

UPSC Syllabus Topic GS Paper 2 International Relations – India and its neighbourhood – relations

On India-Bhutan Relations – Closer together

The planned development initiatives between India and Bhutan encompass various sectors, each carrying implications for both nations.

Here's an overview of the potential consequences:

1. Rail Links:

- **Regional Development:** The establishment of rail connections could lead to economic transformations in West Bengal, Bhutan's southern and eastern districts, and northern Bangladesh.

2. Infrastructure Upgrades:

- **Facilitated Trade:** Upgrading checkpoints along the border aims to streamline trade and movement between India and Bhutan.

3. Special Economic Zone:

- **Economic Diversification:** The proposed Special Economic Zone may reduce Bhutan's dependence on hydropower and tourism, fostering economic diversification.

4. Airport Development:

- **Increased Accessibility:** The new airport at Gelephu is expected to enhance accessibility, thereby promoting economic development in the region.

5. Energy Integration:

- **Economic Growth:** The planned 'energy exchange' can contribute to regional growth by sharing hydropower resources among Bhutan, Nepal, Bangladesh, and Sri Lanka.

Implications:

1. Regional Development:

- The infrastructure projects, especially rail links, have the potential to spur economic growth in specific regions, benefitting both India and Bhutan.

2. Economic Diversification:

- Bhutan's move towards a Special Economic Zone indicates a shift from reliance on hydropower and tourism, potentially leading to a more diversified and resilient economy.

3. Reduced Emigration:

- Job opportunities created by these initiatives may curb the emigration of Bhutanese youth and professionals, contributing to talent retention.

4. Increased Exports:

- The Preferential Trade Agreement with Bangladesh can boost the export of Bhutanese goods, enhancing economic prospects for Bhutan.

5. Energy Distribution:

- The energy exchange program has the potential to increase revenue and energy security for Bhutan, contributing to the sustainable development of the region.

6. Strategic Stability:

- These initiatives can play a strategic role by countering China's influence and securing India's northeastern corridor, thereby contributing to regional stability.

UPSC Syllabus Topic GS Paper 2 Social Justice – Issues relating to poverty and hunger.

Extended PMGKAY: Unraveling a Fresh Challenge in Addressing Poverty

The planned development initiatives between India and Bhutan encompass various sectors, each carrying implications for both nations.

PMGKAY is a government scheme introduced in April 2020 during the COVID-19 pandemic, providing free food grains to over 57% of India's population. Under this initiative, each beneficiary receives 5 kg of food grain per month in addition to the Public Distribution System (PDS), where an extra 5 kg of food grain is supplied at a heavily subsidized price. The current annual cost, or food subsidy bill, is estimated to be over Rs. 2 trillion, and it is expected to increase in the coming years.

Impact on India's Food Subsidy Bill:

The food subsidy bill is set to rise due to several factors:

1. Downward Revision of Central Issue Price:

- The recent abolition of the central issue price contributes to the upward trajectory of the food subsidy bill.

2. Upward Revision of MSP (Minimum Support Price):

- Continuous pressure to raise the MSP for agricultural crops adds to the economic costs incurred by the Food Corporation of India (FCI) in procuring grains for the central pool.

3. Higher Procurement by FCI:

- FCI's procurement exceeding the estimated PDS requirement of 50-60 million tonnes is aimed at preventing supply shortages.

Issues with the Extension:

1. Poor Targeting:

- PMGKAY covers 57% of India's population, which may not accurately align with the current poverty level of 10% (World Bank, 2019).

2. Leakages and Diversions of Food:

- The Shanta Kumar Committee reports approximately 50% of food grains being diverted from the PDS system (NSSO, 2011).

3. Issue of Freebies:

- The absence of a sunset clause raises concerns about the sustainability and fiscal impact of the scheme.

Recommendations:

1. Rectifying Inclusion and Exclusion Errors:

- A reassessment of deserving beneficiaries is crucial to ensure that the free food grain supply scheme reaches those in genuine need.

2. Revision of Central Issue Price:

- Timely revision of the central issue price, fixed over a decade ago, can alleviate the government's food subsidy burden.

3. Explore Alternatives:

- Consideration of alternative methods such as direct cash transfers to deserving beneficiaries, equivalent to the government's procurement cost, could provide a more efficient and targeted approach.

Terminology:

- **Central Issue Price (CIP):**

- The subsidized price at which food grains under NFSA are made available to beneficiaries.

- **Sunset Clause:**

- A provision stating that a law or rule will expire on a specific date unless lawmakers decide to extend or renew it. Many laws lack a sunset clause, allowing them to last indefinitely.

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Challenges Arising from the Supreme Court's Most Favored Nation (MFN) Decision – Ruling Impacting International Legal Responsibilities

Concerns Arising from the Ruling:

The author highlights several issues with the verdict, including:

1. Hindrance to Ease of Doing Business in India:

- a. **Tax Burden:** The ruling is expected to impose a significant tax burden, estimated at ₹11,000 crore, on foreign investors.
- b. **Retrospective Application of Laws:** There is a potential for the reopening of past cases due to this ruling.

c. **Uncertainty in Tax Policy:** Both legislative and judicial pronouncements contribute to an uncertain tax policy environment.

2. Undermining the Essence of Most Favored Nation (MFN) Status:

- The ruling contradicts the core concept of MFN status, which is based on non-discriminatory standards in economic treaties. This status ensures that benefits extended to a third country automatically apply to all treaty partners.

3. Issues with the Doctrine of Dualism:

- The Supreme Court's departure from the doctrine of dualism, as observed in cases like Vishakha and Puttaswamy, challenges the principle that domestic law should not contradict India's international law obligations. This departure had previously allowed the courts to uphold progressive international law to safeguard citizens' rights, even in the absence of corresponding domestic legislation.

Terminology:

• **Doctrine of Dualism:**

- This concept implies that international law is not enforceable domestically until it is incorporated into municipal law through enabling legislation.