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PM PRANAM SCHEME

Context :

In order to reduce the use of chemical fertilisers by incentivising states, the Union government plans to introduce a new scheme – PM PRANAM, which stands for PM Promotion of Alternate Nutrients for Agriculture Management Yojana.

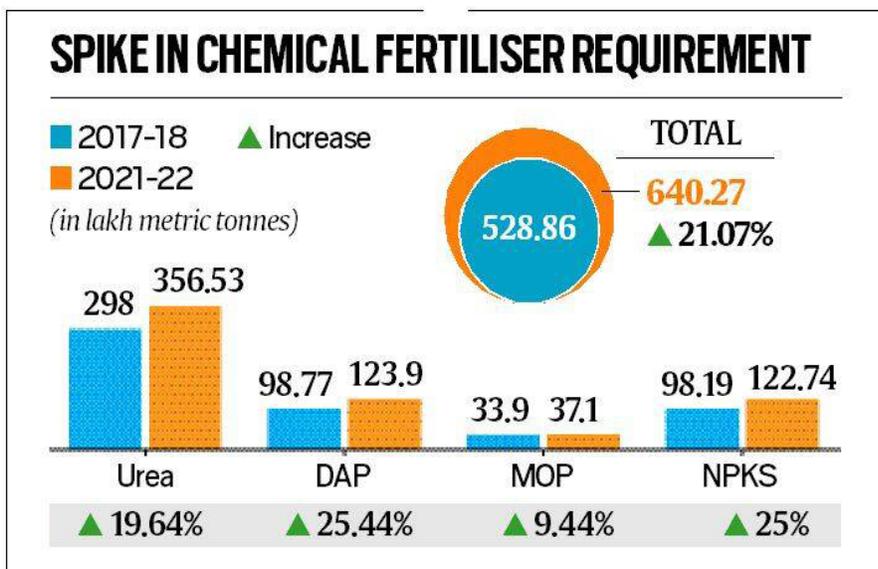
The proposed scheme intends to reduce the subsidy burden on chemical fertilisers, which is expected to increase to Rs 2.25 lakh crore in 2022-2023, which is 39% higher than the previous year’s figure of Rs 1.62 lakh crore.

About the Scheme

- The scheme will not have a separate budget and will be financed by the “savings of existing fertiliser subsidy” under schemes run by the Department of fertilisers.
- Further, 50% subsidy savings will be passed on as a grant to the state that saves the money, and that 70% of the grant provided under the scheme can be used for asset creation related to technological adoption of alternate fertilisers and alternate fertiliser production units at village, block and district levels.
- The remaining 30% grant money can be used for incentivising farmers, panchayats, farmer producer organisations and self-help groups that are involved in the reduction of fertiliser use and awareness generation.
- The government will compare a state’s increase or reduction in urea in a year, to its average consumption of urea during the last three years.

Requirement of Urea

- The kharif season (June-October) is critical for India’s food security, accounting for nearly half the year’s production of foodgrains, one-third of pulses and approximately two-thirds of oilseeds. A sizable amount of fertiliser is required for this season.
- The Department of Agriculture and Farmers Welfare assesses the requirement of fertilisers each year before the start of the cropping season, and informs the Ministry of Chemical and fertilisers to ensure the supply.
- The amount of fertiliser required varies each month according to demand, which is based on the time of crop sowing, which also varies from region to region. For example, the demand for urea peaks during June-August period, but is relatively low in March and April, and the government uses these two months to prepare for an adequate amount of fertiliser for the kharif season.



Why is the scheme being introduced?

- Due to increased demand for fertiliser in the country over the past 5 years, the overall expenditure by the government on subsidy has also increased.
- The total requirement of four fertilisers — Urea, DAP (Di-ammonium Phosphate), MOP (Muriate of potash), NPKS (Nitrogen, Phosphorus and Potassium) — increased by 21% between 2017-2018 and 2021-2022, from 528.86 lakh metric tonnes (LMT) to 640.27 LMT.
- In light of the increased demand, the government has also been increasing the subsidies it provides for chemical fertilisers. In the Union Budget 2021-22, the government had budgeted an amount of Rs 79,530 crore, which increased to Rs 1.40 lakh crore in the revised estimates (RE). However, the final figure of fertiliser subsidy touched Rs 1.62 lakh crore in 2021-22.
- In the current financial year (2022-23), the government has allocated Rs 1.05 lakh crore, but the fertiliser Minister has stated that the fertiliser subsidy figure could cross Rs 2.25 lakh crore during this year.
- PM PRANAM, which seeks to reduce the use of chemical fertiliser, will likely reduce the burden on the exchequer. The proposed scheme is also in line with the government's focus on promoting the balanced use of fertilisers or alternative fertilisers in the last few years.

REPLACING COAL WITH PADDY STRAW

Context :

- The Punjab Pollution Control Board (PPCB) wants brick kiln owners in the state to replace at least 20% coal with the paddy-straw pellets for fuel requirements in the kilns.
- The PPCB believes that this will help tackle the problem of stubble burning in the state.

The proposal

- In a letter to brick kiln owners, the PPCB has said that the Punjab government is formulating a policy for the mandatory replacement of 20% coal with paddy straw-based pellets.
- This is based on a study conducted jointly by the Punjab State Council For Science and Technology (PSCST) and PPCB regarding the partial replacement of coal with paddy straw pellets with an aim to reduce air pollution while ensuring economic benefit for kiln owners.
- A draft notification in this regard has already been issued by the state's Department of Science, Technology and Environment, and public comments invited.

The rationale

- There are around 2,700 kilns in Punjab out of which nearly 2,100 have been upgraded and are in operation currently. The average coal consumption of a kiln, which runs for 6-7 months in a year, is around 900 tonnes of coal (with upgraded technology).
- So, the coal consumption of these operational kilns' would come to around 19 lakh tonnes per year, costing around Rs 4,750 crores. The cost of one-tonne coal is around Rs 25,000 including the freight rate.
- In Punjab, kilns are operated two times from October to December and February to July in a year.
- A brick kiln, which is usually 120-ft high (part of which is under the earth), has around 36 chambers in which about 10-12 lakh clay bricks are placed for drying or hardening.
- Brick kiln owners said that the replacement of 20% coal with stubble pellets means that nearly 200 tonnes of coal burning can be reduced in every kiln per year (and to a total of 4.20 lakh tonnes worth Rs 1,050 crores).
- For replacing this 4.20 lakh tonnes of coal, nearly 10 lakh tonnes of stubble pellets are required because the consumption of pellets would be more than double as compared to coal.

Is it possible?

- Using paddy stubble pellets in the kilns is no big deal, said kiln owners.
- "Kiln can be run 100% on paddy stubble pellets fuel," said a Hoshiarpur-based brick kiln owner of Tata Bricks.
- He added that if it is done then Punjab's 40 to 50 lakh tonnes of stubble can be used in the kiln industry alone.
- "We even propose to replace 50% coal with stubble pellets in the beginning and then it should be increased to 100%,"
- In Punjab, 220 lakh tonnes of paddy stubble is produced annually out of which nearly 100 lakh tonnes of stubble is managed currently through in-situ and ex-situ methods and the remaining 120 lakh tonnes gets burnt on the fields.
- If all kilns use paddy stubble pellets then 40% of the non-managed 120 lakh tonnes of stubble can be used here, said PPCB sources.

The cost

- It will be much cheaper as compared to coal, said experts. Collection, transportation and storage of paddy does not cost more than Rs 3,000 per tonne and the remaining is the expenditure on processing. PPCB sources said that it can save them at least 500 to 600 crores annually.

Good for the environment

- The paddy stubble fuel is environmentally friendly as it does not contain a high amount of sulphur like coal.
- According to the Department of Science and Technology and Environment, it can help achieve the stringent emission standard for particulate matter (PM) that is set for the brick kilns.

The roadblocks

- Kilns can only use paddy straw in pellet form. This conversion is a tedious process, and there are not enough facilities in the state to do that.
- "Processing of paddy stubble into pellets is a bit difficult because of the high amount of silica in it," said a member of the Punjab Brick Kiln Owner Association.
- Kiln owners want government support for setting up such pallet units at district level and also supply of quality fuel at competitive prices

SURGE IN DIRECT TAX COLLECTIONS

Context :

- Recently, India's net direct tax collections have crossed 7 lakh crores so far this year which is 23.33% higher than the same period last year signalling a clear post-pandemic rebound in the economy.
- Corporate taxes inflow is over a half of the collection at 3, 68,484 crores.
- Personal Income Tax and the Securities Transaction Tax (STT) has yielded 3.3 lakh crore.

Factors responsible in rise in tax collection

- It is the result of the stable policies of the Government focusing on simplification and streamlining of processes and plugging of tax leakage through effective use of technology.

- There has been a remarkable increase in the speed of processing of income tax returns filed during the current financial year.
- GST collection increased 28 per cent year-on-year to Rs 1.43 trillion on better compliance, revival in consumption, and elevated inflation.
- The level of economic recovery can also be seen from the value of e-way bills generated which has improved from 16.9 lakh crore in 2021 to 25.7 lakh crore in 2022.
- Corporate tax as of now is growing about 25-26 per cent.
- The IT department has successfully used technology to reach out to assesses in non-intrusive ways; for instance, sending email reminding them to file return if not already.
- Intensive and extensive use of data analytics and artificial intelligence has prompted assessments to report people's income accurately.

Terms :

- **Direct Tax**

- Direct tax is paid by a person or an organisation responsible for paying tax directly to the entity that imposed it.
- An individual taxpayer, for example, pays direct taxes to the government for various purposes, including income tax, real property tax, personal property tax, or taxes on assets.

- **Tax Buoyancy**

- Tax buoyancy explains this relationship between the changes in government's tax revenue growth and the changes in GDP.
- It refers to the responsiveness of tax revenue growth to changes in GDP.
- When a tax is buoyant, its revenue increases without increasing the tax rate.
- There is a strong connection between the government's tax revenue earnings and economic growth.
- The simple fact is that as the economy achieves faster growth, the tax revenue of the government also goes up.

Benefits of Tax Buoyancy

- **Government being the beneficiary:** The government can feel relieved and happy if the economy achieves higher growth. The biggest beneficiary of a higher GDP growth rate is the government itself.
- **No need to borrow:** The government may not borrow highly to finance the budget
- **Welfare measures:** New schemes and programmes can be lavished because of high revenue growth.
- **GDP growth:** If the GDP growth rate registers high, direct income tax collection will accelerate. Generally, direct taxes are more sensitive to GDP growth rate.
- **Tax Elasticity**
 - A similar looking concept is tax elasticity. It refers to changes in tax revenue in response to changes in tax rate.
 - For example, how tax revenue changes if the government reduces corporate income tax from 30 per cent to 25 per cent indicates tax elasticity.

Central Board of Direct Taxes

- The Central Board of Direct Taxes is a statutory authority functioning under the Central Board of Revenue Act, 1963.
- The officials of the Board in their ex-officio capacity also function as a Division of the Ministry dealing with matters relating to levy and collection of direct taxes.

Composition and Functions of CBDT

- The Central Board of Direct Taxes consists of a Chairman and following six Members
- Chairman
- Member (Income Tax & Revenue)
- Member (Legislation)
- Member (Administration)
- Member (investigation)
- Member (TPS & system)
- Member (Audit & Judicial)

Way Forward

- It is a clear indicator of the revival of economic activity post pandemic.
- It reflects the healthier balance sheets and growing profitability as it recovered from the pandemic-induced slowdown.
- The Centre is counting primarily on healthy direct and indirect tax collection this year to maintain its FY23 fiscal deficit target of 6.4 per cent of GDP at a time when its subsidy and welfare spending commitments have increased due to inflationary pressures and supply-chain disruptions caused by the war in Europe.

THE OFFICE OF THE GOVERNOR: ITS ORIGINS, POWERS, AND CONTROVERSIES

Context :

- The role, powers, and discretion of the Governor's Office in multiple States have been the subject of constitutional, political, and legal debate for decades. Recently, the prolonged silence of Jharkhand's Governor over Chief Minister Hemant Soren's possible disqualification as an MLA resulted in political uncertainty.

How did the post of Governor come about?

- Since 1858, when India was administered by the British Crown, provincial Governors were agents of the Crown, functioning under the supervision of the Governor-General.
- Over the following decades, the Indian nationalist movement sought various reforms from British rule, aiming for better governance. These efforts culminated in the Government of India Act, 1935, which came into force in 1937, bringing provincial autonomy. Post this, the Indian National Congress commanded a majority in six provinces.
- With the 1935 law, the Governor was now to act in accordance with the advice of Ministers of a province's legislature, but retained special responsibilities and discretionary power.

- Upon Independence, when the Provisional Constitution of 1947 was adapted from the 1935 Act, the post of Governor was retained but the phrases 'in his discretion, 'acting in his discretion, and 'exercising his individual judgement', were omitted.
- The post of the Governor was extensively debated in the Constituent Assembly, which too decided to retain it while re-orienting its role from the British era. Under the parliamentary and cabinet systems of governance adopted by India, the Governor was envisaged to be the Constitutional Head of a State.

What aspects of the post were debated in the Constituent Assembly?

- The two most important aspects of the Assembly debate became whether the Governor should be elected or nominated ,
 - And whether he/she should be given certain discretionary powers.
- While it is now enshrined in Articles 154 and 155 of the Constitution that the Governor is to be nominated by the President as the executive head of the State, members had questioned whether a nominated Governor could be impartial.
- Article 143 of the draft Constitution (now Article 163) states that the Council of Ministers of a State with the Chief Minister as the head should "aid and advise" the Governor in carrying out his functions, "except in so far as he is by or under this Constitution required to exercise his functions or any of them in his discretion".
- Multiple members of the Assembly raised concern about the "discretion" clause. Member Rohini Kumar Chaudhury said that Dr. Ambedkar had convinced the members of the Assembly to accept a nominated Governor by assuring them that his position would be "merely a symbol". She argued how "any person who has the right to act in his discretion can be said to be a mere symbol". She asked if we were living in the past we wanted to forget, by giving the Governor the same power as that given to British Governors.
- Dr. Ambedkar contended, in response to the arguments, that vesting the Governor with certain discretionary powers was "in no sense contrary to or in no sense a negation of responsible government". He said that the phrase "except in so far as he is by or under this Constitution" in Article 143 meant that the discretion was a "very limited" clause.
- Members also raised doubts about Article 147 (now 167), which empowers the Governor to ask the Chief Minister to furnish any information regarding the "administration of the affairs of the State and proposals for legislation". It also empowers the Governor to ask the Chief Minister to submit for consideration to the Council of Ministers, a decision that was taken without the Council's consideration.
- Some argued that this Article would enable the Governor to interfere with and obstruct the administration carried out by the State Government, but Dr. Ambedkar said this notion was "completely mistaken" as the Article nowhere said that the Governor could overrule the Ministry. He added that if the Governor's limited duties of advising and warning Ministers was also taken away, then he would be rendered a "completely unnecessary functionary".

Other constitutional provisions talk about the Governor's role

- The other important provisions defining the Governor's role state that the Governor appoints the Chief Minister after an election and the Council of Ministers on the advice of the CM (Article 164).
- The Governor can also summon, prorogue, and dissolve the Legislative Assembly (Article 174). By convention, he does this on the advice of the Council of Ministers while they enjoy the confidence of the Assembly.
- The M.M Punchhi Commission's report on Centre-State relations points out that the exercise of his discretion happens only when following the Council's advice would be unconstitutional or if the Council has lost the confidence of the Assembly.

Supreme Court interpretation of the Governor's role

- The Supreme Court's nine-judge Bench gave its historic verdict in the S.R. Bommai case in 1994, ruling that imposition of President's Rule shall be only in the event of a breakdown of constitutional machinery.
- S.R. Bommai was the Chief Minister of the Janata Dal government in Karnataka in April 1989, when his government was dismissed. The dismissal was on the grounds that the Bommai government had lost majority following large-scale defections. Then Governor P.Venkatasubbaiah refused to give Bommai an opportunity to test his majority in the Assembly. The Supreme Court ruled that the floor of the Assembly should be the only forum that should test the majority of the government of the day, and not the subjective opinion of the Governor, who faced allegations of being the Centre's "agent", concerns as old as the Constituent Assembly.
- Post that, governments have knocked on the doors of the apex court multiple times to interpret the extent of the Governor's discretionary powers, whether it is about summoning or dissolving the Assembly, appointing the Chief Minister in a hung Assembly, or withholding assent to Bills.
- In late 2015, a political crisis arose in Arunachal Pradesh, where multiple Congress MLAs rebelled against Chief Minister Nabam Tuki. The members of the BJP then sent a letter to Governor J.P. Rajkhowa expressing displeasure towards Nabam Rebia, the Speaker of the Assembly. The Governor, acting without the advice of the Chief Minister, advanced the Assembly session and listed removal of the Speaker as the agenda.
- The Speaker moved the Supreme Court against the Governor's move, and a five-judge Constitution Bench held in 2016 that Mr. Rajkhowa's decision was a violation of the Constitution, leading to the restoration of the Congress-led Nabam Tuki government.
- "The Governor can summon, prorogue and dissolve the House only on the aid and advice of the Council of Ministers with the Chief Minister as the head. And not at his own will," the Bench led by the then Chief Justice J.S. Khehar held in a unanimous judgment.
- The Supreme Court highlighted that "the area for the exercise of his (Governor's) discretion is limited".
- "Even in this limited area, his choice of action should not be arbitrary or fanciful. It must be a choice dictated by reason, actuated by good faith and tempered by caution," the Bench held.
- In another judgement, *Shamsher Singh vs State of Punjab* (1974), the Supreme Court [said](#) that President and Governor shall "exercise their formal constitutional powers only upon and in accordance with the advice of their Ministers save in a few well-known exceptional situations".
- Multiple commissions appointed by the Central government to review and reform Centre-State relations and encourage co-operative federalism have spoken about the role of the Governor as well, with their reports relying extensively on Supreme Court judgements. The Sarkaria Commission, headed by Justice R. S. Sarkaria, said in its 1988 report that it would not be desirable to appoint a Governor who is a member of the ruling party at the Centre, in a State where an Opposition party is governing. It said that the Governor appointee should be a detached outsider and a person of eminence in some walks of life.
- Later, in 2007, the M.M Punchhi Commission report stated that Governors were expected to be independent, and to act in a manner devoid of any political consideration. It pointed out that independence of such actions would include keeping the State Legislature and the political executive shielded from the political will of the Union Government.

KYRGYZSTAN-TAJIKISTAN CONFLICT

Context :

- Nearly 100 people have been killed and scores injured in violent border clashes between Kyrgyzstan and Tajikistan over the last week.

- The two landlocked countries share a 1,000-km long border, a large part of which is disputed. There have been flare-ups in the past as well over sharing water and land resources.



What is happening at the border?

- The last few weeks have seen constant shelling, violent confrontations by local communities, and active engagement by security forces on either side.
- The Batken region of Kyrgyzstan is seeing families being moved out and getting relocated.
- According to the Ministry of Emergency Situations of Kyrgyzstan, close to 1,50,000 people out of the 5,50,000 odd population of the Batken region have either fled the area or have been relocated by the state.
- The situation in Osh, Kyrgyzstan, is no different. The highly militarised borders also add to tensions.
- The clashes are replaying old pre- and post-Soviet era legacies. The borders of the two republics were demarcated under Joseph Stalin's leadership. Historically, the Kyrgyz and Tajik populations enjoyed common rights over natural resources.
- The issue of the delimitation of the border is a relic of the Soviet era. While regular talks have tried to resolve the issue, one of the crucial points of disagreement remains over the map which should be used for demarcation purposes. Almost half of its close to a 1000 km border is disputed.
- The creation of the Soviet Union saw the large-scale redistribution of livestock to collective and state farms, which upset the existing status quo.
- Unfortunately, there was only so much land to go around. The Tajik territory saw their livestock increase, and with scarce grazing land, agreements were signed between the two populations over the utilisation of Kyrgyz territory by the Tajiks' livestock.

What led to the current flare-up?

- The ideological basis of the current set of clashes is reinforced by developmental issues, thus providing a fertile ground for the entire geopolitical space to become a hotbed of multiple minor conflicts and clashes.
- The environmental trajectory of the conflict can be further highlighted by incidents which saw groups from either side planting trees in disputed areas and engaging in a physical confrontation using agricultural equipment as weapons.
- Ferghana valley continues to be a site of struggle and frequent violent outbursts, with the location consisting primarily of Tajiks, Kyrgyz, and Uzbeks, who have historically shared common sociological specificities, economic activities, and religious practices.
- The collapse of the Soviet Union and the subsequent dissolution of the then-existing water and land agreements saw the creation of multiple smaller independent farms, which led to a marked increase in water consumption patterns among the farmers.
- Both countries share multiple water channels with undulating trajectories and flow, which upset equitable access to water on both sides. As a result, small-scale conflicts occur practically every year during the crucial irrigation period.
- Both countries, while sharing a closely intertwined historical past, have had differing internal dynamics since coming into statehood. One can trace their instability to transnational challenges and internal ethnic strife.
- Leaders of both countries have contributed in one way or the other to the continuation of the conflict through the imagination of a particular type of development project, hoping to stabilise the internal dynamics of their respective countries and legitimise their power.
- This 'development project' is similar to how the Soviet Union looked at modernisation — which resulted in the large-scale displacement of nomadic communities, eventually contributing to the 'environment driver' of the current conflict.

Way Forward

- The path to resolution of the conflict will require groups to agree upon a common map. The international community will have to make efforts to solve the dispute by involving elders in the communities, as historically, elders have been used to resolve conflicts.
- The informal small-scale governance mechanisms would also have to be further strengthened through a concerted effort by the respective countries to stabilise the geopolitical dynamics.

In short

- The two landlocked countries, Kyrgyzstan and Tajikistan, share a 1,000-km long border, a large part of which is disputed. There have been flare-ups in the past as well over sharing water and land resources.
- The issue of the delimitation of the border is a relic of the Soviet era. While regular talks have tried to resolve the issue, one of the crucial points of disagreement remains over the map which should be used for demarcation purposes.
- The path to resolution of the conflict will require warring groups to agree upon a common map. The international community too will have to make greater efforts to solve the dispute by involving elders in the communities.

