

---

## **VAJIRAM & RAVI**

### **NITI AAYOG: REDEFINING FEDERALISM**

The State defines its role through the most important tool at its disposal - **formal institutions**. These institutions reflect the approach of the State towards understanding and solving the socio-economic development challenges of the time. One such institution which exemplified India's approach to development was the Planning Commission. **In 2015**, this mantle was passed onto the **NITI Aayog**.

#### **NITI Aayog: Departure from Planning Commission (PC)**

- PC operated through the lens of **Five-Year Plans**, using **financial resources as the primary lever** for guiding development. However, NITI Aayog is driven primarily through intellectual firepower. It has the mandate and capability of **forging meaningful partnerships with State Governments, civil society organisations, the private sector, and innovators** for accelerating the pace of India's development.
- While PC acted as a fund disburser, NITI Aayog works as a **thought partner** with all stakeholders, especially the States.
- While PC impinged on the fiscal sovereignty of the States, they are now empowered to decide how best to use their funds, without being mandated to follow a top-down direction. The NITI Aayog jointly with the State govts. to prepare development blueprints that are suited to and take into account the special circumstances of each State.
- PC adopted a '**one-size-fits-all**' approach towards the Indian States. NITI Aayog, on the other hand, is **guided by a 'States-first' approach**. Its founding principles include **cooperative federalism** (a collaboration between the Central and State Governments) and **competitive federalism** (spurring healthy competition among States).
- NITI Aayog has adopted a **decentralised and bottom-up strategy**, to ensure that Central and State Governments work together as **equal partners in Team India**.

#### **NITI Ayoga: Promoting Federalism**

##### **A. Cooperative Federalism**

- NITI has provided a platform for direct **issue-based interaction** between State Govts and Central Ministries thereby helping quick resolution of outstanding issues.
- The **NITI Forum for North East** has been constituted and tangible sectoral proposals are being implemented by the States in partnership with the North East council.
- NITI has designed some major **initiatives for island development** which are being implemented under the overall guidance of the **Ministry of Home Affairs**.
- It is also envisaged that like the NITI Forum for the North East, **other regional councils of contiguous States could be formed**. The first step has been taken by forming the **Himalayan States Regional Council** and forming a **coalition of all thirteen central universities in these states**.

##### **B. Competitive Federalism**

- It promotes competitive federalism principally **through pushing its sectoral indices** which are put out in the public domain. The indices on water, education, health, innovation, export preparedness, and Sustainable Development Goals (SDGs) have attracted significant positive attention.

- It has also introduced a competition element in '**Aspirational Districts Program**' by focusing on governance improvement and achieving effective convergence among Govt agencies and organisations on the ground. These districts have shown significant improvement in indicators pertaining to health and nutrition, education etc.
- Besides, several best practices in governance have emerged from these districts which are now being scaled up and replicated at the block level in some states.

### **Policy Formulation and NITI Ayoga**

- It is continuously engaged in providing fresh policy-related inputs for implementation by relevant Ministries in partnership with State Government agencies. **Universal Health, agriculture sector modernisation, renewable energy**, are some examples where NITI has made substantive policy inputs during its six-year existence.
- NITI was involved with the **drafting of the National Medical Commission Bill** and the Bills for reforming the education system pertaining to Indian Systems of Medicine and Homeopathy.
- NITI has also been closely involved with the **design and monitoring of Ayushman Bharat**, the largest universal health initiative in the world. It has played a similar key role in the **POSHAN Abhiyaan** to improve the nutritional status of an individual or household.
- NITI has also implemented the **SATH – 'Sustainable Action for Transforming Human Capital'** program in 3 States, the best practices from which are being replicated in other States as well. Several policy suggestions are contained in NITI's document '**Strategy for New India @ 75**'.
- One of NITI's key tasks is to develop an **output–outcome monitoring framework** and rigorously evaluate Central Government schemes and initiatives. The **Development Monitoring and Evaluation Office (DMEO)** undertakes this. It completed the evaluation of 125 Centrally Sponsored Schemes to determine their continuation from the 14th Finance Commission to the 15th Finance Commission period.
- NITI Aayog is also focused on **nurturing an innovation ecosystem** across the country. The **Atal Innovation Mission (AIM)** is a flagship initiative in this regard.

### **Conclusion:**

- To meet the rising aspirations of our young population, India needs to achieve and sustain a high rate of GDP growth for the next three decades. In pursuit of this goal, continued structural reforms are crucial for laying new foundations to ensure sustained and inclusive growth.
- In this regard, NITI Aayog has a key role to play. NITI Aayog, with its intellectual breadth and depth, is well placed to help India initiate the necessary reforms.

## **ONE NATION-ONE ELECTION**

### **Permanent or Temporary: Constituent Assembly Debate on Election Commission**

- The Drafting Committee had two alternatives on the constitution of Election Commission - **whether it should be a permanent body or if it could be a temporary body to be set up before elections** and wound upon completion of the process.

- The assumption behind the part-time Election Commission was driven by the assumption that **elections were expected only once in five years** except for the odd bye-elections to fill casual vacancies that might arise once in a while.
- But the Committee **anticipated the possibility of mid-term dissolution**. It recognised that it was **necessary to be in a state of readiness** to conduct fresh elections promptly in such situations for which a permanent Commission was necessary.
- Participating in the debate, Prof. Shibaan Lal Saksena observed that **since no fixed term** for the Houses of Legislature or fixed election cycle was proposed in the Constitution, concurrent elections could happen in the initial years. Still later on **there would be elections regularly in some State or the other**.

### History of Elections

- The first general elections of free India were conducted for about six months, starting from **October 1951. Elections were held simultaneously** to the Lok Sabha and the Legislative Assemblies of the States.
- The **next three cycles** of elections also witnessed concurrent Lok Sabha and Legislative Assembly elections barring a few stray cases like **Kerala where a mid-term election was held in 1960** on the pre-mature dissolution of the Assembly, and in Nagaland and Pondicherry where the Assembly was created only after the 1962 general elections.
- **The last occasion when we had near-simultaneous elections was in 1967.**
- The fourth Lok Sabha constituted in 1967 was **dissolved prematurely in 1971**. This was the beginning of the end of simultaneous elections. Extension of the term of Lok Sabha during the National Emergency declared in 1975 and the dissolution of Assemblies of some States after the 1977 Lok Sabha election further disturbed the cycle of concurrent elections.
- After the two pre-mature dissolutions of the Lok Sabha in 1998 and 1999, **only four State Assemblies have been going to polls along with the Lok Sabha elections** in the last two decades.
- We now have at least two rounds of Assembly general elections every year.

### Conducting Simultaneous Election: Legal Perspective

- Sections 14 and 15 of the Representation of the People Act, 1951, **empower the Election Commission to notify elections any time during the last six months** of the term of the House and not earlier than that.
- A **lead time of twenty-five days** from the date of notification is a **statutorily required minimum period** before a poll can be taken. The election schedule is announced a few days before the election notification as an advance notice to the stakeholders.
- Therefore, if the terms of the Houses are **expiring within a window of three to four months**, it would be legally possible to hold elections simultaneously.

### Synchronising the Terms of the Houses

- Both the Lok Sabha and Legislative Assemblies have a term of five years. Clause (2) of Article 83, Article 172(1) of Indian constitution deals with the term of Lok Sabha and State Assemblies respectively.

- While these Houses can be **dissolved ahead of the scheduled expiry** of the term of five years [Articles 85(2)(b) and 174(2)(b)], there is **no provision for extension of the term** unless a proclamation of Emergency is in operation.
- Bringing the terms of all the Houses to sync with one another necessarily calls for either extending the terms of several of the Houses or curtailing of terms or a combination of both, that too by two to three years in some cases. For this, the **relevant Articles of the Constitution mentioned above will have to be suitably amended**.
- Even if the terms are synchronised as a one-time measure, we will still need an adequate legal safeguarding place **to avoid mid-term dissolution**.
- For maintaining the electoral cycle, some countries have legal provisions to the effect that for a 'no-confidence motion' to be brought up against the government in office, the proposed resolution should also contain a constructive 'vote of confidence' in an alternative government with a named leader to head it.
- This helps to maintain the fixed term of the House and pre-empts stalemate situation thrusting fresh election as the only option.

### **Why Simultaneous Election**

- Reduce labour, time and expenditure in the conduct of elections; and
- Instances of pause in governance are addressed if elections are conducted in one go instead of staggered elections
- Simultaneous elections could bring down the campaign expense of political parties by a long way.

### **Expenditure Issue- Areas of Saving**

- There is no duplication of work in preparing the electoral rolls for the two elections and hence **no extra labour or expenditure is involved on this count**. However, in present situation, all logistic arrangements are replicated for the two elections.
- Simultaneous Election would mean **saving on transport, accommodation, storage arrangements, training, remuneration, and so on**. This will also mean **saving in terms of human resources**. Another area of saving would be in the **deployment of the Central Police Force**.

### **Additional Expenditure for Simultaneous Elections**

- One aspect that could **offset the savings would be the doubling of expenses on electronic voting machines (EVMs)**.
- One set of EVMs is used in a polling station for one election. Since the Lok Sabha and Assembly elections are not held together except in a few States, the **same EVMs are utilised for both the elections**. Using the same EVM repeatedly for different elections does not involve any extra expenditure or labour.
- For conducting the elections simultaneously, **each polling station needs two EVMs**- one for the Lok Sabha election and the other for the Assembly election. This would mean that for a simultaneous nationwide election, **the requirement of EVMs in terms of numbers would be double compared to separate elections**.

- Considering that the incidental recurring **expense in the storage and security** of these machines will also be a considerable amount, **the overall expenditure in holding elections may not see any substantial dip on account of simultaneous elections.**

### **Model Code of Conduct (MCC) - Impact on Governance**

- MCC is a set of behaviour guidelines for candidates and political parties that comes into operation from the date election is announced by Election Commission.
- A crucial part of the MCC is the **restrictions on the party in power**. MCC prohibits using official resources for electoral activities, announcing financial grants, new schemes, etc. that may influence the voters in favour of the ruling party.
- If all elections are held together, the **restrictions under MCC will be through in one go**. In the Lok Sabha election, the MCC applies to both the Union and State Governments. In the Legislative Assembly election, the Code, logically, applies to the outgoing State Government.
- The restriction on the Union Government is only concerning new schemes specific to the State(s) going to polls. In bye-elections, the application of MCC is restricted to the district concerned. Thus, **the impact on governance on account of the enforcement of MCC during elections is minimal.**

### **Local Bodies' Elections**

- The local bodies' elections are conducted **under the respective State Election Commission**. Holding local bodies' elections along with the other elections will require the team of the same polling officials **to report to and take instructions from two different authorities simultaneously**, even on the same issue, and they may not necessarily get the same direction in all cases.
- Further, the **judicial forum before which the local bodies' election** can be challenged is the Court of District Judge and other lower Courts whereas an election petition challenging a Parliamentary or Assembly election is to be brought up before the High Court.

### **Conclusion:**

- A simultaneous nationwide election could push up the voter turnout since a once-in-five-year event is bound to attract more enthusiastic participation across all sections. **Frequent elections can bring in the election-fatigue factor.**
- Better electors' participation will further add to the credibility of the elections. Therefore, the feasibility of the idea, the merits, and demerits associated with it needs further scrutiny and analysis at different levels.

### **FISCAL FEDERALISM IN COVID-19**

- The Government adopted the mantra of "**Cooperative Federalism**" in order to fight an exemplary battle against Covid-19. The Centre and the States acted in unison to limit the human and economic impact of the pandemic.
- In the initial stages, the lockdown and social distancing measures led to a near halt in economic activities. Revenues suffered massively while the expenditure obligations soared. The States needed fiscal support for their liquidity needs. To address this situation, the Central Govt responded in the true spirit of "**Fiscal Federalism.**"

**Steps Taken During Pandemic to Promote Fiscal Federalism****A. Enhancement of Borrowing Limit of States**

- Borrowing constitutes an important source of funding for the States and is governed by the provisions of **Article 293** of the Constitution. To maintain fiscal prudence, the State Govts were allowed to borrow within the **Net Borrowing Ceiling of 3% of their GSDP in a financial year**.
- However, to help ease stress in State finances, the Union Govt, in May 2020, **enhanced the borrowing limit of States for fiscal 2020-21 by 2% of GSDP**. This provided extra headroom of Rs. 4.28 lakh crore to States.
- **Half of the additional borrowing facility was unconditional while the remaining was linked to specified, measurable and feasible reform actions**. Four citizen centric areas - One Nation One Ration Card, ease of doing business, power sector and urban local bodies were identified for reforms. Borrowing permission of **0.25% of GSDP was linked to the completion of reforms in each area**.

**B. Ways and Means Advances (WMA)**

- RBI provides WMA to the States banking with it to **help them tide over temporary mismatches in the cash flow** of their receipts and payments. RBI has fixed the WMA limit of each State based on multiple factors including total expenditure, revenue deficit and fiscal position of the State. **Interest on WMA is charged at the RBI's repo rate**.
- States are also allowed an **overdraft facility**, which is the amount drawn over the WMA limit. Overdraft attracts a **higher rate of interest**.
- RBI in April 2020 **increased the WMA limit of States by 60%**. This made available an additional amount of Rs. 19,335 crore to the States. The enhanced limit was initially valid until September 30, 2020 and was later extended till March 31, 2021.
- RBI also extended the period for which a State can be in overdraft from 14 to 21 consecutive working days, and from 36 to 50 working days during a quarter.
- **Increased WMA limit gave immediate liquidity to States** to borrow short-term funds from RBI at a lower rate of interest.

**C. Notified Disaster Declaration & Relaxation of SDRF Norms**

- The State Disaster Response Fund (SDRF) has been constituted under Section 48 (1) (a) of the Disaster Management Act, 2005. This is the primary fund available to State Govts for responses to notified disasters. **The Central Govt contributes 75% of SDRF allocation for general category**.
- In view of the spread of Covid-19, the Govt of India treated **Covid-19 as a notified disaster**. State govts could spend **SDRF on quarantine related measures**, procurement of essential equipment etc.
- Initially, the expenditure on this account was **limited to 25% of SDRF allocation for the year which was later enhanced to 50%**. Under SDRF, States were provided with an amount of Rs. 11,092 crore in 2020-21.

**D. Financial Assistance to States**

- To soften the blow to their balance sheets on account of the fiscal impacts of Covid-19, the States applied brakes on capital expenditure. However, capital expenditure has a higher multiplier effect and results in a higher economic growth rate.

- Therefore, the finance minister announced the **Scheme of Financial Assistance to States for Capital Expenditure** in October 2020 with an amount of Rs. 12,000 Crore for the scheme. Part of the allocation was set aside for States **who carry out reforms in at least three out of the four citizen-centric areas** identified by the Ministry of Finance.

#### **E. Special Window for Borrowings**

- The subsumption of local taxes in GST and the resultant fear of revenue loss led to the enactment of the GST (Compensation to States) Act, 2017.
- Due to the economic slowdown, a shortfall of Rs. 1.10 lakh crore was estimated in the GST Compensation fund in 2020-21. The Central Govt decided **to set up a special window to borrow** the estimated amount of shortfall on behalf of the States and passed it to them as a back-to-back loan to be repaid from future accruals in the Compensation Fund.

#### **F. Maintaining Tax Devolution to States**

- 14th Finance Commission had recommended the biggest ever increase in vertical tax devolution in the Central divisible pool from 32% to 42%. After considering Jammu and Kashmir's reorganisation into Union Territories of Jammu & Kashmir and Ladakh, the **15th Finance Commission recommended 41% tax devolution.**

#### **Conclusion**

During the financial year 2020-21, despite dwindling resources due to the pandemic, the Centre empowered the States fiscally to fight the pandemic and stimulate economic recovery.

### **CHALLENGES OF SKILL DEVELOPMENT**

District Skill Committees (DSC) have a long way to go before they start effectively performing their role in planning, execution, and monitoring of skill training schemes.

#### **Functions of DSC in the Decentralised Skill Management**

- These include planning for skill training by looking at among other things demand and supply, the socio-economic profile, and availability of skill infrastructure at the district level.
- DSC is composed of all the significant district development officers. Headed by the District Collector, it is the fittest entity to undertake comprehensive skill development.

#### **Capacity Building of DSC**

- Capacity-building architecture for the DSCs should focus upon i) *creating and managing knowledge* ii) *customising and localising content* iii) *disseminating knowledge through training* iv) *providing opportunities for guided practice* v) *evaluation with actionable feedback.*
- The lack of adequate and intensive engagement of the State Skill Missions with short-term skill training or SANKALP has meant that the States/districts might not utilise optimally the presence of the Fellows in the DSC.
- SANKALP's numerous interactions with the DSCs threw up the need for them to have a standard format for planning and monitoring skill training activities. Accordingly, SANKALP prepared a **DSC toolkit for planning and monitoring of skill activities.**

- There is **need to institutionalise the process of knowledge creation** and dissemination by the DSC. This would equip DSC members with the ability to use their experience and knowledge for impact-making skill management.
- Capacity-building as an aid to meaningful decentralisation **cannot be handed down prescriptively** from the Ministry to the Skill Missions in States and DSCs. **It has to evolve hand-in-hand with the process of decentralisation** so that syllabus, pedagogy, medium, methodology etc. can all take shape based on the inputs from all districts.
- The documentation and study of practice shall generate a virtuous cycle. DSCs over time can develop capacities themselves to produce credible data around skill and skill management.

### **Content of Capacity Building**

- Traditionally, skills in India, have been and continue to be, **caste-specific**. Skills that have been non-remunerative, are often unfortunately the exclusive preserve of the poorer sections and the deemed lower.
- The most obvious example is that of **scavengers or 'Safai karmacharis'**. How can one break the stranglehold of the demeaning nature of these professions? *How does one make scavenging, rag-picking, or waste disposal 'aspirational', monetarily rewarding, entrepreneurial, and imbued with career opportunities for growth?*
- The answer lies in **mechanisation of the work**. We have to ensure the imparting of skill-training using machines for hazardous and socially demeaning work.
- The **changed nature of the work and the opening up of career pathways would attract persons from other castes**, raise the work profile of the existing castes. This would strike a blow at the **very root of the entrenched caste evil in society** and lead to the creation of a more equitable and just social system.
- Another important area in which capacity-building is needed is the **backward and forward linkages of district skill plans** to integrate them with state-level and national-level planning and opportunities.
- Let us take the example of tourism. To provide opportunities in careers in tourism, the district planners would need to have the composite picture of national and state tourism maps/destinations/policy and derive from these the particular slot that their district could occupy in the larger picture.
- Local-level tourist attractions cannot by themselves be converted into money-making tourist destinations nor are the jobs available locally for transporters and guides if the training was confined to the potential of the district.

### **Way Forward:**

- District skill planning needs the **socio-economic profile** of the district population, the skills history of local communities, and their changing or emerging aspirations.
- Decentralised district skill planning should be able to ensure that everyone's potential and aspirations are reflected and addressed through the micro-level study of district industry, economic activity, level of education, etc.
- District skill planners would have to learn to distinguish between trades that give livelihoods to people and trades which have a growth potential beyond the local at state, national or international levels.

- The empowerment of DSC and their expanding role would necessitate financial resources and the means of raising them. This would mean the **need for training in financial management**.
- They are also now expected to interact with industry representatives. Courses in self-development and interpersonal communication and other softer aspects will also help them be more effective.

### **CHALLENGES IN FEDERALISM AND THE WAY FORWARD**

The Indian Constitution laid down a political system which is federal in nature. However, the Indian Constitution has structurally made the Union government more powerful than the states—therefore the paradox of “**centralised federalism**.”

#### **Federal Governance During Covid-19**

- India’s response to the Covid-19 pandemic has **shifted the balance** of its federal structure. The pandemic has enabled the central government to **implement far-reaching reforms traditionally considered the domain of states**.
- India’s Constitution lays out a detailed scheme for the separation of powers between the centre and the states, albeit with a unitary bias. The constitutionally mandated Finance Commission recommends the division of revenues between the centre and the states, with the centre traditionally retaining a significant majority of the pool.
- But the specific contours of this relationship have changed over time — for example, with the introduction of the Goods and Services Tax.
- The **most important moment for federalism** in this phase is the revelation of the vital role of state governments on the ground level in managing the Covid-19 crisis in India.
- After initial challenges, the Union government **ceded adequate space and autonomy** to the states to strengthen their healthcare facilities, manage the localised lockdowns, and implement social security measures to mitigate the impact of the pandemic.
- As **health remains a state subject**, the states worked as main agents of healthcare providers and governance providers within their jurisdiction, with the Centre playing the coordinating role.

#### **1. Initial Phase of Pandemic and Federalism**

- The initial stages of the Covid-19 response **highlighted the unitary tilt** in the Indian federal structure. The central government **implemented a national lockdown** using its **powers under a central disaster management law**. The Ministry of Home Affairs issued extensive guidelines to states for controlling the pandemic.
- State governments followed the Centre’s orders even though **they have independent powers under a more specific law, the Epidemic Diseases Act, 1897**.
- State governments requested the central government to continue its administration of the national lockdown during its initial phase. In doing so, **states ceded considerable decision-making power and political capital** to the central government.

## 2. Subsequent Phases and Federalism

- Subsequent phases of the lockdown have seen their **autonomy restored**. Since the national lockdown required shutting down almost all economic activity, State Govt had a drastic reduction in revenue thereby increasing their financial dependence on the centre.
- In May 2020, India's Finance Minister announced a series of reforms to facilitate India's post-lockdown economic recovery. One such measure has been a **conditional increase in the borrowing limit for states**.
- The central government enhanced the borrowing limit of state governments from **3 percent to 5 percent** of their gross state domestic product.
- However, only the **first 0.5 per cent of this increase is unconditional** — a further **1 percent** will be permitted **only if the borrowing is linked to specific reforms** such as debt sustainability, job creation, power sector reforms and urban development. A **final 0.5 percent** will be permitted only if states achieve **key milestones in these areas**.
- **Reforms in the agricultural sector** may impact state autonomy but are necessary for growth and prosperity. **Agriculture is a state matter** in India. Ordinances passed by the central government side-step the powers of states in this regard but the Centre has to consider the welfare of the entire country.
- **Both measures** — the increase in borrowing limits and the agricultural reforms — **are examples of the centre using their power to push much needed reforms**.

### Federal Relation: Entering a New Phase

- It suggests that **federal relations in India are a function of political forces more than structural constraints**. State powers seem to increase relative to the centre in the absence of single-party dominance, and wane as single-party dominance, increases.
- In addition to its other effects, the pandemic may have merged a **new phase of federal relations**, where **states increasingly accept the reform priorities of the centre** in a manner not seen in a generation.

### Challenges to Federalism

- While drafting or enacting any legislation for the entire country, the consultative process with the State Governments takes the central stage. However, in such diversity it is often very difficult to find a common platform.
- For example, India is a member of the ILO, and it has ratified several core Fundamental Conventions of the ILO like Equal Remuneration Convention, Worst Forms of Child Labour, Abolition of Forced Labour etc.
- But even before ratifying, the Central Government has to consult all the State Govts and ensure that its national legislations and national law is **not in contravention** to any of the provisions of the International Convention before ratifying.
- Only **when all the State governments agree** to the proposed legislations or any possible amendments, can the Centre move forward its proposal for ratification.
- Most times, **seeking uniform consensus with all states** in a proposed timeframe may **become a challenge**.

- While 34 States have notified rules under RERA, West Bengal has enacted its own legislation HIRA, which stands challenged before the Supreme Court. In such instances, the **political leaning of the State Government** may also **influence its policy making process** if it is not on good terms with the Central Government.
- After the adoption of the market economy, Centre has encouraged states to negotiate loans / FDI with overseas banks / institutions directly since the 1990s.
- **States compete to attract FDI.** And positively so, the Centre is not being seen as an obstacle but as a facilitator. Still, approval for FDIs are centralized with the DPIIT being the nodal Ministry at the centre for FDI approvals.
- In many cases, the DPIIT has to transfer the proposal to the other central Ministries. In proposals where land border issues or security issues arise, the concurrence of other nodal ministries may also be sought.

### **Paradiplomacy by the States**

- Foreign economic policy is no longer a central preserve with the **emergence of paradiplomacy by the States.** Economic globalization has made it possible for the States to interact with respective investors in foreign countries.
- The decision of the Gujarat Govt in 2014 to set up international desks independently in USA, China, Japan for facilitating “**INVEST IN VIBRANT GUJARAT**” by overseas investors is perhaps the first attempt by any state to attract FDI directly.
- However, such enterprise may also **raise issues for the sovereignty or security** of the country considering that India is largely surrounded by neighbours who are hostile. Therefore, in granting license to an overseas entity, Centre has to examine the proposal from many angles.
- It may not be appreciated by the State Government and the **Centre may be construed as taking too much time** and not acting as per the wishes of the State Government.

### **Conclusion: The Way Forward**

- A diverse and large country like India requires a **proper balance between the six pillars of federalism: *autonomy of states, national integration, centralisation, decentralisation, nationalisation, and regionalisation.***
- Extreme political centralisation or chaotic political decentralisation can both lead to the weakening of Indian federalism.
- Controlling these extremes is a challenge, as **federalism must reconcile the need for national unity on the one hand, and on the other, regional autonomy.**

## **PROGRESS IN HUMAN DEVELOPMENT SINCE INDEPENDENCE**

### **Concept of Human Development**

The term “human development” is accepted in the development economics literature as an **expansion of human capabilities, a widening of choices, an enhancement of freedom and the fulfilment of human rights.**

## Human Development Reports and Measurement

- The **first Human Development Report** of UNDP was published in **1990**. The Human Development Index (HDI) reflects the average achievements along **three dimensions of human development: longevity, educational attainment and command over resources needed for a decent living**.
- However, the HDI **does not reflect the deprivation** or the **distributional aspects of development**, particularly inequality.
- Composite indices to account for **gender inequalities** [gender-related development index (GDI) and a gender empowerment measure (GEM)] was constructed for the first time in **1995**. In **1997**, a composite index was proposed and constructed for measuring the **multidimensionality of poverty**.
- Later, these composite indices were disaggregated in terms of regions, provinces, gender, races, ethnic groups and the rural-urban divide.
- The GDI measures achievements in the same dimensions and variables as the HDI, but considers inequality in achievements between men and women. The **GEM indicates whether women are able to actively take part in economic and political life**.
- In 1997, a composite measure for multi-dimensional poverty, the Human Poverty Index (HPI) was introduced.
- The 2014 **HDR introduced changes to minimum and maximum values** (goalposts) which are now fixed rather than set at the observed values. The minimum and maximum levels for the dimension indicators are currently set as follows:
  - Life expectancy: the minimum value is set at 20 years. The maximum value is fixed at 85 years.
  - The minimum value for both education variables is set at 0. The maximum values for mean years and expected years of schooling are fixed at 15 and 18 years, respectively.
  - GNI per capita (2011 PPP): the minimum value is \$100. The maximum value is capped at \$75,000.

## India's Ranking in Human Development and Performance So Far

- Out of 189 countries, **India ranks 131** on the Human Development Index 2020. With an **HDI value of 0.645**, the country fell in to the **medium human development category**.
- Since 1990, the HDI value of India has increased from 0.429 to 0.645. During the same period, the life expectancy at birth in India rose by nearly 12 years, while the mean years of schooling witnessed an increase of 3.5 years. During this period, India's GNI per capita also increased, registering a rise of nearly 274%.
- In the South Asian region, **India's HDI is more than the region's average** which stands at .641, while India is also above the average value of 0.631 among the medium HDI category countries.

## Millennium Development Goals (MDGs)

The United Nations MDGs are the eight goals set by the UN member states in September 2000 and agreed to be achieved by 2015. There are 8 goals, 18 targets, and 48 performance indicators. The following are the eight Millennium Development Goals:

1. to eliminate extreme poverty and hunger;

2. to achieve global primary education;
3. to empower women and promote gender equality;
4. to reduce child mortality;
5. to promote maternal health;
6. to fight malaria, HIV/AIDS, and other diseases;
7. to promote environmental sustainability; and
8. to develop a universal partnership for development

### **Sustainable Development Goals (SDGs)**

It consists of 17 Goals that are as followed:

1. End poverty in all its forms everywhere
2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture
3. Ensure healthy lives and promote well-being for all at all ages
4. Ensure inclusive and equitable quality education and promote life-long learning opportunities for all
5. Achieve gender equality and empower all women and girls
6. Ensure availability and sustainable management of water and sanitation for all
7. Ensure access to affordable, reliable, sustainable, and modern energy for all
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
10. Reduce inequality within and among countries
11. Make cities and human settlements inclusive, safe, resilient and sustainable
12. Ensure sustainable consumption and production patterns
13. Take urgent action to combat climate change and its impacts
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
17. Strengthen the means of implementation and revitalize the global partnership for sustainable development.

### **Bare Necessities Index**

- **Bare Necessities Index (BNI)** was **released for the first time in January 2021** as part of the Economic Survey. It showed that the availability of “bare necessities” such as housing, water, sanitation, electricity and clean cooking fuel, improved across all states in the country in 2018 compared to 2012.
- The BNI has been **developed for rural, urban and all-India** level using data from two NSO (rounds 69 and 76) on drinking water, sanitation, hygiene and housing conditions.

- The index **summarises 26 indicators on five dimensions** — water, sanitation, housing, micro-environment, and other facilities (assessed using indicators like access to the type of kitchen, ventilation of the dwelling unit, access to a bathroom, electricity and type of fuel used for cooking).
- The survey reports that **improved access to “the bare necessities”** has led to **improvements in health indicators** and correlates with **future improvements in education indicators**.

### **RADIO FREQUENCY SPECTRUM ALLOCATION**

- The **2020 Nobel Prize in Economics** was awarded to two economists—*Paul R. Milgrom* and *Robert B. Wilson*—who **populated the auction theory**. Both of them developed several innovative and valuable formats and designs.
- Among them, **Simultaneous Multiple Round Auction (SMRA)** has been very famous for the 1994 U.S. Federal Communications Commission’s (FCC) radio-spectrum auction.
- Following the exponential rise of demand for mobile communication in the early 1990s, the broadcasting licenses to the firms have been made on a competitive price mechanism basis which has been most efficient.

#### **Types Of Auctions**

- Auctions are broadly of two types: **Single and multiple items auctions**. The multi-object auction **applies in the case of homogenous or divisible objects** like government debt and electricity and the **heterogeneous or non-identical multiple objects** such as radio frequencies or bus routes, which are of either complements or substitutes.
- These involve exceptionally large values, and governments face a challenging trade-off between raising revenue and allocating the spectrum efficiently. This year’s Nobel laureate contributes significantly to addressing the barriers to trading interrelated objects.

#### **Deployment of Additional Spectrum Acquired in Networks of Telecom Service Providers in India**

- The bidding for spectrum in 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, and 2300 MHz bands took place in March 2021. The e-auction was based on the **Simultaneous Multiple Round Ascending Auction (SMRA)** methodology.
- The total quantity of spectrum for which right to use has been acquired in these bands is 855.60 MHz. The participants did not bid in 700 MHz and 2500 MHz bands.
- Three bidders – Bharti Airtel Ltd, Vodafone Idea Ltd, and Reliance Jio Infocomm Ltd – participated in the auction.
- The Union Cabinet had approved a proposal of the Department of Telecommunications to conduct spectrum auction through which **spectrum will be assigned to the successful bidders** for providing commercial mobile services.
- By winning the right to use spectrum through the auction, incumbent telecom service providers will be able to augment their network capacity whereas new players will be able to start their services. This will increase the quality of telecom services for consumers.

- It is relevant that the **Telecom Sector today is a key infrastructure provider** with strong linkages with economic growth, direct and indirect employment generation, and expansion of Digital India.

**SMRA Auction**

- The SMRA auction design for spectrum sales has been widely applied worldwide. Some versions of this are applied in **U.S., Canada, U.K., Finland, India, Poland, Germany, Sweden, Norway, and Spain.**
- The auctions reflect **two efficiency concerns.** Firstly, the **best productive suppliers minimise the costs.** Secondly, this **generates funds** through markets than rigid taxation.

**Indian Scenario**

- The Government intervention in India has become apparent because of the exponential rise in demand for wireless communication, given radio frequencies a scarce commodity.
- The **average holding of the spectrum of Indian operators was 31 MHz** as compared to the **global average of 50 MHz** in 2017.
- The Telecom Regulatory Authority of India (TRAI) in August 2018 highlighted its recommendations on the auction of spectrum across several bands including two bands **yet to be auctioned in India**, i.e., 3300 - 3400 MHz and 3400 - 3600 MHz. These bands are likely to emerge as the **primary band for 5G services.**
- There are often disputes between the state and the operators in allocating and managing spectrums in India. However, India has been following a **'quasi-property rights'** regime to avoid the subjective administrative management to a market-based mechanism.

**ONE NATION ONE RATION CARD (ONORC): 'MERA RATION' MOBILE APP**

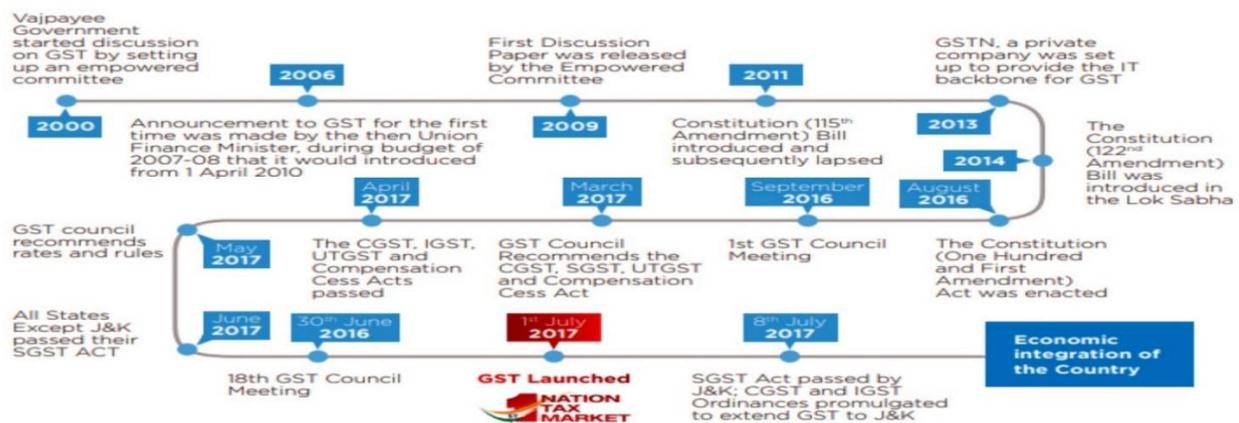
- This initiative allows all NFSA beneficiaries, particularly migrant beneficiaries, to claim **either full or part foodgrains from any Fair Price Shop** in the country through the existing ration card in a seamless manner.
- **Mera Ration Mobile App** will benefit especially those ration card holders who move to new areas for livelihoods. Basically, ONORC is a technology and data driven system for **nation-wide portability of ration cards** under NFSA.
- At present, the system covers nearly 69 Crore NFSA beneficiaries (about 86% NFSA population) in the country and a monthly average of about 1.5~1.6 Crore portability transactions are being recorded under the ONORC.
- ONORC allowed each NFSA beneficiary during the Covid-19 pandemic, particularly migrants, to avail the **benefit of subsidised foodgrains with flexibility from any location** wherever they were during the lockdown/ crisis period.
- The system also allows their family members back home, if any, to **claim the balance foodgrains on same the ration card.**

## VAJIRAM & RAVI

### RECORD GST REVENUE COLLECTION

- The Goods and Services Tax (GST) is a **consumption tax** based on the credit invoice method where **only the value addition at each stage is taxed**, with a seamless flow of credit along the supply chain. It **subsumed a large number of consumption taxes** that previously existed in India.
- It **eliminated the cascading effect of taxes** thereby making the country's exports more **competitive in the global market** and finally **removing the age-old system of check posts** for inter-State movement of goods.
- Primarily, **GST is a tax levied on the supply of goods and services**. In the case of an inter-state supply, it is called **integrated tax**, levied by the Federal Government, administered jointly by the Centre and the States and later apportioned between them.
- The gross GST revenue collected in March 2021 is at a record of Rs. 1,23,902 crore. The GST revenues during March 2021 are the highest since the introduction of GST.

#### GST: Timeline



- GST revenues crossed above **Rs. 1 lakh crore mark at a stretch for the last six months** and a steep increasing trend over this period are clear indicators of rapid economic recovery post-pandemic.
- Closer monitoring against fake-billing, deep data analytics using data from multiple sources including GST, Income-tax and Customs IT systems and effective tax administration have also contributed to the steady increase in tax revenue over the last few months.