

DAILY CURRENT AFFAIRS (DCA)

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AGENDA FOR THE 16TH FINANCE COMMISSION

In News

- The 16th Finance Commission chaired by Dr. Arvind Panagariya has begun its work.

About 16th Finance Commission

- The Government of India, with the approval of the President of India, has constituted the Sixteenth Finance Commission, in pursuance to **Article 280(1) of the Constitution**.
- It Focuses on devolution of the consolidated fund to states and local bodies.

Duration and Scope

- The 16th Finance Commission recommendations will cover a period of five years starting from April 1, 2026.
- **Distribution of Tax Proceeds:** Determine how taxes shared between the Union and States (under Part XII, Chapter I of the Constitution) should be distributed.
 - ♦ Allocate shares of these proceeds among the States.
- **Grants-in-Aid Principles:** Define principles governing grants-in-aid of State revenues from the Consolidated Fund of India.
 - ♦ Specify sums to be granted to States under Article 275 of the Constitution, excluding purposes specified in provisos to clause (1) of that article.
- **Augmentation of State Consolidated Fund:** Recommend measures to enhance the Consolidated Fund of a State.
 - ♦ This enhancement aims to supplement resources for Panchayats and Municipalities within the State, based on recommendations from the respective State Finance Commissions.
- **Review of financing Disaster Management initiative:** It is also mandated to review the present arrangements on financing Disaster Management initiatives, with reference to the funds constituted under the **Disaster Management Act, 2005 (53 of 2005)**, and make appropriate recommendations thereon.

Existing Challenges and Issues

- Despite efforts by multiple Finance Commissions, financial support to Urban Local Bodies (ULBs) remains inadequate.

- ♦ The fiscal health of municipalities is poor, affecting both city productivity and quality of life.
- **Intergovernmental transfers (IGTs)** to ULBs are only 0.5% of GDP, much lower than in other developing countries (2-5%).
 - ♦ For instance, South Africa allocates 2.6%, Mexico 1.6%, the Philippines 2.5%, and Brazil 5.1% of their GDPs to their cities.
 - ♦ Other Issues include predictability, earmarking, and horizontal equity of IGTs.
- **Impact of Taxation System:** Introduction of GST reduced ULBs' tax revenue significantly.
 - ♦ State Finance Commissions recommended minimal IGTs from states to ULBs (about 7% of state revenue).
- **Role of Census Data:** Lack of updated Census data (2011 being the latest) hampers evidence-based fiscal devolution.
 - ♦ Significant urbanization and migration to Tier-2 and 3 cities underscore the need for accurate data.
- **Concerns with Parallel Agencies:** Growth of parallel agencies undermines local governments financially and operationally.
 - ♦ Programs like MP and MLA Local Area Development Schemes distort federal structure roles.

Conclusion and Way Forward

- Cities contribute significantly to **India's GDP (66%)** and **government revenues (90%)** and they are Essential for overall national development
- Therefore, **The 16th FC must consider India's urbanisation dynamism**
- Migration to Tier-2 and Tier-3 cities underscores **the importance of capturing demographic changes** and infrastructure demands accurately.
- The 16th Finance Commission should prioritize recommending **robust fiscal measures** to strengthen ULBs financially.
- **Stable IGTs** are critical to supporting ULBs until they can enhance their own revenue generation capabilities.
- **Property tax collection** should be improved in parallel with State GST to enhance local revenues.
- **Emphasis on maintaining transparent accounts** and efficient resource allocation for pollution control, primary healthcare, solid waste management, and drinking water facilities.

Source:TH

CONSTITUTIONAL MORALITY

Context

- While addressing the conference of the National Judicial Academy, CJI touched on the issue of “**constitutional morality**” that paves the way for conditions that respect diversity, promote inclusion and pursue tolerance.

Constitutional Morality

- Constitutional morality entails the **adherence to constitutional norms within a democratic system**.
- It **goes beyond the literal interpretation** to encompass a commitment to values such as sovereignty, social justice, and equality in constitutional adjudication.
- The term was first coined by British historian **George Grote** in his twelve-volume work, A History of Greece.
- In essence, constitutional morality embodies the **balance between freedom and restraint**.
 - ♦ That is, citizens submit to constitutional authorities and, at the same time, have the freedom to criticise those in power.

Constitutional morality in Indian Constitution

- Though the term constitutional morality is not explicitly used in the Indian Constitution, **it is deeply embedded in several of its sections**:
 - ♦ **Preamble:** It outlines the principles that underpin our democracy, including justice, liberty, equality, and fraternity.
 - ♦ **Fundamental Rights:** It safeguards individuals’ rights against the arbitrary use of state power. Notably, the Supreme Court allows for the enforcement of these rights under Article 32.
 - ♦ **Directive Principles:** They provide guidelines for the state to pursue the goals set by the constitution’s framers, drawing from Gandhian, socialist, and liberal intellectual philosophies.
 - ♦ **Fundamental Duties:** Alongside their rights, citizens also have responsibilities to the nation.
 - ♦ **Checks and Balances:** It includes judicial review of legislative and executive actions, legislative oversight of the executive, etc.
- Supreme Court’s viewpoint
- **In the 2015 Krishnamoorthy case**, the court emphasised that constitutional morality is essential for good governance.

- In the case of **Union of India vs. Government of the NCT of Delhi**, it was ruled that high-ranking officials must adhere to constitutional morality and uphold the ideals outlined in the Constitution to prevent the arbitrary use of authority.
- The Court, in the **Government of NCT of Delhi case (2018)**, likened constitutional morality to a “second basic structure doctrine”, emphasising its role in curbing arbitrary authority.
- Similarly, in **Navtej Singh Johar & Ors. vs. Union of India**, the Supreme Court held that **Section 377** infringed upon the rights of the LGBTQI community and violated the fundamental values of individual dignity as enshrined in Articles 14, 19, and 21 of the Constitution.
- In its decision in **Justice K S Puttaswamy and Anr. vs. Union of India and Ors.**, the Supreme Court confirmed the constitutional validity of Aadhaar with certain restrictions, underscoring the role of courts in checking executive abuse of power.
- In the **Justice K S Puttaswamy case (2018)**, the Court reiterated its duty to uphold constitutional morality by nullifying any law or executive action that contravenes the constitution.

Challenges

- There have been debates on the interpretation of constitutional morality, particularly regarding conflicts between individual rights and collective interests or between different constitutional provisions.
- For example, issues like affirmative action, freedom of speech, and right to privacy have all invoked discussions on constitutional morality.

Conclusion

- The **judiciary plays a crucial role** in interpreting the Constitution and upholding its values.
 - ♦ Courts often invoke constitutional morality to strike down laws or actions that violate fundamental rights or undermine democratic principles.
- Constitutional morality **is not static but evolves** over time to reflect changing societal norms and values.
- In conclusion, constitutional morality in India serves as a **guiding principle for governance**, ensuring that all actions and decisions adhere to the core values enshrined in the Constitution.

- It is a dynamic concept that balances rights with responsibilities and facilitates the progress towards a just and equitable society.

Source: TH

PROGRESS MADE ON SUSTAINABLE DEVELOPMENT GOALS

Context

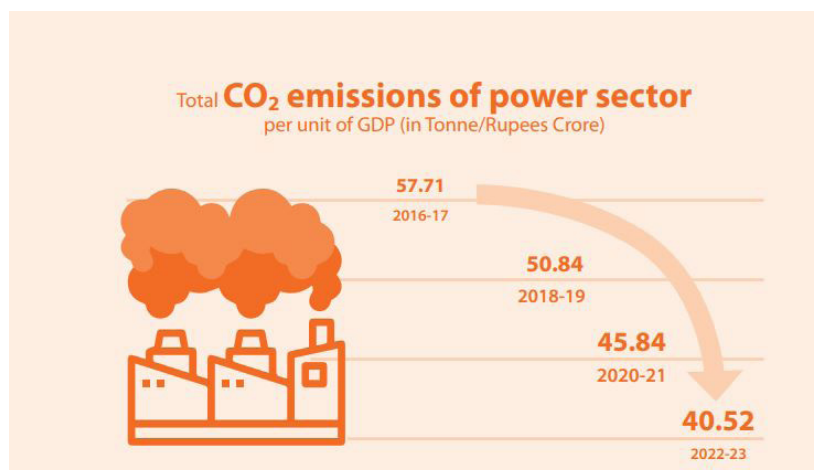
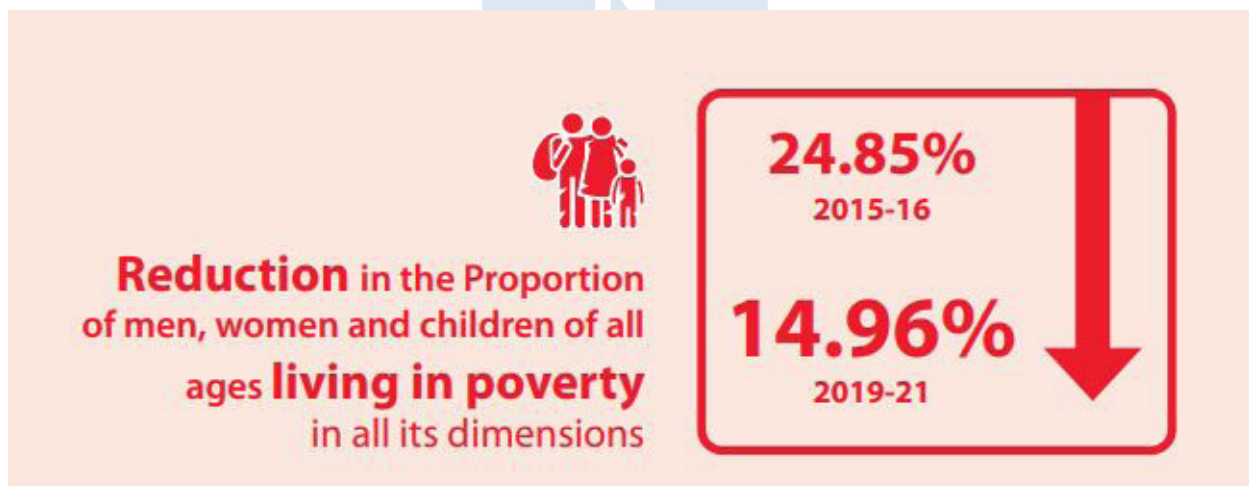
- India has made **significant progress** in **Sustainable Development Goals (SDGs) indicators** but needs to address challenges in certain areas, according to the **National Indicator Framework progress report 2024**, launched on the Ministry of Statistics and Program Implementation's (Mospi's) 18th National Statistics Day.

Findings

- The report presents the **time series data on the SDG national indicators** based on the data received from the concerned line ministries.
- **The National Indicator Framework** tracked 290 indicators across 17 SDG goals.

- **Progress Made: The neonatal mortality ratio has declined** to 20 per 1000 live births during 2020 compared with 25 in 2015.

- ♦ **The share of fully vaccinated children** (between 12-23 months of age) increased to 76.6 per cent in 2019-21 from 62 per cent in 2015-16.
- ♦ **The gross enrolment ratio** or number of students enrolled as a proportion of the school-age population for higher secondary had risen nearly ten percentage points to 57.6 in 2021-22 from 48.32 in 2015-16.
- ♦ In terms of **decent work and employment opportunities**, the total outstanding credit to MSMEs stood at Rs 22.6 trillion in 2022-23 from Rs 12.16 trillion in 2015-16.
- ♦ **The number of waste recycling plants** installed has increased from 829 in 2020 to 2447 in 2024
- ♦ **The Maternal Mortality Ratio** has declined from 130 per 1,00,000 live births in 2014-16 to 97 per 1,00,000 live births in 2018-20.



- **Challenges in Areas: The gender wage gap for casual labourers has widened** compared to 2017-18. In 2022-23 (July-September), the average wage gap between male and female casual labourers widened to Rs 178, compared with Rs 96 in 2017-18.
 - ♦ Similarly, **the amount of hazardous waste generated** per capita increased to 9.28 metric tonnes in 2022-23 from 7.19 metric tonnes in 2017-18.

Sustainable Development Goals (SDGs)

- **Adoption:** The United Nations General Assembly, during its **70th Session in 2015**, adopted the document titled “Transforming our World: The 2030 Agenda for Sustainable Development.”
 - ♦ This document outlines 17 Sustainable Development Goals (SDGs) and 169 associated targets.
- The SDGs, also known as the Global Goals, **came into force with effect from 1st January 2016**.
 - ♦ Countries are primarily responsible for following up and reviewing the progress made in implementing the goals and targets at the national level until 2030.
- **Legality:** The SDGs are not legally binding, but they have effectively become international obligations and have the potential to reorient domestic spending priorities in countries.
 - ♦ Countries are expected to take ownership and develop a national framework to monitor these goals.
- **Aim:** The SDGs serve as a **comprehensive blueprint** aimed at **achieving a better and more sustainable future for all**.
- The goals **call for action on addressing global challenges** such as poverty, inequality, climate change, environmental degradation, peace and justice.
- **Applicability:** The SDGs are universal, applying to all nations—developed, developing and least developed countries.



Source: BS

GST COMPLETES SEVEN YEARS

Context

- As the Goods and Services Tax (GST) completes seven years in June 2024, the gross monthly collection reached Rs 1.74 lakh crore, marking a 7.7% increase compared to the previous year.

About

- The **101st Amendment Act of 2016** paved the way for the introduction of GST and was implemented on **1 July 2017**, in India.
- The GST taxpayer base has increased to **1.46 crore in April 2024** from 1.05 crore as of April 2018.

Goods and Services Tax (GST)

- GST is a **unified tax system** that replaced multiple indirect taxes levied by both the Central and State Governments.
- The GST system follows a dual structure, comprising **Central GST (CGST) and State GST (SGST)**, levied concurrently by the Central and State governments, respectively.
- Additionally, an **Integrated GST (IGST) is levied on interstate supplies and imports**, which is collected by the Central Government but apportioned to the destination state.

Goods and Services Tax (GST) Council

- The Goods and Services Tax (GST) Council is a **constitutional body established under Article 279A** of the Indian Constitution through the **101st Amendment Act of 2016**.
- **The Union Finance Minister** is the Chairperson of the GST Council.
- The GST Council makes recommendations to the Union and the States on key GST-related issues, including:
 - ♦ Taxes, cesses, and surcharges to be subsumed under GST
 - ♦ Goods and services to be subject to or exempt from GST
 - ♦ Model GST laws, principles of levy, and apportionment of IGST
 - ♦ Tax rates, thresholds, special provisions, and any other matter relating to GST
- **Dispute resolution:** The Council also serves as a platform to resolve disputes between the Centre and the States or among the States themselves on GST-related matters.
- The Centre has one-third of the total voting power, while the States collectively have two-thirds.

Salient Features of GST

- **One Nation, One Tax:** GST brought uniformity in the tax structure across India, eliminating the cascading effect of taxes.
- **Destination-based Tax:** GST is a destination-based tax, levied at each stage of the supply chain, from the manufacturer to the consumer.
- **Input Tax Credit (ITC):** GST allows for the utilization of input tax credit, wherein businesses can claim credit for the tax paid on inputs used in the production or provision of goods and services.

This helps avoid double taxation and reduces the overall tax liability.

- **Online Compliance:** GST introduced an online portal, the Goods and Services Tax Network (GSTN), for registration, filing of returns, payment of taxes, and other compliance-related activities.
- **Anti-Profiteering Measures:** The government established the National Anti-Profiteering Authority (NAA) to monitor and ensure that businesses do not engage in unfair pricing practices and profiteering due to the implementation of GST.
- **Composition Scheme:** The composition scheme is available for small taxpayers with a turnover below a prescribed limit. Under this scheme, businesses are required to pay a fixed percentage of their turnover as GST and have simplified compliance requirements.

Challenges

- **Refund delay issues:** the Government has taken many steps to smoothen the process of export refunds, automatic processing of refunds has always been an area of major concern under GST.
- **Adoption & Technical Issues:** Small and medium businesses are still grappling to adapt to the tech-enabled regime.
- **The 15th Finance Commission**, in its report, has also highlighted several areas of concern in the GST regime relating to:
 - ♦ multiplicity of tax rates,
 - ♦ shortfall in GST collections vis-à-vis the forecast,
 - ♦ high volatility in GST collections,
 - ♦ inconsistency in filing of returns,
 - ♦ dependence of States on the compensation from Centre

Way Ahead

- Goods and Services Tax (GST) has undoubtedly marked a **watershed moment in India's economic landscape**. By streamlining the indirect tax system, it has paved the way for a more efficient and transparent tax regime.
- Despite initial challenges and ongoing adjustments, GST holds the promise of fostering economic growth, improving tax compliance, and creating a more robust revenue system for the government.
- As the Indian economy continues to grow, the GST framework should be fine-tuned to address challenges and reap maximum benefits.

Source: IE

WORLD'S FIRST BRAIN IMPLANT TO CONTROL EPILEPTIC SEIZURES WORKS

Context

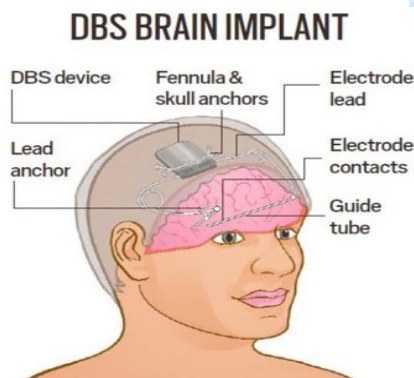
- A UK-based teenager, Oran Knowlson, has become the first person in the world to be fitted with a brain implant to help bring his **epileptic seizures** under control.

Deep brain stimulation (DBS)

- The device uses DBS, which is also **utilized for movement disorders** associated with **Parkinson's**, and other neurological conditions.
- The device, which sends electrical signals deep into the brain, has **reduced Knowlson's daytime seizures by 80%**.

How does the device work?

- The neurostimulator delivers constant **electrical impulses** to the brain to disrupt or block abnormal seizure-causing signals.
- The device was surgically implanted in **Knowlson's skull** and anchored using screws.
- The device was switched on after Knowlson recovered from his surgery. It can be recharged by a wireless headphone.



What is Epilepsy?

- Epilepsy**, a condition that leads to recurring seizures, sees a person experience jerking of arms and legs, temporary confusion, staring spells, or stiff muscles.
 - It is caused by abnormal electrical activity in the brain.
- Cause:** The disease has no identifiable cause in nearly 50% of the cases. However, head trauma, tumors in the brain, some infections like meningitis, or even genetics can lead to epilepsy.
- Impact:** It can increase the risk of accidents, drownings, and falling.

Prevalence

- Around **50 million** people worldwide have epilepsy and **nearly 80%** of people with epilepsy live in low- and middle-income countries.
- According to a Lancet study, 2022, In India, between **3 and 11.9 per 1,000 people** suffer from epilepsy.

WHO Response

- The first global report on epilepsy produced in 2019 by WHO, **Epilepsy: A public health imperative**, highlighted the available evidence on the burden of epilepsy and the public health response required.
- The 75th World Health Assembly adopted the **Intersectoral global action plan on epilepsy and other neurological disorders 2022–2031**, which recognizes the shared preventive, pharmacological and psychosocial approaches between epilepsy and other neurological disorders.

Source: IE

NEWS IN SHORT

SANTHAL HUL

Context

- In Jharkhand, June 30 is observed as Hul Diwas, marking the anniversary of the 1855 Santhal rebellion/ Santhal Hul, one of the earliest peasant uprisings against the British.

Santhal Hul

- Santhal Hul of 1855 was a revolt against imperialism led by four brothers, **Sidho, Kanho, Chand, and Bhairav Murmu**, along with sisters **Phulo and Jhano**.
- The Santhals also fought against the upper castes, zamindars, darogas, and moneylenders, described by the umbrella term '**diku**', in an attempt to safeguard the economic, cultural, and religious aspects of their lives.

Genesis of the uprising

- In 1832, certain areas were delimited as '**Santhal Pargana**' or '**Damin-i-Koh**', in present-day Jharkhand.
 - The area was allocated to the Santhals from areas of the Bengal Presidency.

- However they followed the repressive practice of land-grabbing and begari (bonded labor) of two types: kamioti and harwahi.
- The Murmu brothers led around **60,000 Santhals** against the East India Company and engaged in guerrilla warfare.
 - ♦ The British hanged Sidhu in 1855, followed by Kanhu in 1856.

The SPT and CNT Acts

- **The Santhal Pargana Tenancy Act of 1876 (SPT Act)** enacted by the British, prohibited the transfer of Adivasi lands (urban or rural land) to non-Adivasis.
 - ♦ The land can only be inherited as per the Act, thus retaining the rights of Santhals to self-govern their land.
- **The Chotanagpur Tenancy Act, (CNT Act)** enacted by the **British in 1908** as a result of the Birsa Movement, allows land transfers within the same caste and certain geographical areas with the approval of the District Collector.

Source: IE

SHYOK RIVER

In News

- Five soldiers killed after T-72 tank swept away in Shyok river in eastern Ladakh

About Shyok river

- The Shyok river is a tributary of the Indus river, located in the northern part of the Indian subcontinent.
- The river system originates in the Rimo Glacier of Siachen and flows through the Karakoram Range and enters Gilgit-Baltistan.
- The Nubra River is a tributary of the River Shyok .

Do you know ?

- Shyok is a small village located on the banks of the Shyok River in Nubra Valley, Ladakh, India.
- It is situated at an elevation of 3,700 meters (12,100 feet) and is the last village on the Indian side of the road to Daulat Beg Oldie (DBO), a military base near the India-China border.

Source: TH

KOZHIKODE: UNESCO 'CITY OF LITERATURE

In News

- Kerala's Kozhikode has become **India's first UNESCO 'City of Literature'**.

About programme

- UNESCO's **City of Literature programme** is part of a wider Creative Cities Network which was launched in 2004 and is currently made up of 350 UNESCO Creative Cities globally.
 - ♦ Members are drawn from more than 100 countries
- UNESCO offers Creative Cities status to cities across the globe based on their cultural contributions and traditions in categories such as **Design, Film, Gastronomy, Literature, Media Arts, Music and Folk Art.**
- The annual conference provides the member cities with a platform to share knowledge, experiences and good practices towards building sustainable cities of tomorrow.
- The theme of the annual conference of **UCCN this year is "Bringing youth to the table for the next decade."**

Source:TH

PROJECT NEXUS

In News

- The Reserve Bank of India (RBI) has joined Project Nexus.

About Project Nexus

- Project Nexus is conceptualised by the Innovation Hub of the **Bank for International Settlements (BIS).**
- It is the first BIS Innovation Hub project in the payments area to move towards live implementation.
- It seeks to enhance cross-border payments by connecting multiple domestic instant payment systems (IPS) globally.
- BIS will facilitate central banks and IPS operators of **India, Malaysia, the Philippines, Singapore and Thailand** as they work towards live implementation in the next phase, with Bank of Indonesia as special observer.
- The platform is expected to go live by 2026.

Source:TH

ROAD CAVE-INS

Context

- **Heavy rainfall** has led to incidents of **road cave-ins** in several cities in the last few days.

About

- The **cave-ins or cavities** that **look like holes** in the ground are a **product of the incessant rain**.



- **Reason:** Continuous rain leads to overflowing of drains, which can cause leaks in the pipeline.
 - ♦ Water from the pipeline flows into the layers of earth around it, the earth starts to erode and it gets washed away with the water in the pipeline.
 - ♦ Eventually, the portion of the road over it collapses because of the erosion.
- Once such an incident takes place, authorities concerned stop the flow of the water through the pipelines, then authorities fill the cavity with the required material.
- **Prevention:** Installing a system that checks the flow at the start point and one at the endpoint, would be able to help authorities know that there is a leak.
 - ♦ If the leakage is plugged early, the cave-in can be avoided.

Source: IE

HURRICANE BERYL

Context

- Hurricane Beryl has made landfall with floods in Barbados, St Vincent and the Grenadines and Grenada.

How do hurricanes form?

- Warm ocean water and humid, moist air are the two key components needed for hurricanes.
 - ♦ Warm seawater evaporates, releasing heat energy into the atmosphere.

- ♦ The storm's winds become stronger as a result. Without it, hurricanes can't become stronger and will eventually die.

Difference between Cyclone, typhoon, and hurricane?

- These large storms have **varied names based on where and how they formed**, although theoretically being the same phenomenon.
- **Hurricane:** When storms that develop over the Atlantic Ocean or the central and eastern North Pacific, attain wind speeds of at least 74 miles per hour, they are referred to as "hurricanes" (119 kilometers per hour).
- **Typhoons in East Asia** are the name given to ferocious, spinning storms that develop over the Northwest Pacific.
- **Cyclones:** It develops across the Indian Ocean and South Pacific.

Source: IE

SCHOLAR WARRIORS

Context

- Air Chief Marshal VR Chaudhari recently highlighted the **military concept of "scholar warriors"** in his speech at an event.

About

- Scholar warrior is a military professional who **combines intellectual acumen with combat prowess** in today's increasingly complex and dynamic security environment.
- It is aimed at **creating well-rounded military practitioners** who possess academic knowledge and statecraft alongside their core war-fighting skills.
- **Significance:** Trained in warfare strategies, latest technologies and strategic relations with other countries, scholar warriors are understood to be well-versed to decipher complex situations, think critically and act in anticipation of threats emerging from a situation, and **formulate unique responses accordingly**.
 - ♦ Their training, knowledge and strategic thinking also promotes **adaptability in different operational scenarios**.

Source: IE

