

The Indian Express

Front Page

Elections over, Droupadi Murmu is a step closer to Rashtrapati Bhavan (Page no. 3)

(GS Paper 2, Polity and Governance)

Parliamentarians and legislators across the country voted Monday to elect the next President and by the time voting concluded, there were enough indications that NDA nominee Droupadi Murmu was set for an emphatic win against Opposition candidate Yashwant Sinha.

The Election Commission said: “As per reports being received, out of a total of 771 Members of Parliament entitled to vote (05 vacant) and similarly out of total 4025 Members of the Legislative Assemblies entitled to vote (06 vacant and 02 disqualified), over 99% cast their votes.

However, 100% voting by MLAs was reported from Chhattisgarh, Goa, Gujarat, Himachal Pradesh, Kerala, Karnataka, Madhya Pradesh, Manipur, Mizoram, Puducherry, Sikkim and Tamil Nadu.

Two MLAs, Anant Kumar Singh and Mahendra Hari Dalvi, were not eligible to vote in the election, owing to disqualification under Section 8 of R P Act, 1951 subsequent to judgment of the competent Court.

Sources said eight MPs did not vote — Sunny Deol and Sanjay Dhotre (BJP); Syed Imtiaz Jaleel (AIMIM); Gajanan Kirtikar (Shiv Sena); Mohammad Sadique (Congress); T R Paarivendhar (DMK); Haji Fazlur Rehman and Atul Kumar Singh (BSP).

Instances of cross-voting, mostly in favour of Murmu, were reported from many states including her home state Odisha, Jharkhand where she was Governor, Gujarat and Haryana. Exactly how many MPs and MLAs cross-voted will be known when the votes are counted.

In Room No. 63 of Parliament House, Prime Minister Narendra Modi, his predecessor Manmohan Singh who came in a wheelchair, Congress president Sonia Gandhi, senior ministers, leaders of parties and MPs voted. Samajwadi Party patriarch Mulayam Singh Yadav too came in a wheelchair while Finance Minister Nirmala Sitharaman and Power Minister R K Singh came wearing PPE kits.

Govt forms panel for ‘more effective’ MSP, invites three names from SKM (Page no. 3)

(GS Paper 3, Economy)

Seven months after farmers ended their protest at the borders of Delhi after forcing the repeal of the new farm laws, the Centre notified a committee Monday to “promote zero-budget based farming” and to make the minimum support price (MSP) more “effective and transparent”.

The terms of reference of the committee do not, however, mention any legal guarantee on MSP, one of the key demands of the Sanyukta Kisan Morcha of farmer unions that spearheaded the protest.

As per announcement of Hon’ble Prime Minister that ‘A committee will be constituted to promote Zero budget based farming, to change crop pattern keeping in mind the changing needs of the country, and to make MSP more effective and transparent & that the committee will consist of representatives of the Central Government and State Governments, Farmers, Agricultural Scientists and Agricultural Economists.’

The committee, headed by former Agriculture Secretary Sanjay Agrawal, has 26 members including farmer representatives.

According to the notification, the committee will provide “suggestions to make available MSP to farmers of the country by making the system more effective and transparent” and will also give suggestions on “practicality to give more autonomy to Commission for Agricultural Costs and Prices (CACP) and measures to make it more scientific.

The committee will recommend measures to “strengthen the Agricultural Marketing System as per the changing requirements of the country to ensure higher value to the farmers through remunerative prices of their produce by taking advantage of the domestic and export opportunities.

According to the notification, the committee has been tasked to provide suggestions on 5 points regarding natural farming including “suggestions for programmes and schemes for value chain development, protocol validation & research for future needs and support for area expansion under the Indian Natural Farming System by publicity and through involvement and contribution of farmer organizations”.

The committee has also been asked to provide suggestions on 4 points related to crop diversification including “mapping of existing cropping patterns of agro-ecological zones of producer and consumer states.

Strategy for diversification policy to change the cropping pattern according to the changing needs of the country; arrangement for agricultural diversification & system to ensure remunerative prices for the sale of new crops; review and suggestion on micro irrigation scheme.

Govt. and Politics

India, China to maintain stability on the ground (Page no. 7)

(GS Paper 2, International Relations)

India and China agreed to maintain security and stability on the ground in the Western Sector, as the 16th round of India-China Corps Commander-level meeting was held at Chushul-Moldo border meeting point on the Indian side.

A day after the meeting, a joint statement on Monday said: "Building on the progress made at the last meeting on March 11, 2022, the two sides continued discussions for the resolution of the relevant issues along the Line of Actual Control (LAC) in the Western Sector in a constructive and forward looking manner.

They had a frank and in-depth exchange of views in this regard, in keeping with the guidance provided by the State Leaders to work for the resolution of the remaining issues at the earliest.

The two sides reaffirmed that the resolution of remaining issues would help in restoration of peace and tranquility along the LAC in the Western Sector and enable progress in bilateral relations.

The two sides agreed to maintain the security and stability on the ground in the Western Sector," it said, adding that the two sides agreed to stay in close contact and maintain dialogue through military and diplomatic channels and work out a mutually acceptable resolution of the remaining issues at the earliest.

On July 7, in Bali for the G-20 foreign ministers' meeting, External Affairs Minister S Jaishankar met Chinese Foreign minister and State Councillor Wang Yi amid the ongoing standoff between troops along the India-China border, and called for an early resolution to the more than two-year-long standoff.

While Jaishankar underlined that India-China relationship is "best served by observing the three mutuals – mutual respect, mutual sensitivity and mutual interests. He said they also discussed matters, including students and flights, and "shared perspectives" on the international situation.

Jaishankar and Wang last met in Delhi during the Chinese Foreign minister's visit to New Delhi in March this year.

The External Affairs minister called for an early resolution of all the outstanding issues along the LAC in Eastern Ladakh. Recalling the disengagement achieved in some friction areas, the External affairs minister reiterated the need to sustain the momentum to complete disengagement from all the remaining areas to restore peace and tranquility in the border areas.

Editorial Page

Reading the population (Page no. 10)

(GS Paper 3, Economy)

Development planners, administrators and researchers working on demographic issues must have been surprised and some may even have been disappointed with the figures of the World Population Prospects (WPP) released a week ago.

The latter had projected in the middle of the Nineties that India's population will be 1.53 billion in 2050 and maintained this till the first decade of the 21st century.

This was generally considered to be on the conservative side. Projected population figures from the Registrar General of India (RGI) are not available for that year but in 2006, it had placed the Indian population in 2025 to be 1.39 billion and revised it up to 1.41 billion in its 2020 projection. Both the figures were higher than the UN figure of 1.33 billion for that year.

There was a paradigm shift in the WPP of 2015 which placed the population figure in 2025 at 1.46 billion, way above that of their own, as also those of the RGI.

It had placed the figure for 2050 at 1.70 billion and thought that population stabilisation will take place only in 2068 at 1.75 billion.

The figures have been considered to be on the higher side. Happily, the latest WPP of 2022 has revised the figures down to 1.45 billion in 2025 and 1.67 billion in 2050.

Furthermore, it predicted that India's population will get stabilised in 2064 at 1.70 billion, four years ahead of the last projected year.

There was an expectation that the 2022 report will bring the population projections to a much lower level since there has been rapid decline in fertility and birth rate as per the Sample Registration System as well as the National Family Health Surveys. Except Bihar, Uttar Pradesh, Jharkhand, Manipur and Meghalaya, all states now record replacement level of fertility of 2.1 or below that.

The total population, however, will continue to grow because of a larger share of people entering the reproductive age group of 15-49 (momentum factor).

All states have witnessed an increase in the use of modern contraceptives, resulting in 2 per cent decline in the birth rate per year.

Given this macro scenario, scholars like C Rangarajan, K Srinath Reddy and organisations like Lancet had predicted that population stabilisation will take place below 1.6 billion by the mid-50s, if not by 2045 as envisaged in the National Population Policy.

Also, it was expected that WPP would bring down the projected population for 2050 closer to its earlier prediction of 1.53 billion. The result that India will overtake China in 2023, five years ahead of the year predicted earlier, therefore, is inexplicable, with no dramatic fall in the Indian death rate.

The Idea Page

Delhi to New Middle East (Page no. 11)

(GS Paper 2, International Relations)

For an India that is recasting its engagement with the Middle East, the lessons from US President Joe Biden's trip to Israel and Saudi Arabia are doubly important. Biden's visit highlights not only some new trends that are reshaping the region but also eternal truths about international politics that are lost in the din of public discourse about the Middle East. First, contrary to the popular perception in the US, the region, and India, the US is not about to abandon the Middle East. Until recently, it became quite a common conviction among liberals as well as conservatives in the US that the time has come for American retrenchment from the messy politics of the region.

Many in the US political class believed that given America's oil independence from the Middle East — thanks to the dramatic expansion of hydrocarbon production in the US in recent years — Washington no longer needed the region.

The precipitous American withdrawal from Afghanistan last year intensified these concerns and the region looked for alternative means to secure itself. But as in the Indo-Pacific and Europe, the Biden Administration has concluded that it can't cede its regional primacy in the Middle East and is ready to reclaim its leadership.

As Biden told Arab leaders at a summit in Jeddah, the US is not leaving the Middle East and that America "will not walk away and leave a vacuum to be filled by China, Russia, or Iran".

Second, while the US will stay put in the Middle East, it is certainly changing the manner in which it acts. In the past, the US saw itself as the sole provider of regional security and was ready to send its troops frequently into the region.

Biden told the Arab leaders that his trip was the "first time since 9/11, an American President is visiting this region without American troops being engaged in a combat mission in the region.

While the US does not want to be drawn directly into the region's wars, it is determined to help its partners develop capabilities to secure themselves.

Equally important is the effort to produce greater reconciliation among Arabs and Israel and create stronger networks within and beyond the region to strengthen deterrence against adversaries.

The current effort to craft a Middle East Air Defence coalition is an example of this. Under the MEAD, the US, Israel and some of the Arab nations are collaborating to prevent missile and other aerial attacks. The I2U2 signals that the US no longer views the Middle East in isolation from its neighbourhood.

A refuge in Myanmar (Page no. 11)

(GS Paper 2, International Relations)

Ever since the military seized power in Myanmar by toppling the Aung San Suu Kyi-led popular civilian government, the Tatmadaw has gone on a rampage, killing ethnic natives, displacing half a million Myanmarese within the country and forcing more than 50,000 ethnic Chin and others to seek refuge outside.

The death estimates vary widely: Human Rights Watch (HRW) puts the number at 1,700 and the Armed Conflict Location and Event Data Project claims it to be 12,000. While the exact figure may never be known, the HRW has accused the junta regime of perpetrating "crimes against humanity.

On the first anniversary of the coup, UN Human Rights chief Michelle Bachelet remarked that what had started as a popular uprising in the wake of the coup has morphed into a "civil war", with the popular forces putting up a stiff fight under the banner of the People's Defence Forces (PDF).

The PDF largely comprises young people who prefer to call themselves “revolutionaries”, and professionals like doctors, engineers, academics and defected police officials. Against all odds, they seem determined to take the fight to its logical conclusion — to liberate Myanmar from the junta and restore genuine democracy.

One of the spin-offs of the political turmoil in Myanmar has been an unprecedented schism between the Indian government and the Mizoram state government.

The state has been in the eye of a storm that has gathered over its decision to take in Chin refugees — their number has swelled to more than 30,000. The Chin refugees currently in Mizoram are not refugees who have simply run away to save their lives.

They are rebels who have opted to go into self-exile and continue to extend support to the PDF and other anti-Tatmadaw militias like the Chin Defence Force and the Chin National Army.

What is notable about the centre-state schism is the Mizoram government’s defiance of the Ministry of Home Affairs (MHA) orders to “detect and deport the refugees”.

The state government, backed by the civil society at large, has not only extended a warm welcome to everybody wanting to come in but has also strongly communicated to New Delhi that it cannot be “indifferent” to its concerns.

Explained Page

Three terms: A glossary for the troubled global economy (Page no. 13) (GS Paper 3, Economy)

Here’s a quick summary of what’s been happening in the global economy: Notwithstanding rapid increases in interest rates by the US central bank, the **inflation rate for June came in at 9.1 per cent**.

This is the highest in 40 years in the US. Many observers have pointed to an inversion of the US yield curve to argue that the US central bank will not be able to achieve a soft-landing for the economy.

And yet, the US dollar continues to gain against all other currencies. Now, in what is being seen as a reverse currency war, most central banks across the world are trying to raise their interest rates to counter the Fed’s actions and ensure their respective currency claws back value against the dollar.

There are three key terms that one is likely to hear repeatedly in the coming days and weeks: Yield inversion, soft-landing and reverse currency war. Here’s a quick look at what they mean and why they are significant at present.

Bonds are essentially an instrument through which governments (and also corporations) raise money from people. Typically government bond yields are a good way to understand the risk-free interest rate in that economy.

This 2019 piece provides an **introduction to government bonds and explains how yields are calculated** However, here is a recap.

The yield curve is the graphical representation of yields from bonds (with an equal credit rating) over different time horizons. In other words, if one was to take the US government bonds of different tenures and plot them according to the yields they provide, one would get the yield curve.

The **chart** below provides a sense of the different types of yield curves one could have. Under normal circumstances, any economy would have an upward sloping yield curve.

That is to say, as one lends for a longer duration — or as one buys bonds of longer tenure — one gets higher yields. This makes sense. If one is parting with money for a longer duration, the return should be higher. Moreover, a longer tenure also implies that there is a greater risk of failure.

What the draft Bill on medical devices says — and what it does not (Page no. 13) (GS Paper 2, Polity and Governance)

The Union Health Ministry last week released a draft of a proposed The Drugs, Medical Devices and Cosmetics Bill, 2022 to replace the existing The Drugs and Cosmetics Act, 1940, and several sets of Rules by which the industry is currently run.

The draft focuses on regulating medical devices as a separate entity, makes provision for fines and imprisonment for injury and death related to clinical trials or investigations, and seeks to regulate e-pharmacies.

No provisions to regulate online pharmacies exist in the 1940 law or any of the Rules. “Online pharmacies are currently working completely outside the law.

Most of these websites have perhaps a licence for a physical shop or storage unit. In case of a violation, drug inspectors do not know under which provision of the law or Rule they can proceed against the websites.

We need either a law or, more simply, a change in the current Rules to regulate e-pharmacies. Also, drug inspectors often find that the licences these websites hold are from another state, over which they have no jurisdiction.

You can get any medicine you want from these websites without a prescription. Once you place an order, they have in-house doctors who just write a prescription to be uploaded to their database. If there is an audit, they can claim that they have a prescription for the medicines they have dispensed.

J S Shinde, president of AIOCD, said that sometimes the websites don't have any licences at all, and they instead tie up with pharmacies that do, making it even more difficult to take any action.

The draft Bill states: "No person shall himself or by any other person on his behalf sell, or stock or exhibit or offer for sale, or distribute, any drug by online mode except under and in accordance with a licence or permission issued in such manner as may be prescribed."

It also states that the central government can formulate Rules to regulate aspects of the industry for which the old law has no provisions.

The draft Bill makes provisions for compensation to participants or their legal heirs for injury or death suffered in clinical trials and investigations for drugs and medical devices. The draft also lays the onus of providing medical management for any injury arising due to the trial on the investigators.

Economy

FM on cryptos: RBI concerned; need international collaboration (Page no. 15)

(GS Paper 3, Economy)

Underscoring that the Reserve Bank of India (RBI) has expressed concerns over cryptocurrencies and sought a ban on them from the government, Finance Minister Nirmala Sitharaman on Monday said that "international collaboration" would be needed for any effective regulation or ban on cryptocurrency as the digital currency is borderless in nature.

"Cryptocurrencies are by definition borderless and require international collaboration to prevent regulatory arbitrage. Therefore, any legislation for regulation or for banning can be effective only after significant international collaboration on evaluation of the risks and benefits and evolution of common taxonomy and standards.

The Finance Minister said the RBI has mentioned that "cryptocurrencies are not a currency" and could have a "destabilising effect" on the monetary and fiscal stability of a country. "... the value of fiat currencies is anchored by monetary policy and their status as legal tender, however the value of cryptocurrencies rests solely on the speculations and expectations of high returns that are not well anchored.

"In view of the concerns expressed by RBI on the destabilising effect of cryptocurrencies on the monetary and fiscal stability of a country, RBI has recommended for framing of legislation on this sector. RBI is of the view that cryptocurrencies should be prohibited."

Incidentally, the Financial Stability Board — an international body that monitors and makes recommendations about the global financial system and includes officials from the Group 20 countries including India — had earlier this month said that it would propose "robust" global rules for cryptocurrencies in October.

Sitharaman's remarks come after India introduced a 30 per cent income tax on gains made from cryptocurrencies from this April, in a move that was widely seen as the country embracing the virtual currency. In July, rules regarding 1 per cent tax deducted at source on cryptocurrency came into effect.

The RBI, however, has been consistent in its stance on cryptocurrencies. "The RBI has been cautioning users, holders and traders of virtual currencies (VCs) since 2013 at regular intervals that dealing in VCs is associated with potential economic, financial, operational, legal, customer protection and security-related risks."

'GST on household items based on GoM suggestion' (Page no. 15)

(GS Paper 3, Economy)

The recent rate changes taken in the 47th Goods and Services Tax (GST) Council meeting were based on the recommendations of a Group of Ministers. The GoM consisted of members from seven states and the recommendations were then made by the Council, which includes members from both states and the Centre.

Government sources also stated that the incidence of tax has not turned higher than the pre-GST regime. For example, items such as honey, tea, milk powder, sugar, spices had a 6 per cent tax incidence in the pre-GST regime, while rice and wheat had a tax incidence of 2.75 per cent and 2.5 per cent, respectively.

Denying that the repackaged and pre-labelled food items are being taxed for the first time, the government source said that these items were taxed in the pre-GST VAT system as well.

In its 47th meeting held last month, the Council undertook a series of rate changes as part of correction of inverted duty structure, withdrawal of certain exemptions in what could be a precursor for an overall tweaking of tax slabs and rate rationalisation in future.

In the changes, which are expected to affect consumers at the most basic level, GST exemption has been withdrawn from 'pre-packaged and labelled' retail packs which will include food items such as curd, lassi, puffed rice, wheat flour, buttermilk, but items sold loose or unlabelled shall continue to remain exempt. The rate changes became effective July 18.

Correction of inverted duty structure translates into a rate hike for household items such as LED lamps, printing/drawing ink, power driven pumps, Tetra Pak to 18 per cent from 12 per cent, for solar water heaters, finished leather to 12 per cent from 5 per cent and for cut and polished diamonds to 1.5 per cent from 0.25 per cent. Among services, 18 per cent GST will be levied for issue of cheques.

In a set of FAQs issued by the Central Board of Indirect Taxes and Customs (CBIC) on Sunday, it clarified that the GST will be applicable on single package of food items like cereals, pulses and flour weighing up to 25kg which will be considered as 'prepackaged and labelled' and those over 25 kg will not attract the tax levy.

GST would also apply on a package that contains multiple retail packages, for example, a package containing 10 retail packs of flour of 10kg each, the CBIC said.