



Current Affairs of the Day

SC says the Center and States have equal powers to make GST-related laws

1. The Supreme Court in a judgment championing the importance of “cooperative federalism” for the well-being of democracy,

What next?

FOR BUSINESSES

- Goods importers get some relief as they are no longer liable to pay GST on ocean freight charges; could seek refunds for past payments

reiterates the spirit in which the GST Council is functioning



- “All but one decision of the Council has been reached by consensus so far”

FOR THE CENTRE AND STATES

- Finance Ministry believes SC order only

- The Council may be summoned soon to discuss SC verdict's implications

An administrative body created by the Constitution cannot have an overriding right on the legislature

TARUN BAJAJ, Revenue Secretary

The Centre had been arbitrarily imposing its decisions on States... We hope the verdict would pave the way for States to protect their rights

K.N. BALAGOPAL, Kerala Finance Minister

held that Union and State legislatures have “equal, simultaneous and unique powers” to make laws on Goods and Services Tax (GST) and the recommendations of the GST Council are not binding on them.

- The apex court's decision came while confirming a Gujarat High Court ruling that the Center cannot levy Integrated Goods and Services Tax (IGST) on ocean freight from Indian importers.
- The recommendations of the GST Council are the product of a collaborative dialogue involving the Union and the States. They are recommendatory in nature.
- The recommendations only have a persuasive value. To regard them as binding would disrupt fiscal federalism when both the Union and the States are conferred equal power to legislate on GST.
- The court emphasized that Article 246A (which gives the States power to make laws with respect to GST) of the Constitution treats the Union and the States as “equal units”.
- “It confers a simultaneous power (on Union and States) for enacting laws on GST... Article 279A, in constituting the GST Council, envisions that neither the Centre nor the States are actually dependent on the other”



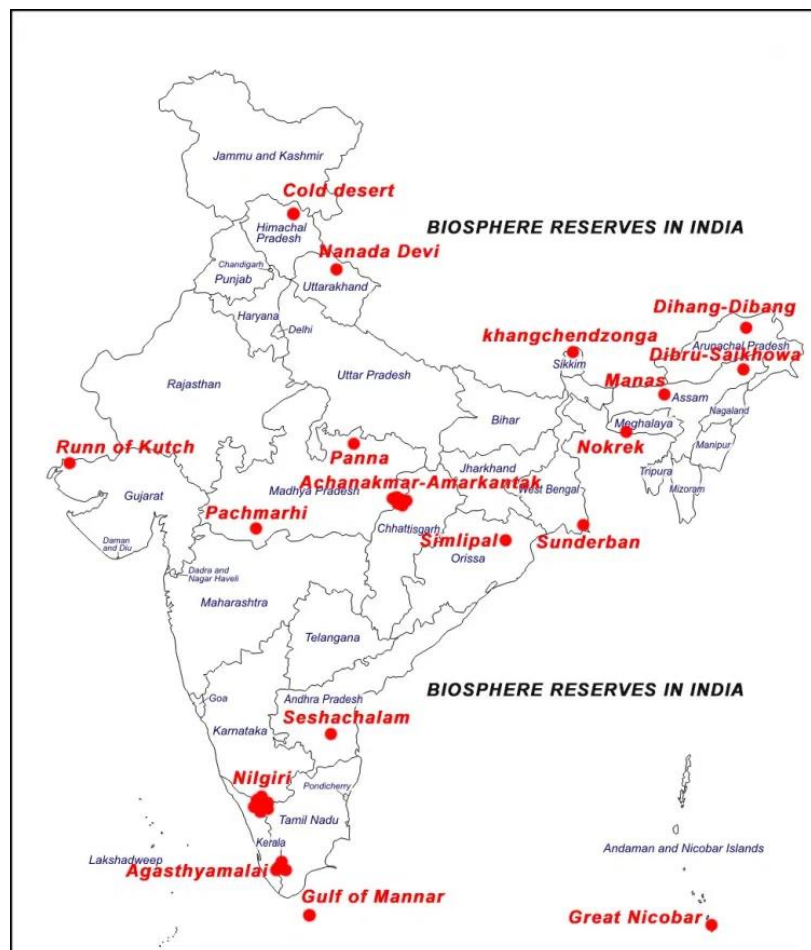
The court said the Centre and States were autonomous, independent and even competing units while making GST laws. The federal system is a means to accommodate the needs of a pluralistic society in a democratic manner. Democracy and federalism are interdependent. Federalism would only be stable in a well-functioning democracy. The constituent units of a federal polity check the exercise of powers of one another to prevent one group from exercising dominant power,” it noted.

Pockets of hope, linking nature and humanity

According to the Global Assessment Report on Biodiversity and Ecosystem Services released in 2019 by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), the main global drivers of biodiversity loss are climate change, invasive species, over-exploitation of natural resources, pollution and urbanization.

Biosphere reserves are key

1. One of the best mechanisms that have been created is the World Network of Biosphere Reserves, created in 1971 by UNESCO. Biosphere reserves are places where humans live in harmony with nature, and where there is an effective combination of sustainable development and nature conservation.





2. In South Asia, over 30 biosphere reserves have been established. The first one was the Hurulu Biosphere Reserve in Sri Lanka, which was designated in 1977 and comprises 25,500 hectares within the tropical dry evergreen forest.
3. In India, the first biosphere reserve was designated by UNESCO in 2000 within the blue mountains of the Nilgiris. It stretches across the States of Tamil Nadu, Karnataka and Kerala.
4. The network has gone from strength to strength, and it now counts 12 sites, with Panna, in the State of Madhya Pradesh, as the latest inscription in 2020.
5. The Khangchendzonga Biosphere Reserve, established in 2018, is a good model. It includes some of the highest ecosystems in the world, with elevations up to 8,586 meters.
6. The reserve is home to orchids and rare plant species. At the same time, more than 35,000 people live there. Their main economic activities are crop production, animal husbandry, fishing, dairy products and poultry farming.

A lack of clarity on inequalities

- A report prepared by the Institute for Competitiveness — it was commissioned by the Prime Minister's Economic Advisory Council (PM-EAC) — has grabbed headlines because of what can be described as very populist recommendations.
- These include enacting an urban employment guarantee programme and introducing a universal basic income programme.

Lack of data:

1. One of the reasons the report cannot give recent estimates of consumption inequality in India is the fact that the government junked the findings of the 2017-18 Consumption Expenditure Survey (CES).
2. However, there should at least have been an attempt to look at asset inequality, for which data up to 2018 is available in the National Statistical Office (NSO)'s All-India Debt and Investment Survey.
3. While the conduct and publication of a CES is essential to measuring consumption inequality and arriving at a poverty line, many economists,



including Thomas Piketty, have been arguing that the government should also provide disaggregated income tax data for researchers.

4. It is a well-accepted fact that the richest (say CEOs) hardly partake in NSO surveys. The other aspect of inequality that needs urgent attention in India is the one between firms.
5. Policies such as demonetisation and rollout of Goods and Services Tax pushed the formalization process in the Indian economy, which tilted the scales in favor of large firms. The pandemic's economic pain has only strengthened this trend.
6. While independent economists have been arguing on these lines, the lack of data on informal sector enterprises — this is also a delayed NSO survey — has prevented a comprehensive and objective analysis of the question. This finds no mention in the report.

When perhaps the most important advisory body on economic policy commissions a report on inequality, one expects it to try and engage with some of the more difficult questions and come up with ideas which trigger interest and debate at the highest levels of government. On that count, this report disappoints.

Essay	Reservations should serve a development purpose and not be a weapon of divisiveness
MAINS DAWP	Q1. <i>The Union Cabinet approved amendments to the National Policy on Biofuels, 2018, to advance the date by which fuel companies have to increase the percentage of ethanol in petrol to 20%, from 2030 to 2025. Discuss possible positive outcomes and challenges to such a policy.</i>
MCQs	Q1. Which of the following is the nearest Biosphere reserve to New Delhi? a. Panna Biosphere Reserve b. Nanda Devi Biosphere Reserve c. Pachmarhi Biosphere Reserve d. Similipal Biosphere Reserve