

CURRENT AFFAIRS

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SC asks Centre, States to allay EWS quota concerns

It asks the parties to 'crystallise' thoughts by tomorrow

KRISHNADAS RAJAGOPAL
NEW DELHI

A Constitution Bench of the Supreme Court on Tuesday asked the governments at the Centre and the States and petitioners to address a list of concerns raised in the Supreme Court about granting reservation on a purely economic basis, one of them being whether it is a violation of the Basic Structure of the Constitution to exclude the Scheduled Castes, the Scheduled Tribes and some of the most impoverished Socially and Educationally Backward Classes in the country from its scope.

The five-judge Bench, led by Chief Justice of India U.U. Lalit, is considering the validity of the 103rd Constitutional Amendment, which provides the 10% reservation to economically weaker sections (EWS) of society in government jobs and educa-

Basic concerns | With the SC scrutinising the EWS quota, senior advocate Gopal Sankaranarayanan had prepared the draft legal issues for the Bench to examine:

- Whether the 103rd Constitution Amendment Act removes the basis of Indra Sawhney judgment that quota cannot be given on a purely economic basis
- Whether the amendment breaches the Basic Structure of the Constitution in excluding the SEBCs, OBCs, SCs, STs from the scope of EWS reservation
- Whether it breaches the equality code and the Constitutional scheme by giving sanctity to the 'existing reservation', which is only created temporarily
- Whether it breaches the 50% quota limit by permitting EWS reservations up to 10% over and above the existing reservation
- Whether the imposition of EWS quota on private unaided institutions violates the Basic Structure



tional institutions.

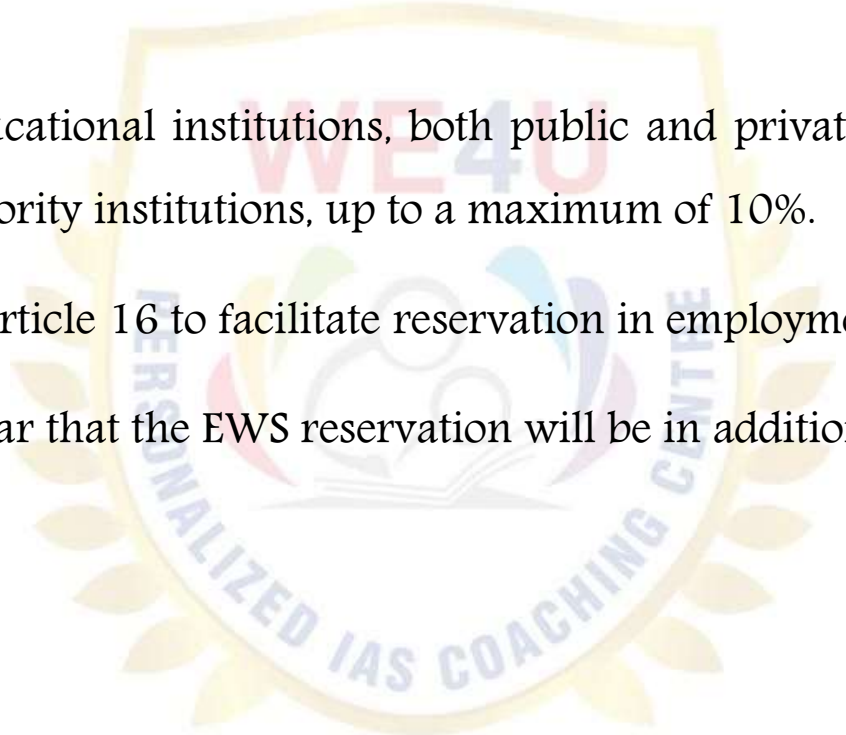
Senior advocate Gopal Sankaranarayanan, on the court's orders, had prepared the draft legal issues for the Bench to examine. On Tuesday, the Bench asked the draft issues to be circulated

to the parties. The court scheduled the next hearing for Thursday to "crystallise" the issues finally. The CJI said the Bench would start hearing the case next Tuesday.

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Economically Weaker Sections:

- ✓ The 10% reservation was introduced through the 103rd Constitution Amendment and enforced in January 2019.
- ✓ It added Clause (6) to Article 15 to empower the Government to introduce special provisions for the EWS among citizens except those in the classes that already enjoy reservation.

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- ✓ It allows reservation in educational institutions, both public and private, whether aided or unaided, excluding those run by minority institutions, up to a maximum of 10%.
 - ✓ It also added Clause (6) to Article 16 to facilitate reservation in employment.
 - ✓ The new clauses make it clear that the EWS reservation will be in addition to the existing reservation.

TOPIC: WILDLIFE PROTECTION

African cheetahs may arrive on Modi's birthday

Big cats likely to be sent to Kuno-Palpur forest, says statement from M.P. govt.

JACOB KOSHY
NEW DELHI

The much-awaited arrival of African cheetahs to India may be timed to Prime Minister Narendra Modi's birthday on September 17, suggests a statement by Madhya Pradesh CM Shivraj Singh Chouhan on Tuesday.

Addressing a gathering of officials, Mr. Chouhan is heard saying: "It is the Prime Minister's birthday on the 17th of September and I'm happy to convey that he will be in Madhya Pradesh. The cheetahs are expected to ar-

rive on that day and we will be organising a function in Kuno Palpur."

A video grab of Mr. Chouhan announcing this was available on his official Twitter feed. **Kuno-Palpur** is the forest reserve expected to house the cheetahs. A person closely connected to the cheetah translocation project told *The Hindu*, on condition of anonymity, that "as of today this is the plan." Eight animals sourced from **Namibia** and currently quarantined in South Africa for medical evaluation are ex-

pected to arrive in India this month. The translocation of cheetahs, as *The Hindu* has earlier reported, has missed multiple unofficial deadlines due to factors ranging from the animal's enclosures not being fully readied, to diplomatic formalities involving South Africa and India not being completed.

India's action plan, a long-term translocation project made public this February, on re-establishing the cheetah states that a cohort of around 10-12 young would be imported from Namibia and

South Africa as a founder stock during the first year.

Once the cheetahs arrive, they are expected to be housed in 'predator-proof' enclosures that are 6-7 square kilometres large. This is part of the plan to help the animals acclimatise to Indian conditions. A local obstacle to the cheetah was that the **current enclosures in Kuno-Palpur had five leopards all of whom needed to be relocated as it was inadvisable to have the two species coexist during the cheetah's acclimatisation.**

- ✓ With help from the Wildlife Institute of India and the Wildlife Trust of India, the ministry will be translocating around 8-12 cheetahs from South Africa, Namibia and Botswana.
- ✓ These countries have the world's largest populations of the animal.
- ✓ The big cats will live at Kuno Palpur National Park (Madhya Pradesh) owing to its suitable habitat and adequate prey base.

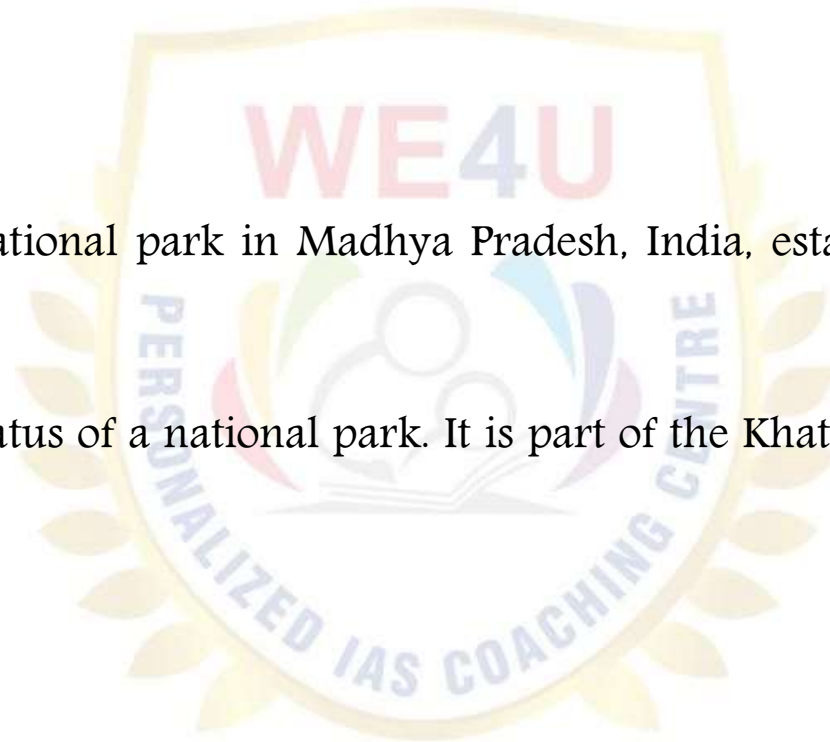
African Cheetah
IUCN status

Vulnerable

**Critically
Endangered.**

Kuno National Park

- ✓ Kuno National Park is a national park in Madhya Pradesh, India, established in 1981 as a wildlife sanctuary
- ✓ In 2018, it was given the status of a national park. It is part of the Khathiar-Gir dry deciduous forests ecoregion.



TOPIC: NATIONAL INCOME

India, 7% plus annual growth, and the realities

Given the desire to achieve developed country status in the next 25 years, the required rate is in the range of 8% to 9%



C. RANGARAJAN & D.K. SRIVASTAVA

The National Statistical Office's real GDP growth estimate of 13.5% for the first quarter of 2022-23 is 2.7% points lower than the Reserve Bank of India's earlier assessment of 16.2%. Assuming that the central bank's estimates of the remaining three quarters of the fiscal year at 6.2% in 2Q, 4.1% in 3Q, and 4% in 4Q are realised, the annual GDP growth using the NSO's IQ estimate works out to be 6.7%. Compared to the pre-COVID-19 GDP level of ₹35.5 lakh crore in IQ of 2019-20, real GDP at ₹36.9 lakh crore shows an increase of only 3.8%. This indicates that the performance of the Indian economy is not fully normalised yet which would be consistent with a growth of 6.5% to 7%. In order at least to reach an annual growth of 7%, GDP may have to grow at about 5% in 3Q and 4Q of 2022-23.

Composition of growth

Out of the eight Gross Value Added (GVA) sectors, the first quarter growth performance is higher than the average of 12.7% in public administration, defence and other services (26.3%), trade, hotels, transport *et al.* (25.7%), construction (16.8%), and electricity, gas, water supply *et al.* (14.7%). Agricultural growth has remained robust, showing a growth of 4.5% in IQ of 2022-23, which is the highest growth over nine consecutive quarters. Growth in manufactur-

ing, at 4.8%, however, is much below the overall average. A more relevant comparison would be to look at the increase with respect to corresponding output levels in the pre-COVID-19 normal year, that is in IQ of 2019-20.

In this comparison, manufacturing seems to have done better with an increase of 7% in IQ of 2022-23 while the trade, hotels, transport *et al.* sector has remained below its pre-COVID-19 level by a margin of minus 15.5%. This was the main contact-intensive sector which suffered the most during COVID-19 and which may show better recovery in succeeding quarters. Construction has also increased by a small margin of 1.2% when compared to its IQ 2019-20 level.

On the demand side, all major segments showed magnitudes in IQ of 2022-23 that were higher than their corresponding levels in IQ of 2019-20. Recovery in domestic demand has been reflected in the growth rates of private final consumption expenditure (PFCE), at 25.9%, and gross fixed capital formation (GFCF) at 20.1% over the corresponding quarter of the previous year. As compared to its IQ 2019-20 level, the GFCF showed a growth of 6.7%. The ratio of gross fixed capital formation to GDP at current prices is 29.2% in IQ of 2022-23 which is 1% point higher than the investment rate of 28.2% in the corresponding quarter of the previous year.

The contribution of net exports to real GDP growth is negative at minus 6.2% points in IQ of 2022-23 since import growth continues to exceed export growth by a tangible margin. Such an adverse contribution of net exports to real



GDP growth is an all-time high for the 2011-12 base series. It is likely that import growth will continue to exceed export growth in the next few quarters, both in real and nominal terms, considering prevailing high global prices of petroleum products and other intermediate inputs and India's growing demand for importing intermediate goods with a view to boosting 'Make in India'.

On the feasibility

The Indian economy may still show a 7% plus growth in 2022-23 provided it performs better in the subsequent quarters, particularly in the last two. Two important areas of policy support for this purpose would be to further increase the investment rate and to reduce the magnitude of negative contribution of net exports. Available high frequency indicators for the first four to five months of 2022-23 indicate continuing growth momentum.

Headline manufacturing Purchasing Manager's Index (PMI) was at an eight-month high of 56.4 in July 2022. It remained high at 56.2 in August 2022. PMI services were at 55.5 in July 2022, indicating 12 consecutive months of expansion. Outstanding bank credit by scheduled commercial banks (SCBs) grew by 15.3% in the fortnight ending August 12, 2022.

Gross Goods and Services Tax collections have remained high at ₹1.49 lakh crore and ₹1.43 lakh crore in July and August 2022, respectively, although a good part of this may be due to the higher inflation levels of both Wholesale Price Index (WPI) and Consumer Price Index (CPI).

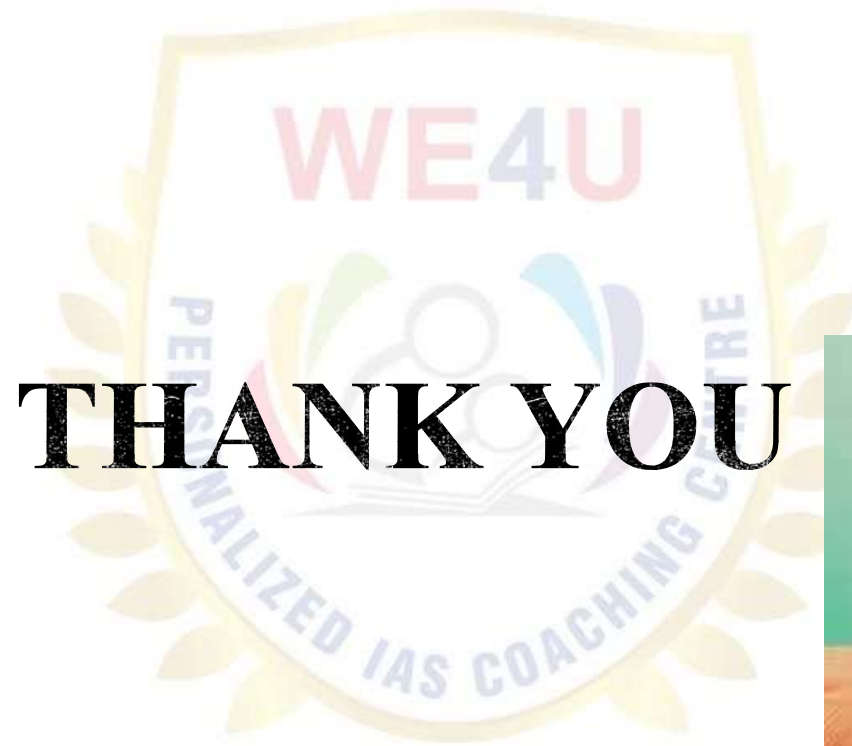
As seen in IQ of 2022-23, GVA growth has been led by public administration, defence, and other services, with a growth of 26.3%. This has been driven by the central government's frontloading of capital expenditure. The Centre's capital expenditure grew by 62.5% during the first four months of 2022-23. This momentum needs to be maintained. This would be facilitated by a buoyant growth in the Centre's gross tax revenues, which showed a growth of nearly 25% during the first four months of the current fiscal year. The relatively high tax revenue growth is in turn linked to the excess of nominal GDP growth at 26.7% in IQ of 2022-23 over the real GDP growth of 13.5%. Such a large gap between these two growth measures reflects a high implicit price deflator (IPD)-based inflation which is estimated at 11.6% in IQ of 2022-23. This in turn is because of the ongoing WPI and CPI inflation trends where the former continues to exceed the latter. With buoyant tax revenue growth, fiscal policy may strongly support GDP growth without making any significant sacrifice on the budgeted fiscal deficit target.

Raise investment rate

In the light of likely development in 2022-23, how confident are we of achieving the growth rate of 6% to 7% over a normal base? Given

our desire to achieve developed country status in the next 25 years, the required growth rate is in the range of 8% to 9%. In 2023-24, we must try to achieve a growth rate of 6% to 7%. The key to growth lies in raising the investment rate. Public capital expenditure has shown a rise. In crisis years, it is particularly good. It can crowd in private capital expenditure. But this cannot be the normal. Private capital expenditures, both corporate and non-corporate, must rise. It is pointed out that capacity utilisation in industry has touched 75% in 4Q 2021-22. This should help to attract private investment if demand for goods continues to increase. The output loss because of COVID-19 and the consequent lockdown is greater if we measure it from the trend line rather than the base of 2019-20. Had we maintained growth of 7% since 2019-20 in successive years, the real GDP would have been ₹183.4 lakh crore in 2022-23. Even if we achieve a 7% growth in 2022-23 over 2021-22, there is a shortfall of ₹25.7 lakh crore at 2011-12 prices. The international environment for growth is bleak. Developed countries even fear a recession. India's growth path in the next few years must depend on domestic investment picking up. Sector-wise growth in investment must be the focus of policymakers in removing bottlenecks and creating a favourable climate.

C. Rangarajan is former Chairman, Prime Minister's Economic Advisory Council and former Governor, Reserve Bank of India. D.K. Srivastava is former Director and Honorary Professor, Madras School of Economics. The views expressed are personal.



THANK YOU

