

Today's Prelims Topics

Repo Rate

Context

The Monetary Policy Committee (MPC) of Reserve Bank of India (RBI) decided to keep policy repo rate unchanged at 6.50% for the 11th bi-monthly review in a row.

What is Repo Rate (Repurchase Rate)?

It is the interest rate at which the Reserve Bank of India (RBI) lends money to commercial banks against government securities as collateral for short-term needs.

How is the Repo Rate Used by the MPC?

- **Inflation Control:** The MPC adjusts the repo rate to manage inflation.
 - A higher repo rate makes borrowing costlier for banks, reducing the money supply in the economy and thereby controlling inflation.
 - Conversely, a lower repo rate boosts lending and stimulates economic activity.
- **Liquidity Management:** By altering the repo rate, the MPC influences liquidity in the financial system.
 - A higher rate tightens liquidity, while a lower rate eases liquidity conditions.
- **Economic Growth:** The repo rate affects overall interest rates in the economy.
 - Lowering the repo rate promotes borrowing and investment, supporting economic growth.
 - Raising it can slow growth to manage overheating or inflationary pressures.
- **Exchange Rate Stability:** Changes in the repo rate can impact the value of the rupee by affecting capital flows and investor sentiment.

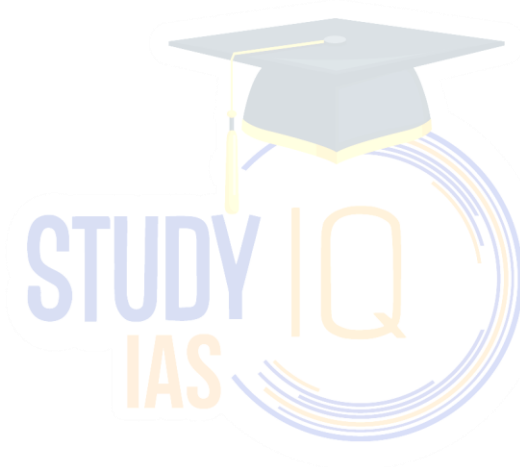
Reasons for Keeping the Repo Rate Unchanged

- **Persistently High Inflation:** Inflation spiked to a **14-month high of 6.2%** in October, exceeding the RBI's comfort level of 4%.
 - The MPC's focus remains on a **durable alignment of inflation with the 4% target**.
- **Growth Concerns:** **Real GDP growth** for the July-September quarter fell to a **seven-quarter low of 5.4%**, below the RBI's projection of 7%.
 - The MPC revised the growth forecast for 2024-25 to **6.6%** from **7.2%**, reflecting weakening growth momentum.
- **Uncertain Economic Environment:** Factors like **adverse weather events, geopolitical uncertainties, and financial market volatility** pose risks to inflation and growth.
 - The MPC is maintaining a **'neutral' stance** to carefully balance inflation control with supporting growth.
- **Tight Liquidity Conditions:** Despite growth challenges, liquidity has been tight in the system.
 - To address this, the **Cash Reserve Ratio (CRR)** was cut by **50 basis points to 4%** to inject **₹1.16 lakh crore** into the banking system.

Cash Reserve Ratio (CRR)

- It is the **percentage of a bank's public deposits** that must be maintained as cash reserves **with the Reserve Bank of India (RBI)**.
- This ensures that banks have sufficient funds to meet customer withdrawal demands and manage liquidity effectively.
- The CRR is a critical instrument in the RBI's monetary policy, influencing the money supply in the economy.
- During periods of high inflation, the RBI increases the CRR, limiting the funds available for lending, which helps reduce excess liquidity and control rising prices.
- Conversely, in times of slow economic growth, lowering the CRR allows banks to lend more freely, thereby stimulating investment and boosting economic activity.

Source: [The Hindu: Amid high inflation, RBI retains repo rate at 6.5%](#)



Norm to Grant Minority Tag to Institution

Context

The Karnataka government has removed the criterion that mandated a minimum percentage of students from the minority community for granting minority status.

Legal Basis for Minority Status

- **Article 30(1)** of the Indian Constitution: Guarantees "all minorities, whether based on religion or language, the right to establish and administer educational institutions of their choice."
- **National Commission for Minority Educational Institutions (NCMEI) Act, 2004**: Empowers the NCMEI to grant minority status certificates to educational institutions.
 - Provides a mechanism for minority communities to apply for recognition and address grievances related to minority rights.

Eligibility Criteria

- **Religious or Linguistic Minority**: The institution must be established and administered by a community that is recognized as a minority, either religious or linguistic, in the specific state where the institution is located.
- **Recognition of Minorities**: At the national level, the following religious communities are recognized as minorities under the **National Commission for Minorities (NCM) Act, 1992**:
 - Muslims
 - Christians
 - Sikhs
 - Buddhists
 - Parsis (Zoroastrians)
 - Jains (added in 2014)
- **State-Specific Recognition**: Minority status is determined at the **state level**, meaning a community may be a minority in one state but not in another.
 - E.g., **Tamils in Maharashtra** or **Kannadigas in Tamil Nadu** can claim linguistic minority status in those states.
- **Proof of Minority Status**: The institution must demonstrate that it has been established by individuals belonging to a minority community.
 - The governing body or management must primarily consist of members from the minority community.

Conditions for Grant of Recognition to Minority Educational Institutions

- **Primary Objective**: The educational agency's byelaws must explicitly state that the institution primarily aims to serve the interests of the minority community it represents.
- **No Religious Compulsion**: The institution must not force students or employees to participate in any religious activities.
- **Compliance with Laws**: The institution must adhere to general laws applicable to educational institutions.
- **No Financial Exploitation**: The institution must not misuse its minority status for financial gains.
- **Fee Regulation**: Fees charged by the institution must align with those prescribed by the relevant competent authority.
- **Teacher Appointments**: Teachers must be appointed based on qualifications set by the appropriate statutory authority.
- **Regulatory Compliance**: All academic, administrative, and financial matters must follow rules and regulations set by respective statutory bodies.
- **Promote Harmony**: The institution must not engage in activities that disrupt communal or social harmony.

- **Seat Allocation:** 50 percent of seats allocated for minority students must be equally divided between 'free' and 'payment' categories.

Rights and Benefits of Minority Institutions

- **Autonomy in Administration:** Greater freedom in managing admission policies, curriculum, and staff appointments.
- **Protection from Government Interference:** The government cannot interfere with the management of minority institutions unless it is necessary to ensure educational standards.
- **Exemption from Certain Laws:** Minority institutions are exempt from certain provisions of laws like the **Right to Education (RTE) Act, 2009**, particularly regarding admissions.

Key Judgments

- **T.M.A. Pai Foundation Case (2002):** Clarified the rights of minority institutions to administer their institutions without undue interference.
- **Pramati Educational & Cultural Trust v. Union of India (2014):** Held that minority institutions are not bound by the RTE Act's 25% reservation mandate.

Source: [The Hindu: Karnataka govt. relaxes norm to grant minority tag to institutions](#)



Citizenship

Context

The Delhi High Court has directed the Centre to clarify its position regarding BJP leader Subramanian Swamy's petition concerning Congress leader Rahul Gandhi's citizenship.

Constitutional Provisions: Articles 5 to 11

- **Article 5: Citizenship at the Commencement of the Constitution**
 - People residing in India on **26th January 1950** were granted citizenship if they:
 - Were born in India, or
 - Had either parent born in India, or
 - Resided in India for at least five years immediately before the commencement of the Constitution.
- **Article 6: Rights of Citizenship of Certain Persons Who Migrated to India from Pakistan**
 - Migrants from Pakistan before **19th July 1948** could acquire Indian citizenship if they:
 - Had been residing in India since their migration, or
 - Registered themselves as citizens after having lived in India for at least six months before registration.
- **Article 7: Rights of Citizenship of Certain Migrants to Pakistan**
 - Those who migrated to Pakistan after **1st March 1947** but later returned to India under a permit for resettlement could become citizens through registration.
- **Article 8: Rights of Citizenship of Indians Living Abroad**
 - People of Indian origin residing outside India (in territories where their ancestors were born in India) could register as citizens with Indian diplomatic or consular offices.
- **Article 9: No Dual Citizenship**
 - Anyone voluntarily acquiring citizenship of another country would lose their Indian citizenship.
- **Article 10: Continuance of Rights**
 - Provisions of citizenship as provided by law shall continue unless altered by Parliament.
- **Article 11: Power of Parliament**
 - Empowers Parliament to make laws regarding the acquisition and termination of citizenship.

Citizenship Act of 1955

The Citizenship Act of 1955, enacted by Parliament under Article 11, outlines the methods for acquiring and terminating citizenship in India.

Modes of Acquiring Citizenship:

- **By Birth:** Born in India on or after **26th January 1950** but before **1st July 1987** – automatically a citizen.
 - Born between **1st July 1987 and 2nd December 2004** – a citizen if one parent is an Indian citizen.
 - Born on or after **3rd December 2004** – a citizen if one parent is an Indian citizen and the other is not an illegal migrant.
- **By Descent:** Born outside India to an Indian citizen parent, subject to registration with an Indian consulate within one year.
- **By Registration:** Granted to persons of Indian origin or those married to Indian citizens after fulfilling residence requirements.
- **By Naturalization:** Granted to a foreigner who has resided in India for at least **12 years** and meets other conditions.
- **By Incorporation of Territory:** If a foreign territory becomes part of India, the government specifies the people who shall be citizens.

Modes of Losing Citizenship

- **By Renunciation:** Voluntarily giving up Indian citizenship.
- **By Termination:** Automatically terminated if a citizen acquires foreign citizenship.
- **By Deprivation:** Government can revoke citizenship if obtained fraudulently or if the person acts against the country's interests.

Amendment

- **CAA 2019 (Citizenship Amendment Act):** Provides a pathway to citizenship for persecuted minorities (Hindus, Sikhs, Buddhists, Jains, Parsis, and Christians) from **Pakistan, Bangladesh, and Afghanistan** who arrived in India before **31st December 2014**.
 - It also said people holding Overseas Citizen of India (OCI) cards - an immigration status permitting a foreign citizen of Indian origin to live and work in India indefinitely - can lose their status if they violate local laws for major and minor offences and violations.

Asian Countries That Allow Dual Citizenship

- **Cambodia:** Dual citizenship is permitted through investment, naturalization, descent, or marriage. Citizens can possess multiple passports without renouncing their original citizenship.
- **Bangladesh:** Allows individuals to retain Bangladeshi citizenship while holding citizenship from other countries. Dual citizenship can be acquired through investment, marriage, or naturalization.
- **Sri Lanka:** Offers dual citizenship to those who have given away their Sri Lankan citizenship by obtaining another nationality, or those seeking to gain citizenship from abroad, are eligible to submit an application for dual citizenship.
 - The eligibility criteria for acquiring citizenship include factors, such as employment, property ownership, investment, or marriage to a Sri Lankan citizen.
- **Thailand:** Dual citizenship is allowed for foreigners meeting criteria such as permanent residency, employment, and marriage to Thai nationals.
- **Taiwan:** Permits dual citizenship for native-born citizens and foreign nationals with extraordinary skills in education, science, or technology.
- **Hong Kong:** Provides pathways for residency and potential citizenship through schemes like the Quality Migrant Admission Scheme (QMAS) and investment opportunities.
- **Pakistan:** Allows dual citizenship with 19 specific countries, including the United States, the UK, Canada, and Australia.
- **Philippines:** Dual nationality is allowed for Filipino-born individuals, those of Filipino descent, and those born to Filipino parents outside the country.

Sources:

- [The Hindu: HC seeks Centre's stand on plea over Rahul's citizenship](#)
- [Times of India](#)

Pro tem Speaker

Context

Senior BJP MLA Kalidas Sulochana Kolambkar took oath as the pro tem Speaker of the Maharashtra Legislative Assembly.

About Pro Tem Speaker

A Pro Tem Speaker is a temporary presiding officer in the Legislative Assembly until a regular Speaker is elected. The role is crucial during the initial formation of a new Assembly after elections.

Key Features and Functions

- **Temporary Appointment:** The Pro Tem Speaker serves only until the regular Speaker is elected.
- **Appointment:** The Governor of the state appoints the Pro Tem Speaker.
 - Usually, the senior-most member of the Assembly is selected for this role based on experience and previous legislative tenure.
- **Oath Administration:** The Pro Tem Speaker administers the oath of office to newly elected members of the Legislative Assembly.
- **Limited Powers:** The Pro Tem Speaker's powers are limited to procedural functions such as:
 - Administering oaths to members.
 - Conducting the election of the new Speaker.
 - Maintaining order during the initial session.
- **Dissolution of Role:** The role of the Pro Tem Speaker ends immediately once the new Speaker is elected and takes office.
- **Legal Basis:** The **Constitution of India** provides for this arrangement, although it is not explicitly mentioned in detail.
 - The practice follows **parliamentary conventions** and state legislative rules.

Source: [The Hindu: Kolambkar sworn in as pro tem Speaker](#)

Employees' Provident Fund Organisation (EPFO)

Context

India has won the **International Social Security Association's (ISSA) Good Practice Award** for the Asia-Pacific region this year for five services offered by the **Employees' Provident Fund Organisation (EPFO)**.

About EPFO

- **Body:** It is a statutory body under the **Ministry of Labour and Employment, Government of India**.
- **Establishment:** Formed on **1st November 1951**.
- **Governed by:** the **Employees' Provident Funds and Miscellaneous Provisions Act, 1952**.
- **Objective:** To provide financial security and social welfare to employees through a contributory provident fund, pension scheme, and insurance scheme.
- **Administration:** Managed by the **Central Board of Trustees (CBT)**, which consists of representatives from the government, employers, and employees.
 - The **Union Minister of Labour and Employment** serves as the Chairperson of the CBT.

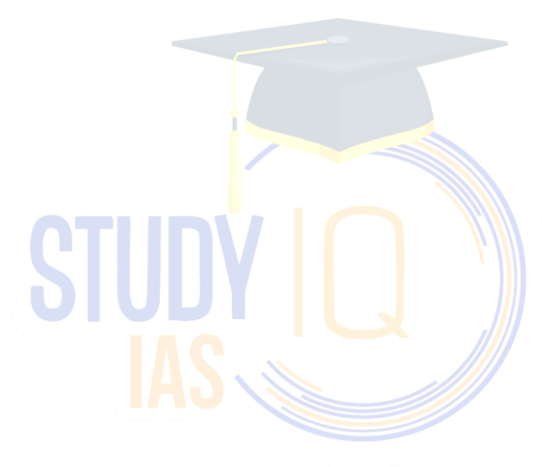
Major Schemes Managed by EPFO

- **Employees' Provident Fund (EPF) Scheme, 1952:**
 - A retirement savings plan where both employer and employee contribute 12% of the employee's basic salary and dearness allowance.
 - The accumulated fund is available upon retirement, resignation, or can be partially withdrawn for specified purposes.
- **Employees' Pension Scheme (EPS), 1995:**
 - Provides monthly pensions to employees after retirement (minimum service of 10 years).
 - Benefits include pensions for widow(er)s, children, and dependent parents in case of the employee's demise.
- **Employees' Deposit Linked Insurance (EDLI) Scheme, 1976:**
 - Offers life insurance coverage to EPF members.
 - The insurance amount is linked to the employee's salary, with a maximum benefit of ₹7 lakh.

Recent Initiatives

- **E-Proceedings:** Transitioned from physical to **online judicial proceedings** for determining dues from defaulting employers.
 - Outcomes:
 - **Transparency and Fairness** in inquiries.
 - **Reduced Inquiry Time** and delays.
- **Nidhi Aapke Nikat 2.0:** Ensures **last-mile delivery** of services in districts lacking EPFO presence.
 - Grievances are resolved efficiently without extensive travel.
- **Multilingual Call Centres:** Offers information and grievance redressal in **12 major regional languages**.
 - Promotes inclusivity and member satisfaction by resolving issues in members' preferred languages.
- **Prayaas Initiative:** Provides **Pension Payment Orders (PPOs)** to retiring members on their **retirement day**.
 - Demonstrates a commitment to prompt service delivery.
- **Digital Life Certificate (Jeevan Pramaan Patra):** Facilitates Aadhaar-based **biometric authentication** for pensioners to submit Life Certificates digitally.

- Recognized for improving ease and convenience for pensioners.



Editorial Summary

Public Health- insights from the 1896 Bombay Plague

Context

The intersection of public health crises with surveillance, control, and governance is crucial for addressing modern challenges, as illustrated by the historical context of the 1896 Bombay Plague.

The 1896 Bombay Plague: Background

It was a **bubonic plague outbreak** that began in the bustling port city of Bombay (now Mumbai) and rapidly spread across colonial India due to trade networks, poor living conditions, and high population density. By **1899**, the epidemic had caused **hundreds of thousands of deaths** and highlighted the critical weaknesses in the existing public health infrastructure under British colonial rule.

British State's Response

- **Formation of the Indian Plague Commission (1898):** Led by **T.R. Fraser**, this Commission aimed to investigate the cause and transmission of the plague. Despite extensive inquiries and documentation, it failed to conclusively determine the plague's origin or transmission method.
- **Emphasis on Surveillance and Control:** Rather than addressing the root public health issues, the colonial authorities framed the plague as a matter of **social order**. Disease management relied heavily on **policing, inspections, and confinements**.
 - Authorities set up **inspection points, quarantine camps, and police cordons**, with maps illustrating where people could be monitored rather than identifying affected individuals.
 - **Observation camps** were established near railway stations for scrutinizing travelers.
 - Hospitals and municipalities introduced **military ward orderlies** to enforce health measures, reflecting a belief that coercion could curb the disease.
- **Role of Police in Health Surveillance:** Police stations became central nodes for **data collection**, with local watchmen reporting deaths to authorities.
 - The approach solidified a **top-down, coercive response**, sidelining community engagement and public health education.
- **Plague Maps as Tools of Power:** Maps produced during the epidemic highlighted **railways, inspection sites, and cordons**, projecting efficiency while obscuring the epidemic's severity and human suffering.
 - These maps reinforced the colonial narrative that **discipline and surveillance** were necessary to manage the crisis, downplaying the plight of affected communities.

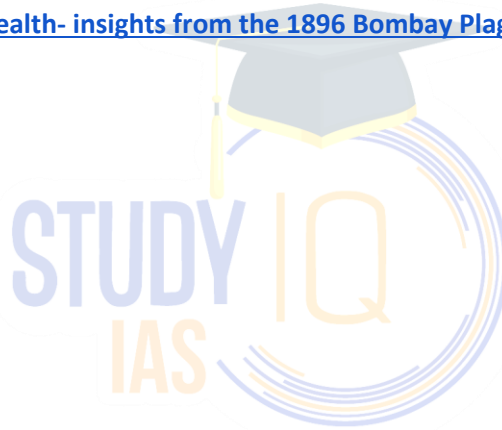
Shortfalls of the Response

- **Failure to Address Public Health Infrastructure:** The response focused on controlling movement rather than improving sanitation, housing, or medical care.
 - The emphasis on **surveillance** and **policing** ignored the need for long-term public health solutions.
- **Erosion of Community Trust:** Heavy-handed measures like forced quarantines and inspections fostered **fear, resentment, and distrust** among the local population.
 - There was little effort to engage with communities or educate them about the disease.
- **Inefficient and Inhumane Practices:** **Delays in identifying cases** and poor coordination led to further spread of the disease.
 - The response disproportionately impacted **poorer and marginalized communities**, who faced the brunt of surveillance and control measures.

Key Learnings from the 1896 Bombay Plague

- **Surveillance vs. Public Health:** Effective public health responses should prioritize **healthcare, sanitation, and community engagement** over surveillance and coercion.
 - Data collection and mapping should aim to **identify and mitigate health risks**, not merely control populations.
- **Community Trust and Cooperation:** Building **trust through transparent communication** and community participation is critical for managing health crises.
 - Public health measures must be seen as supportive rather than punitive.
- **Ethical Governance:** Policies should balance **oversight with ethical considerations**, ensuring that measures respect **individual rights and dignity**.
 - Avoid framing health crises as primarily issues of **law enforcement** or **social control**.
- **Equitable Health Policies:** Health strategies must address **structural inequalities**, providing equal access to healthcare and resources for all communities.
 - Efforts should focus on improving **living conditions, sanitation, and medical infrastructure**.
- **Modern Relevance:** Contemporary health crises, like **COVID-19**, reveal similar tensions between **public health needs and state control**.
 - Learning from historical missteps can help ensure that modern responses are rooted in **empathy, equity, and evidence-based practices**.

[Source: The Hindu: Public Health- insights from the 1896 Bombay Plague](#)



India's Manufacturing Sector: Growth, Challenges, and Opportunities

Context

India's efforts to emerge as a global manufacturing hub have gained significant momentum, driven by strategic policy initiatives, particularly the Production Linked Incentive (PLI) scheme.

Growth and Performance: Insights from ASI 2022-23

- **Impressive Sectoral Growth:** Manufacturing output grew by **21.5%** in 2022-23, with GVA increasing by **7.3%**.
 - PLI-covered sectors like **basic metals, petroleum products, food products, chemicals, and motor vehicles** contributed **58% to total manufacturing output**, registering an output growth of **24.5%**.
 - The recovery from the COVID-19 pandemic disruptions is evident, with performance surpassing pre-pandemic levels.
- **PLI Scheme Impact:** The PLI scheme has enhanced productivity in sectors such as:
 - **Mobile manufacturing**
 - **Electronics**
 - **Automobiles**
 - **Pharmaceuticals**
 - **Textiles**
- This scheme underscores India's ability to align policy support with industrial growth.

Challenges in the Manufacturing Sector

- **Rising Input Costs:** Input prices surged by **24.4% in 2022-23**, leading to a notable gap between output growth (21.5%) and GVA growth (7.3%).
 - Import dependency for raw materials exacerbates the cost pressures.
- **Regional Imbalances:** Industrial activity is concentrated in **five states** — Maharashtra, Gujarat, Tamil Nadu, Karnataka, and Uttar Pradesh — which collectively account for:
 - **54% of total manufacturing GVA**
 - **55% of employment**
 - Other regions lag in development, limiting nationwide manufacturing growth.

Opportunities for Growth and Expansion

- **Extending PLI Coverage:** Labour-intensive sectors such as **apparel, leather, footwear, and furniture** can benefit from PLI expansion.
 - Sunrise industries like **aerospace, space technology, and Maintenance, Repair, and Overhaul (MRO)** hold immense growth potential.
 - Focus on **capital goods** to reduce import dependency and promote domestic capabilities.
- **Boosting MSMEs:** MSMEs contribute **45% of India's manufacturing GDP** and employ **60 million people**.
 - Tailoring PLI incentives for MSMEs by lowering capital investment thresholds and production targets could enable better integration into value chains.
- **Increasing Women's Workforce Participation:** Women's participation in manufacturing could boost output by **9%** (World Bank estimate).
 - Infrastructure development near factories, such as **hostels, dormitories, and childcare facilities**, is essential to enhance inclusivity.
- **Promoting Green and Advanced Manufacturing:** Encouraging **green manufacturing** and **R&D in advanced technologies** can enhance sustainability and competitiveness.

Policy Recommendations for Overcoming Challenges

- **Addressing Input Costs:** Simplify import tariffs into a three-tier system:
 - 0-2.5% for raw materials
 - 2.5-5% for intermediates
 - 5-7.5% for finished goods
 - This strategy could reduce input costs, enhance competitiveness, and improve integration into global value chains.
- **Reducing Regional Imbalances:** Encourage state-level participation in implementing reforms related to **land, labour, power, and infrastructure**.
 - Invest in underdeveloped regions to balance industrial growth.
- **Improving Ease of Doing Business:** Streamline regulatory frameworks to attract domestic and foreign investments.
 - Reduce the cost of doing business to enhance global competitiveness.

Future Prospects: Towards a Developed Economy

- With sustained efforts, the manufacturing sector's share in GVA could rise:
 - From **17% currently to 25% by 2030-31**.
 - Further to **27% by 2047-48**, aligning with India's vision of becoming a developed economy.
- The sector's transformation will require leveraging policy initiatives like the PLI scheme, fostering inclusivity, and enhancing domestic capabilities.

Source: [The Hindu: Building on the revival of the manufacturing sector](#)

