

Mains Master

Households' debt surged to new high by Dec. 2023

Context

- India is experiencing a surge in household debt levels alongside a decline in financial savings.

Background

- The Reserve Bank of India (RBI) initially estimated a 47-year low for net financial savings in 2022-23.
- The Finance Ministry disputed these findings, arguing that increased borrowing to purchase physical assets was a sign of economic confidence.
- Revised national income estimates still show the lowest net financial savings in 47 years, along with significant household debt.

Key Findings of the Report

- Household debt levels in India have reached an all-time high of 40% of GDP by December 2023.
- Household net financial savings have dropped to their lowest level of around 5% of GDP, compared to the average of 7.6% recorded between 2011-12 and 2019-20.
- The declining net financial savings is attributed to weak income growth, robust consumption, and growth in physical savings by households.
- The rising household debt levels are driven primarily by unsecured personal loans, followed by secured debt, agricultural loans, and business loans.
- The fall in net financial savings and lower savings in 2022-23 are not seen as an exception, and the analysts estimate these savings to remain in the 5-5.5% of GDP range in 2023-24 as well.

Inferences to be Drawn

- The high household debt levels and low financial savings could indicate rising financial distress among Indian households.
- The shift towards more physical savings and borrowings to finance consumption and investment (like real estate) could suggest a change in household behavior and risk appetite.
- The trend could have implications for the overall economy, as it may impact consumption, investment, and the banking sector's asset quality.
- Policymakers may need to address the underlying factors contributing to this trend, such as income growth, access to credit, and financial literacy, to ensure financial stability and household resilience.
- Need for further research and monitoring of household financial health, as it has broader macroeconomic implications.

Lessons for Policymakers

- Policies are needed to boost income growth, especially in lower-income households.
- Incentives to encourage financial savings should be considered.
- There needs to be a focus on responsible lending practices to help mitigate the risks associated with unsecured personal loans.

Way Forward

- Continued monitoring of household debt and savings trends is essential.
- Policy interventions must strike a balance between encouraging investment in physical assets and promoting a healthy culture of financial saving for households.
- Addressing the root causes of income inequality will be crucial to boosting long-term financial stability for Indian households.

States being compelled to move court against Centre: Supreme Court

Context

- Multiple states are finding themselves in legal battles with the Central government (India's federal government) over issues of financial aid and resource allocation.

This trend highlights a potential breakdown in cooperative federalism.

Background

- Tamil Nadu has accused the Centre of "step-motherly" treatment in delaying disaster relief funds.

- Kerala has sued the Centre over interference in its borrowing limits, causing a financial crisis.
- Karnataka is facing a humanitarian crisis due to drought but has received no disaster relief funding for six months.

Supreme Court Observations

- The Supreme Court expressed concern about the growing number of states taking legal action against the Centre.
- Justice B.R. Gavai cautioned the Centre against entering contests with states, highlighting the need for collaboration rather than conflict.

Is "Combative Federalism" on the Rise?

There's a strong argument to be made that "combative federalism" is on the rise, particularly in nations with federal government structures. Here's a breakdown of why and how this is occurring:
What is Combative Federalism?

- Departure from Cooperation:** Combative federalism represents a shift away from the traditional model of cooperative federalism where different levels of government (national, state/provincial, etc.) collaborate on policy and share power.
- Increased Tension & Conflict:** In combative federalism, the emphasis is on competition. States or provinces may challenge the authority of the central government more frequently, using legal, political, and public opinion tactics to resist what they view as overreach.

Factors Fueling Combative Federalism:

- Political Polarization:** Increased political divisions between parties at different levels of government lead to greater friction in federal systems. Parties in power at the state level might actively resist policies pushed by a national government controlled by their political opponents.

- Resource Disputes:** Arguments over funding, taxation, and the distribution of resources are a constant in federal systems. When these become deeply contentious, contributing to the feeling that states are being treated unfairly, combative federalism tendencies rise.

Ideological Differences: When central and regional governments hold fundamentally different views on issues like social programs, economic regulation, or environmental policy, the potential for conflict increases significantly.

- Centralization of Power:** Perceived attempts by the central government to expand its control over traditional areas of state/provincial power can trigger strong resistance and lead states to adopt a combative federalist stance.

Manifestations of Combative Federalism

- Legal Challenges:** States or provinces frequently file lawsuits against the central government when they believe federal laws or actions infringe upon their constitutional rights.
- Public Campaigns:** Regional governments might launch media and public relations campaigns to garner support against national government policies they oppose.
- Disobedience or Non-Compliance:** In some cases, states might simply refuse to implement federal regulations or programs they find objectionable.
- Political Mobilization:** State governments might work actively to mobilize political opposition to the central government, fueling a cycle of increased tension.

Consequences

- Policy Gridlock:** Combative federalism can slow down decision-making and hinder the implementation of national policies.
- Erosion of Trust:** Heightened conflict erodes trust between different levels of government, making future cooperation more difficult.
- Public Confusion:** Citizens might become disillusioned with the political process as they witness infighting and dysfunction.
- Potential for Instability:** In extreme cases, combative federalism, driven by deep divisions, could threaten the stability of the entire federal system.

Conclusion

- The rising instances of states approaching the Supreme Court against the Centre indicate a worrying decline in cooperative federalism principles.

It's essential to investigate the underlying causes of these conflicts and find ways to restore a more collaborative approach to governance for the benefit of the entire nation.



Matua sect founder's house at the heart of family row in Bengal

📖 Matua is a local Hindu religious sect founded by Harichand Thakur of Gopalganj, meaning to be absorbed in divine meditation.

🙏 The Matua sect is monotheist, focusing on faith, devotion, and meditation rather than Vedic rituals.

👥 They believe in equality, allowing both men and women to be religious teachers and promoting equal rights for males and females.

🎵 The Matua festival includes communal worship, singing kirtan, and playing musical instruments like jaydabka and conch.

📖 Shrishriharilamtra is a principal religious scripture of the Matua, emphasizing kindness to all creatures and equality of life.

🏠 The Matuas are present in Bangladesh and West Bengal, with their main temple in Orakandi, Gopalganj, where an annual fair is held in honor of Harichand Thakur.

🌿 Matua sect beliefs, practices, and festivals are centered around love, equality, and devotion to God.

Right against climate change a fundamental right, says SC

🌍 The Supreme Court of India has recognized the right against the adverse effects of climate change as a fundamental human right, linked to Articles 21 and 14 of the Constitution.

👉 Chief Justice Chandrachud emphasized that the rights to life and equality are interconnected with a clean, stable environment, impacting health and underserved communities.

🐼 A recent judgment connected to the survival of the Great Indian Bustard species highlighted the importance of addressing climate change and its adversities.

🌱 The court stressed the crucial role of solar power in combating climate change, citing reasons such as energy demand growth, air pollution, and declining groundwater levels.

☀️ Shifting towards renewable energy sources like solar power not only enhances energy security but also helps in reducing air pollution and improving public health.

Strong link between high glycaemic index diet and diabetes, says study

🍽️ Consuming low glycaemic index and low glycaemic load diets may help prevent the development of type 2 diabetes, especially for individuals with a higher BMI.

📊 A study published in The Lancet Diabetes and Endocrinology found a strong association between high GI and GL diets and the risk of type 2 diabetes across five continents.

📖 The Glycaemic Index (GI) ranks carbohydrate-containing foods based on blood glucose response, while Glycaemic Load (GL) considers both quality and quantity of carbohydrates in a serving.

📊 The Glycemic Index (GI) ranks carbohydrate-containing foods based on how quickly they raise blood sugar levels, with high GI foods causing rapid spikes and low GI foods leading to gradual increases.

📖 Choosing low GI foods (55 and below) can aid in managing blood sugar levels for individuals with diabetes, as well as supporting weight control, energy improvement, and heart disease risk reduction.

📖 The Glycemic Load (GL) considers both the speed and quantity of carbohydrates in a serving, offering a more accurate reflection of a food's impact on blood sugar levels.

📖 GL is a valuable tool for predicting overall blood sugar response to food, helping in making informed choices for blood sugar management, weight control, and overall health.

Cochin Shipyard signs ship repair agreement with the U.S. Navy

🚢 Cochin Shipyard signs agreement with U.S. Navy to repair vessels, becoming the third Indian shipyard to do so.

🤝 The Master Shipyard Repair Agreement (MSRA) aims to enhance cooperation in ship maintenance between India and the U.S.A.

🇮🇳 India and the U.S. seek to establish India as a hub for U.S. Navy asset maintenance, reducing costs and turnaround time.

🇬🇧 The U.K.'s Littoral Response Group undergoes maintenance at L&T shipyard in Chennai, showcasing India-UK defense collaboration.

Characteristic	Combative Federalism	Cooperative Federalism
Relationship between Centre and States	Adversarial, confrontational	Collaborative, mutually supportive
Approach to Governance	Rigid, top-down control by Centre	Flexible, shared responsibility between Centre and States
Resolution of Disputes	Through legal challenges and court battles	Through dialogue, negotiations and consensual decision-making
Autonomy of States	Limited, Centre exercises greater control	Greater autonomy and flexibility for States
Policy-making	Centralized, with limited State involvement	Decentralized, with active participation of States
Funding Mechanism	Conditional grants, tied to specific schemes	Untied grants, States have flexibility in utilization
Accountability	Primarily to the Centre	To both the Centre and the people of the State
Emphasis	Power dynamics between Centre and States	Cooperative problem-solving and collective progress
Examples	Tamil Nadu vs Centre on disaster relief funds, Kerala vs Centre on borrowing limits	GST Council, Inter-State Council,

Mains - inShorts

Innovations in traditional methods revolutionising farming in Rajasthan's parched Shekhawati

Rajasthan farmers combat drought with innovative techniques

- Farmers in the Shekhawati region face declining groundwater levels and unpredictable rainfall, threatening traditional farming methods.
- To adapt, farmers are implementing innovative techniques like rainwater harvesting, drip irrigation, climate-controlled polyhouses, and solar power to optimize water use.
- They are also diversifying by growing high-value vegetables and fruits, and turning their produce into value-added products like jams and preserves for increased income.
- Some farmers are embracing organic farming methods for sustainable and profitable agriculture.
- These innovations have led to significantly higher incomes and increased crop yields, revitalizing the farming sector.
- Despite these successes, farmers are demanding a long-term solution by calling for access to canal water to ensure water security in the arid region.