minister Uddhav Thackeray said he still cared for them and was ready to find a way out of the present situation by talking to them personally.
Meanwhile, in a significant development, a BJP delegation led by Leader of the Opposition Devendra Fadnavis, along with senior leaders Ashish Shelar, Chandrakant Patil and Pravin Darekar, met Governor Bhagat Singh Koshyari and raised the demand to ask the Thackeray government to prove majority at the earliest.
Speaking to reporters after the meeting, Mr. Fadnavis said, "Around 39 Shiv Sena MLAs have stated that they no longer want to remain with the Maha Vikas Aghadi [MVA] government.
It means that the present government has lost its majority in the House. We requested the Governor to call an Assembly session at the earliest."
The meeting happens few hours after Mr. Fadnavis returned from Delhi after holding talks with Union Home Minister Amit Shah and BJP president J.P. Nadda.
I appeal to all of you to come and sit in front of me and clarify all confusion from the minds of Sena workers and people. There will surely be a way out and we will do it together. Do not fall prey to anyone's false promises," said Mr. Thackeray in an appeal to rebel MLAs.
As many as 39 MLAs have joined rebel leader and party's second-in-command Eknath Shinde. The group is demanding that Mr. Thackeray quit the MVA coalition comprising the Nationalist Congress Party (NCP) and the Congress. The group is demanding that the Sena form the government with the BJP.

G7 to cap Russia's income from oil sales (Page no.1)
(GS Paper 2, International Relations)
Leaders of the world's wealthiest democracies struck a united stance to support Ukraine for "as long as it takes" as Russia's invasion grinds on, and said they would explore far-reaching steps to cap Kremlin income from oil sales that are financing the war.
The final statement on Tuesday from the Group of Seven (G7) summit in Germany underlined their intent to impose "severe and immediate economic costs" on Russia.
It left out key details on how the fossil fuel price caps would work in practice, setting up more discussion in the weeks ahead to "explore" measures to bar imports of Russian oil above a certain level.
The leaders also agreed on a ban on imports of Russian gold and to step up aid to countries hit with food shortages by the blockade on Ukraine grain shipments through the Black Sea.
The price cap would in theory work by barring service provides such as shippers or insurers from dealing with oil priced above a fixed level. The service providers are mostly located in the European Union or the U.K. and thus within reach of sanctions.
To be effective, however, it would have to involve as many consuming countries as possible, in particular India, where refiners have been snapping up cheap Russian oil shunned by Western traders. The U.S. has already blocked Russian oil imports, which were small in any case.
The EU has decided to impose a ban on the 90% of Russian oil that comes by sea, but that does not take effect until the end of the year, meaning Europe continues to send money to Russia for energy even while condemning the war. Meanwhile, higher global oil prices have softened the blow to Russia's income, even as Western traders shun Russian oil.

Remembering the 'Plan Man' of India (Page no.8)
(GS Paper 3, Economy)
Today, June 29, is national 'Statistics Day', in 'recognition of the contributions made by Prof. Prasanta Chandra Mahalanobis, the 'Plan Man' of India; it is also his birthday. It was P.C. Mahalanobis, who established a strong statistical culture in India and nourished it diligently through his lifelong endeavours. Incidentally, June 28 also marked 50 years since his passing. Revisiting the life of India's statistical inheritance from P.C. Mahalanobis is of utmost importance as various kinds of concerns regarding data collection, its publication, and data quality have emerged in recent years.

Mahalanobis certainly believed data to be instrumental in efficient planning for national and human development. Planning in the newly independent nation in the 1950s was largely based on the data obtained from various surveys. His fairytale-type success story is due to the blending of his talent with his dedication that thrives into perfection. The socio-political situation and Jawaharlal Nehru's reliance on Mahalanobis certainly helped.

Editorial

The essence of time (Page no. 8)
(GS Paper 2, Polity and Governance)
Time is of the essence when it comes to executing political manoeuvres to reduce a government to a minority. Dissident legislators need time to gather enough numbers to vote out the regime.
Ruling parties need to close the window of opportunity soon, often using the threat of disqualification for defection. It is in this backdrop that judicial intervention in matters relating to disqualifying lawmakers for defection takes place — either buying the dissidents time or allowing disqualification proceedings to go on unhindered.
By its order granting time until July 12 to dissident Shiv Sena legislators in the Maharashtra Assembly to reply to the Deputy Speaker's notice under the anti-defection law, the Supreme Court has effectively made it possible for them to actualise their objective without the threat of disqualification for now.
It is doubtful whether the Court should have done this in the face of a specific bar on judicial intervention in disqualification proceedings at any stage prior to final adjudication under the Tenth Schedule.
In 1992 (Kihoto Hollohan vs Zachillhu), a Constitution Bench, while upholding the validity of the anti-defection law, held that the Speaker's decision was subject to judicial review, albeit on limited grounds.
It also made it clear that this should take place after a final decision, and there can be no interim order, except if there is an interim disqualification or suspension.

OPED

Bring the shine back on government jobs (Page no. 9)
(GS Paper 3, Economy)
In 2019, an Indian citizen died of suicide every hour due to joblessness, poverty or bankruptcy, according to the National Crime Records Bureau.
About 25,000 Indians died of suicide between 2018 and 2020, said the Union government in the Rajya Sabha in February this year.
Several unemployed people in India resort to protests — thousands burnt railway coaches in January 2022 over alleged flaws in the railways recruitment process and more recently, India saw protests over the Agnipath scheme.
For those employed in government, the situation is not much better. In May 2022, Haryana terminated the services of over 2,000 contractual health workers (nurses, sweepers, security guards, paramedical staff) who had been hired during the pandemic.
In Delhi, hundreds of nurses, paramedical staff, lab technicians and other contractual workers have been terminated by Ram Manohar Lohia Hospital, Lady Hardinge Medical College and others. After banging utensils to thank them, we have fired them.
Additionally, over 8,300 panchayat and rural development contractual staff in Assam staged protests in February 2022. They said they had been in a contractual state for 12-14 years and had not been given bonuses, allowances, pension or pay revisions.
In April 2022, some 200 contractual workers of Chhattisgarh's state electricity department were canned-charged and arrested. Being a public servant has rarely mattered less.
The problem is two-fold. First, vacancies in the government are not being filled at a sufficient pace. There were over 60 lakh vacancies in the government across all levels in July 2021.
Of these, over 9.1 lakh were in the Central government, while about 2 lakh vacancies were in PSU banks. Additionally, there were over 5.3 lakh vacancies in the State police, while primary schools were estimated to have some 8.3 lakh vacancies.
The government has sought to push for recruitment of 10 lakh people in a mission-mode over 1.5 years. However, this would fall short of the size of the problem. We need greater ambition on this front.

Explainer

China's interventions in the Horn of Africa (Page no. 10)
(GS Paper 2, International Relations)

The story so far: China has been investing across the African continent throughout the last decade. While the emphasis has been on investments and raw materials, it took a new turn on June 20, with the first "China-Horn of Africa Peace, Governance and Development Conference."

Beijing's first special envoy to the region Xue Bing, appointed in February 2022, said that this is the first time China aims "to play a role in the area of security".

The conference held in Ethiopia witnessed the participation of foreign Ministries from the following countries of the Horn: Kenya, Djibouti, Ethiopia, Sudan, Somalia, South Sudan, and Uganda.

China's focus on the Horn is a part of its focus on Africa. In January 2022, during his 17th trip to Africa, China's Foreign Minister and State Councillor Wang Yi focused on increasing the infrastructural investments in African countries.

He refuted accusations of debt-trapping the countries and asserted China's three objectives in Africa: controlling the pandemic, implementing a Forum on China-Africa Cooperation (FOCAC) outcomes, and upholding common interests while fighting hegemonic politics.

The FOCAC promotes China's role in the infrastructural and societal development of the Horn. In the 2021 forum, the entire region of the Horn participated and four resolutions were adopted: the Dakar Action Plan, the China-Africa Cooperation Vision 2035, the Sino-African Declaration on Climate Change and the Declaration of the Eighth Ministerial Conference of FOCAC.

During the COVID-19 pandemic, China donated over 3,00,000 vaccines to Ethiopia and Uganda, and 2,00,000 vaccines to Kenya and Somalia. Sudan and Eritrea have also benefited from China's vaccine diplomacy.

Beijing has also initiated the "2035 vision for China-Africa cooperation"; it aims to transform the health sector, alleviate poverty, promote trade and investments, and expand digital innovation. The vision also focuses on green development, capacity building, improving people-to-people exchanges and facilitating peace and security in the continent.

The G7 plan to counter the Belt and Road initiative (Page no. 10)
(GS Paper 2, International Relations)

The story so far: On June 26, U.S. President Joe Biden along with his G7 allies unveiled the ambitious Partnership for Global Infrastructure and Investment (PGII), announcing the collective mobilisation of $600 billion by 2027 to deliver "game-changing" and "transparent" infrastructure projects to developing and middle-income countries.

The PGII is being seen as the G7's counter to China's multi-trillion dollar Belt and Road Initiative (BRI) to build connectivity, infrastructure, and trade projects in Asia, Europe, Africa, and Latin America.

The West has been sceptical of the BRI, since it was launched in 2013 by President Xi Jinping, as it was considered to be part of China's larger strategy to increase geopolitical influence in Asia and other developing countries.

The U.S., along with G7 partners the U.K., Japan, France, Canada, Germany, Italy, and the European Union (EU), had in 2021 announced the launch of the Build Back Better World (B3W) with the aim of narrowing the $40 trillion infrastructure gap in the developing world. PGII is therefore, a relaunch of Mr. Biden's B3W plan.

The factsheet put out by the White House described the PGII as a "values-driven, high-impact, and transparent infrastructure partnership to meet the enormous infrastructure needs of low and middle-income countries and support the United States' and its allies' economic and national security interests".

The G7 members aim to collectively mobilise $600 billion by 2027 to invest in sustainable and quality infrastructure projects in developing countries, including India, and strengthen global supply chains.

Mr. Biden announced the country's pledge to channel $200 billion in grants, public financing, and private capital over the next five years for the PGII. European Commission President Ursula von der Leyen declared Europe's pledge of mobilising 300 billion euros for the partnership over the same period.

Text and Context

GST reform needs a new grand bargain (Page no. 11)
(GS Paper 3, Economy)

Three years ago, the Centre and the States of the Union of India struck a grand bargain resulting in the launch of the unified Goods and Services Tax (GST) era. The States gave up their right to collect sales tax and sundry taxes, and the Centre gave up excise and services tax.

The nationwide GST promised frictionless commerce across State borders,buoyant and leakproof tax compliance, and removal of inefficiencies like the cascade of "tax on tax".
This historic grand bargain was the result of painstaking consensus building, which inter alia involved addressing the apprehension of States, of revenue loss due to the GST.
Their consent was secured by a promise of reimbursing any shortfall in tax revenues for a period of five years. This reimbursement was to be funded by a special cess called the GST compensation cess.
The promised reimbursement was to fill the gap for an assured 14% year on year tax growth for five years, and it was generous to a fault. Neither the national aggregate nor any of the major States had this record for the previous five years.
But that was not the only fault with the design, which had also failed to learn from the successful design of harmonising Value Added Tax (VAT) rates across the nation, implemented just a decade ago.
VAT was the precursor to GST and also needed a consensus. That design too had an inbuilt reimbursement formula. But that tapered over the years, making room for incentives for tax effort from the States, sort of "skin in the game"
As the economy battles a pandemic and recession, the tax collection has dropped significantly, while expenditure needs are sharply higher, especially at the frontline of the battle, at the State level.
But it seems that the States have been told that they are on their own to meet the shortfall in revenues. Using an equivalent of the Force Majeure clause in commercial contracts, the Centre is abdicating its responsibility of making up for the shortfall in 14% growth in GST revenues to the states.

News

Coast Guard squadron in Porbandar (Page no. 14)
(GS Paper 3, Defence)
The Coast Guard on Tuesday commissioned an indigenous Advanced Light Helicopter (ALH)-MkIII squadron, 835 Squadron (CG), at the air enclave at Pornandar in Gujarat.
In a separate development, the keel of the last of Project-17A stealth frigates for the Navy was laid at Mazagon Dock Shipbuilders Ltd. (MDL), Mumbai.
"So far, 13 ALH MK-III helicopters have been inducted in a phased manner and four of these are positioned at Porbandar. Since the induction, the squadron has flown over 1,200 hours and conducted numerous operational missions, including the maiden night SAR mission off Diu coast," the Coast Guard said in a statement.
The ALH helicopters have been indigenously manufactured by Hindustan Aeronautics Ltd. (HAL). They feature state-of-the-art equipment, including advanced radar as well as electro optical sensors, Shakti engines, full glass cockpit, high-intensity searchlight, advanced communication systems, automatic identification system as well as search and rescue (SAR) homer, the Coast Guard said.
"The features enable them to undertake maritime reconnaissance as well as carry out SAR at extended ranges even while operating from ships during both day and night," the Coast Guard said.
The aircraft has the ability to switch roles from an offensive platform with heavy machine gun to that of a benign one carrying a medical intensive care unit to facilitate transfer of critically ill patients, it stated.
The 835 Sqn (CG) is commanded by Commandant Sunil Dutt.

Business

Rate adjustments loom as GST Council meets first time in '22 (Page no. 16)
(GS Paper 2, Economy)
The Goods and Services Tax (GST) Council is learnt to have accepted an interim report on the rationalisation of tax rates submitted by a group of ministers (GoM) led by Karnataka Chief Minister Basavaraj S. Bommai.
Finance and Corporate Affairs Minister Nirmala Sitharaman chaired the proceedings of the Council, convened for the first time in 2022, and will announce the outcomes on Wednesday evening. Several important decisions are expected from the Council, the Finance Ministry said in a statement.
While the GoM on rate rationalisation was also tasked with considering the merger of the several different tax slabs in the GST framework, a larger overhaul involving new tax slabs and increase in rates has been put off in view of concerns about high inflation.
For now, the panel has mooted dropping exemptions on some items and tweaking rates for some goods and services currently plagued by an inverted duty structure.

With the GST regime completing five years this week, marking the sunset of the Centre’s promise of assured revenue levels for States to join the new indirect tax system, some representatives of Opposition-ruled States mooted an extension of this assured compensation period for another five years. Alternatively, they have mooted a change in the revenue sharing formula for GST inflows to assuage their revenue concerns.

Calling for the continuance of the compensation regime for States for another five years, Chhattisgarh Commercial Tax Minister T.S. Singh Deo said this was particularly vital for manufacturing and mining States which were not large consumers of goods and services.

Unless we in the GST Council unilaterally ensure the financial stability through rational revenue realisation for each and every State and Union Territory then the very concept for which the GST Council was put in place may appear to be untenable.