

POLITY

PRE-CONTEXT

QUALIFICATION & DISQUALIFICATION OF MP

THE HINDU, PG.NO: 8.

**News:** "Should convicted persons contest elections?"

**Context:** 46% of the 543 elected MPs in 2024, have criminal cases against them, and 31% face serious criminal charges including rape, murder, attempt to murder and kidnapping. Current petition seeks a life time ban on convicted persons from contesting elections.

**Qualifications**

**Under Constitution:**

- Constitutional qualifications as per the **Art.84** (for becoming a member of Parliament).
  - **Citizenship of India.**
  - **Oath or affirmation** to bear true faith and allegiance to the Constitution uphold the sovereignty and integrity of India.
  - **Minimum qualifying age:** 25 years of age.
  - **Any other qualification** prescribed by **Parliament.**

**Under RPA 1951:**

- In the case of the **constituencies reserved for SCs or STs, the candidate should be a member of any of those castes or tribes, in any State** and an elector for **any Parliamentary Constituency.**

**Disqualifications**

**Constitutional disqualifications:**

- As per the **Art.102 (1)** (for becoming and being a member of Parliament).
  - **Holding an Office of profit** under the Government.
  - Unsoundness of mind.
  - Un-discharged insolvent.
  - **Non-citizenship of India** or acknowledgement of allegiance or adherence to a foreign State.
  - Any other disqualification prescribed by Parliament.

**Under RPA 1951:**

- Sec 8-**conviction for certain offences for two or more years:**
  - **Disqualification period** varies from **minimum 6 months to six years.**
  - **Release on bail does not remove disqualification** unless conviction is also stayed during pendency of appeal.
- Sec 8A-**commission of corrupt practices:** Bribery, Booth capturing, free transport to voters to & from polling station etc.
- Sec 9-**Dismissal from govt. service** for **corruption or disloyalty.**
- Sec 9A-**Contract with "appropriate government".**
- Sec 10-**Holding office under government company.**
- Sec 10A-**Failure to lodge account of election expenses.**

**Procedure for Disqualification of MP under RPA:**

- **Process starts only after election is over, within 45 days** of completion of election via **filing Election petition in High Court.**
  - **High Courts have original jurisdiction** over election petition.
- **Election petition** can **only filed either by elector or candidate.**
- Court should give **verdict within 6 months.**
- If **MP or MLA convicted sent to jail for 2 years or more** stands **disqualified for 6 years** from the time of release.
- One can **appeal to supreme court** against High Court order.

P.T.O

**Judgements of Supreme Court to decriminalise Politics:**

- **Association for Democratic Reforms (ADR) case (2002):** it mandated the disclosure of criminal records of all candidates contesting elections.
- **Lily Thomas 2013:** a sitting legislator is disqualified immediately after the sentencing for a conviction.

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GOVERNOR AND STATE BILLS

THE HINDU, PG.NO: 10.

**News:** "Did T.N. Governor refer 10 Bills to President to avoid assent, asks SC."

**Governor & Ordinary Bills of State:**

- **Four Alternatives under Art. 200:**
  1. Governor may give his **assent** to the bill.
  2. Governor may **withhold** his assent to the bill, the bill then ends.
  3. Governor may **return** a bill for reconsideration of the Houses.
  4. He may **reserve** the bill for the consideration of the **President.**
- **Under Article 200, if the Governor chooses to with hold assent to a Bill:**
  - Governor has to **return it as soon as possible** to the House with a "message" to reconsider the proposed law or specified provisions or suggest amendments.
  - **If the House reiterates the Bill** and presents it to the Governor, the **"Governor shall not withhold assent".**
  - He only enjoys **'suspensive veto'**.

**Case of Money Bill of State:**

- When Money bill is passed by the State Legislature, is presented to the governor for assent. **Governor has three alternatives:**
  - Governor may **give** his assent to the bill.
  - Governor may **withhold** his assent to the bill.
  - Governor may **reserve** a bill for the consideration of the president.
- Governor **cannot return a money bill** for the reconsideration of the state legislature.
- **If Governor reserves a money bill** for the consideration of the President, **Governor will not have any further role** in the enactment of the bill.
- **Governor can also reserve bill if it is:**
  - Against provisions of the Constitution.
  - Opposed to the DPSP.
  - Against the larger interest of the country.
  - Of grave national importance.
  - Compulsory acquisition of property.

**Recent developments:**

- In 2023, Supreme Court has laid down the law that a Governor, in case Governor withholds assent, should send back a Bill forwarded to him by a State Legislature **"as soon as possible"** with a message to reconsider the proposed law.
- In case the **State Assembly reiterates the Bill** 'with or without amendments', the **Governor has no choice or discretion, and has to give assent to it.**

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## GS II

SYLLABUS: PROBITY IN GOVERNANCE: CODES OF CONDUCT.

### FREEBIES

THE HINDU, PG.NO: 12.

**News:** "Because of freebies, people don't want to work: SC judge"

#### About Freebies:

- Freebies **refer to goods, services, or financial benefits promised by political parties during elections to attract voters.** Eg. **free electricity, water, loan waivers, gadgets (laptops, mobile phones), etc**

#### Advantages of Freebies:

- DPSP: Articles 38, 39(b) & (c), 41, 42, 43** support welfare policies, but without enforceability.
- Free transport as a subsidy** often benefit from the **availability of cheap labour.**
- Stimulates economic growth** Eg. Laptops, Bicycles, Sewing machines can **enhance the skills, mobility.**
- Loan waivers can empower indebted,** improving **creditworthiness of farmers.**

#### Disadvantages:

- Cash Transfers:** stimulate market activity by boosting consumer spending, they **ultimately fall short of creating genuine economic opportunities.**
- Freebies do not translate into investments** in human capital or essential public goods such as healthcare and education.
- Fails to create sustainable growth:**
  - Eg. In the long run, freebies could **result in higher taxes** and reduced consumption among the middle class.
  - Free electricity for farmers in Punjab led to **overuse and wastage of power—CAG report.**
- Fiscal consequences:** Delhi reported a revenue surplus of ₹14,000 crore in 2022-23, by 2024-25, **it dropped to 35%.**
- Undermining Voter Rationality:** Influences elections unfairly by appealing to **short-term gains** rather than policy performance.
- Dependency syndrome:** Because of freebies, **people don't want to work—SC judge 2025.**

#### Suggestions:

- NITI Aayog** suggested prioritization of targeted welfare (Eg. PDS, MGNREGA) over indiscriminate freebies.
- RBI Warning (2022):** Warned states against unsustainable fiscal policies due to freebies Eg. Punjab and Tamil nadu.
- Subramaniam Balaji case:** SC directed ECI to frame guidelines to check freebies in consultation with political parties. Also ruled they do not constitute corrupt practice.

#### Election Laws:

- RPA 1951:** **No specific mention of freebies,** but Section 123(1) prohibits bribery during elections.
- Model Code of Conduct (MCC):**
  - Election Commission of India (**ECI**) **restricts government announcements** that may influence voters after the election dates are declared.
  - MCC Part VIII:** provides **guidelines to check freebies** but **MCC is not legally backed.**

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## ECONOMY

PRE-CONTEXT

### FOREIGN PORTFOLIO INVESTMENT

THE HINDU, PG.NO: 8.

**News:** "What is contributing to the down turn in Indian markets?"

#### Foreign Portfolio Investment:

- FPI refers to **investments made by foreign investors** in a country's financial assets like **stocks, bonds, mutual funds etc.**
- Criteria:** Equity investments **less than 10 percent of total shares in a listed Indian company** are considered as FPIs **above 10 percent is considered as FDI.**
- FPIs must register with **SEBI.**
- It includes **Foreign Institutional Investments, GDRs/ADRs.**

#### Factors influencing FPI:

- Economic growth of country.
- Domestic and global interest rates offered by central banks.
- Inflation rate: high inflation can erode investment returns.
- Political stability & policy reforms.
- Others.
- Current outflow is due to tightening trade policy's by USA,** Chinese stimulus measures, attractive stock valuations etc.

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## ECONOMY

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### CORE INDUSTRIES

THE HINDU, PG.NO: 13 .

**News:** "IIP growth skids to four-month low of 3.2%."

#### Core Industries

- 8 core Industries of Indian economy:** they collectively represent 40% of total items included in the Index of Industrial Production(IIP).
- Cement, Electricity, Coal, Crude Oil, Refinery products, Natural gas, Fertilisers, Steel.**
- Highest weight in IIP** assigned to Petroleum Refinery products followed by Electricity and Steel.
- Index of Industrial Production** released by **NSO.**

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## ECONOMY

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## INFLATION

THE HINDU, PG.NO: 1.

**News:** "Retail inflation eases to five-month low of 4.31%"

### About Monetary Policy Committee:

- **Type:** *Statutory body* under *RBI Act 1934*. (Established in 2016).
- *Urjit Patel committee* recommended the formation of MPC.
- **Constituted by:** Central Govt. where 3 members from RBI and 3 nominated by government (nominee must not be a government official).
- **Responsibilities & Functions of MPC under RBI Act 1934:**
  - Entrusted with the responsibility of **deciding the different policy rates**, including *MSF, Repo Rate (RR), Reverse Repo Rate (RRR), LAF* etc.
  - To **ensure price stability** with sustainable growth.
  - **Inflation targeting @ 4% with 2% buffer.**
  - Required to **meet at least four times in a year.**
  - **Decisions are taken by majority**, Governor has a casting vote in case of tie.
  - RBI **must publish half-early MPC report** explaining sources of inflation, forecast of 18 months ahead.
  - In case of failure, it should submit **report to Central Govt.**
- **Instruments of MPC:**
  - *LAF, MSF, MSS, OMO (RR & RRR), CRR, SLR, Bank Rate.*
- **Failure of MPC:** when average inflation is higher or lower than the desired limit for 3 consecutive quarters.

### Inflation:

- **A rise in general level of prices.**
  - **Note:** If the price of one good has gone up, it is not inflation.
- **Inflation** =  $\frac{\text{current period price index} - \text{last period price index}}{\text{last period price index}} \times 100$ .

### Measuring Inflation

#### Consumer Price Index (CPI):

- Also called **Retail Inflation**.
- CPI **measures the average change in prices of fixed basket of goods and services** that households purchase for purpose of consumption.
- Used for **inflation targeting and micro-level policy making.**
- **Current base year** for CPI calculation is **2011-12**.
- **Weights (High to Low):** Food and Beverages, Services, Fuel and Light etc.
- **CPI is released by CSO** under Ministry of Statistics and Program Implementation.

#### Wholesale Price Index (WPI):

- Measures inflation at wholesale level, used for **macro level policy making.**
- **Current base year** for WPI calculation is **2011-12**.
- **Weights (High to Low):** Manufactured goods, WPI food, Primary Articles, Fuel and Power.
- WPI serves as an important determinant in policy formulation of trade, economical and fiscal policies of Govt.
- **WPI index data is published by Office of Economic Advisor** under **Ministry of Commerce and Industry.**

### Core inflation:

- Some goods & services are either included or excluded during calculation of core inflation.
- It **excludes food, fuel & light, transport & communication.**

### Base Effect:

- Nothing to do with base year.
- **Shows the impact of the rise in price level in the previous year over the current year.**
- **Formula:**  $\frac{\text{Current inflation rate} = \frac{\text{Current Price Index} - \text{Last year price index}}{\text{last year price index}} \times 100$ .

### GDP Deflator:

- Measures GDP at **current prices** to that of the constant prices.
- Provides **comprehensive view** compared to inflation indicators.
- **Phillips Curve:** shows relationship between Inflation & unemployment.

### Economic Survey 2024-25 on Inflation

- **Retail headline inflation** has **softened to 5% from 5.4%** in April – December 2024
- **Food inflation**, measured by the **Consumer Food Price Index (CFPI)**, has increased from 7.5% in FY24 to **8.4% in FY25** (April-December), **primarily driven by vegetables and pulses.**
- India's consumer price inflation will gradually align with the target of around 4 per cent in FY26 as per RBI and IMF.

### Agriculture Budget: Focuses to keep Food inflation Low

**Context:** vegetables and fruits, which contribute 6% and 3% to the CPI, respectively. Pulses also played a major role in recent inflation rise.

- The central government will launch a six-year mission to achieve **self-reliance in pulses.**
- Central agencies (NAFED and NCCF) will **procure three pulses (Tur, Urad and Masoor.), as much as offered, from farmers over the next four years.**
- **Prime Minister Dhan-Dhaanya Krishi Yojana** will be implemented to **improve productivity and crop diversification in 100 low-productivity districts.**

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**Thank you!**