

Mains Master

An Af-Pak warning

Context

- Pakistan, long familiar with the role of both terror perpetrator and victim, has witnessed a surge in high-profile terror attacks. This renewed instability threatens Chinese investments and personnel linked to the China-Pakistan Economic Corridor (CPEC).

Background

- Pakistan's troubled history with internal militancy stems from a combination of factors:
 - Alienation of ethnic minorities, particularly in Balochistan and tribal regions.
 - State-sponsored religious extremism and sectarianism.
 - Use of terrorism as a tool of foreign policy.
 - Troubled relationships with neighbors and resulting border disputes.

Recent Terrorist Attacks in Pakistan

- Three major attacks within a week shook the nation:
 - Balochistan Liberation Army claimed responsibility for strikes on the Turbat naval air base (suspected to deploy Chinese drones) and Gwadar port facilities (heavily Chinese-invested).
 - Attack in Khyber Pakhtunkhwa on Chinese engineers building the Dasu Hydropower Project on the Indus River under CPEC (similar to a 2021 attack).

Why are CPEC Projects Targeted?

- Chinese interests are a prime target due to their deep involvement in the CPEC. Despite attempts to form a special protection force, attacks continue as a serious concern.
- China has publicly maintained composure while privately pressuring Pakistan to address the security threats.

Pakistan's Frankenstein Monster: Terrorist Groups

- Pakistan, despite blaming India for the terrorism, inadvertently created its own crisis through policies that contributed to:
 - Growth of domestic militants who now turn their violence inwards.
 - Taliban-ruled Afghanistan failing to control TTP activities within its borders.
 - Spread of ISIS-K influence, linked to attacks in Pakistan, Afghanistan, and beyond.

Spillover Effects for India and the Region

- Balochistan's exploitation, aided by China via CPEC, breeds resentment - particularly concerning Gwadar's strategic position.
- China's potential naval presence near the Strait of Hormuz alarms regional and global observers.
- India must remain vigilant against the rising tide of terror potentially crossing its borders.

Critical Outlook

- Pakistan's standard threats to "crush" terrorism signal a failed strategy of force rather than addressing root causes.
- Though some potential exists for positive shifts in Pakistan's foreign policy and trade stance with India, past patterns make results uncertain.

Possible Solutions

- Pakistan needs a fundamental policy change, unlikely in the near term:
 - Reconciliation with minorities
 - Combating religious extremism
 - Re-examining foreign policy that utilizes terror groups

Conclusion

The recent surge in attacks highlights the risks of Pakistan's past actions and China's growing involvement in a volatile region. While solutions are complex and unlikely to be quickly adopted, vigilance is key for India, with the potential for terrorism spilling beyond the Af-Pak region increasingly evident.

Should State Governments borrow more?

Context

- India's federal structure leads to a significant disparity in revenue collection and spending obligations between the Union and State governments.
 - Data: The Union government consistently collects around 60-65% of overall tax revenue in the country.
 - This imbalance forces states to consider borrowing to bridge the gap between their revenue generation and essential expenditure.

Background

- Kerala's legal challenge to the Union government's debt ceiling targets the core of fiscal federalism – the balance of power between levels of government.
 - Data: The Union government's borrowing limit for Kerala is 3% of GSDP, which Kerala argues is insufficient to meet its expenditure needs, including social welfare programs.

Why States Need More Funds

- State governments bear primary responsibility for crucial social services, particularly health and education. These critical sectors require continuous investment.
 - Data: In 2022-23, State governments collectively spent over 8 times more than the Union government on social services.
 - Union government spending emphasizes different priorities, with greater focus on areas like defense, infrastructure, and subsidies.

Changing Expenditure Patterns

- State governments, nationwide, demonstrate an increased commitment to development, evident in the rising percentage of their budgets dedicated to social sectors.
 - Data: The combined developmental expenditure of State governments increased from 8.8% of GDP in 2004-05 to 12.5% in 2021-22.
 - The Union government's developmental spending as a proportion of GDP has seen less dramatic change over the same period, highlighting diverging priorities between the levels of government.

Kerala's Model

- Kerala's historical emphasis on social sector spending has driven exceptional outcomes:
 - Data: Kerala boasts India's highest literacy rate (96.2%) and substantially better health indicators than the national average.
 - However, Kerala now confronts economic challenges:
 - Data: A significant 16.4% of the state's budget is allocated for pensions, with only 10.6% for capital expenditure in 2022-23, which may impact future economic growth.

Kerala's Argument Against Debt Ceiling

- Kerala asserts that borrowing restrictions undermine state autonomy and its ability to address development challenges within the principles of federalism.
 - The state emphasizes the need for higher education investment and fostering a knowledge economy, which may require additional borrowing capacity.



Debt: Good or Bad?

- Exaggerated fears often surround debt-funded government spending.
- Keynesian economics posits that government borrowing, when strategically targeted, can stimulate the economy by:
 - Fact: Creating jobs through infrastructure projects or public service expansion.
 - Fact: Boosting aggregate demand, aiding businesses in times of slow growth.

Conclusion

- India's fiscal federalism necessitates a re-examination of the current financial arrangements between the Union and State governments.
- Kerala's case raises questions about the optimal balance between fiscal autonomy and responsibility, requiring solutions that prioritize long-term sustainable development across India.

A Keynesian Perspective

- India's fiscal structure, with the Kerala case as an example, highlights the ongoing debate on the optimal use of government spending for economic and social development.
- Keynesian economics offers a lens for understanding debt as a potential tool:
 - Borrowing can be used for strategic interventions during economic slowdowns to boost demand and create jobs.
 - Kerala's social sector spending aligns with the Keynesian focus on investments that have a multiplier effect, improving lives and fostering long-term economic growth.
- **Key Considerations:**
 - Debt must be used responsibly, targeting investments that generate income, growth, and make the economy stronger.
 - States need fiscal autonomy to meet their particular needs but must ensure borrowing leads to sustainable growth.
 - Collaboration between the Union and State governments is crucial for a healthy federal structure and overall economic success.

Risk from glacial lake floods

Glacial Lake Outburst Floods (GLOFs): A Rising Threat

- **Uttarakhand's Action:** The state government has formed expert teams to assess the risk of five potentially dangerous glacial lakes to minimize the impact of potential GLOF events.
- **National Concern:** India's National Disaster Management Authority (NDMA) has identified 188 glacial lakes in the Himalayas with potential for breaches, 13 of which are in Uttarakhand.
- **Climate Change Factor:** Rising temperatures accelerate glacier melt, increasing both the size and number of glacial lakes, raising the risk of GLOFs.

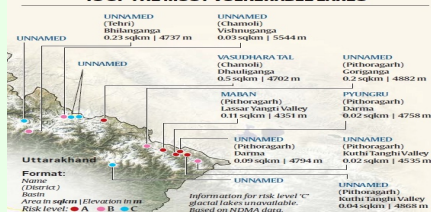
What are GLOFs?

- **Definition:** GLOFs are sudden and devastating floods caused by the breach of glacial lakes – bodies of meltwater held back by unstable ice or debris.
- **Triggers:** Breaches can be caused by factors such as glacial calving (ice breaking off), landslides, or avalanches.
- **Impact:** GLOFs can devastate downstream areas with destructive floods, destroying infrastructure and causing loss of life.

Why the Increased Focus on GLOFs?

- **Climate Change:** Rising global temperatures lead to faster glacier melt, increasing the frequency and intensity of GLOF events.
- **Infrastructure Risks:** Development in vulnerable mountain areas puts communities, buildings, and infrastructure at risk.
- **Global Threat:** Millions of people globally, particularly in India and Pakistan, live in areas at risk from GLOFs.

13 OF THE MOST VULNERABLE LAKES



Uttarakhand's Situation

- **Past Disasters:** The state has suffered major GLOFs in 2013 (Kedarnath) and 2021 (Chamoli).
- **Risk Assessment:** Uttarakhand has 13 lakes prone to GLOFs, with five categorized as the highest risk ('A' category).
- **Climate Outlook:** Uttarakhand's temperatures are projected to increase further, potentially exacerbating the GLOF risk.

RING OF FIRE

Taiwan Earthquake Highlights Dangers of the "Ring of Fire"

- **Devastation:** A powerful earthquake (magnitude 7.2 - 7.4) strikes Taiwan, causing significant casualties and damage.
- **Location:** Taiwan sits on the Pacific "Ring of Fire," a seismically hyperactive zone around the Pacific Ocean.

What is the Ring of Fire?

- **Definition:** A vast, horseshoe-shaped belt along the Pacific Ocean, marked by frequent earthquakes and volcanic activity.
- **Cause:** Formed by the interaction and movement of multiple tectonic plates.



Why is the Ring of Fire prone to earthquakes?

- **Tectonic Friction:** Plates colliding, sliding past, or overriding each other create friction and pressure.
- **Stuck Faults:** When pressure builds, the stuck edges of plates suddenly release, causing an earthquake.
- **Taiwan's Case:** The Philippine Sea Plate and Eurasian Plate interaction caused this earthquake.

Why Does the Ring of Fire have so many volcanoes?

- **Subduction:** When heavier tectonic plates are forced under lighter ones, creating trenches and heating material inside the Earth's mantle.
- **Magma Formation:** This heat and volatile elements create magma which rises to the surface.
- **Volcanoes:** As the magma erupts from the surface, volcanic formations occur.