Cauvery River Verdict By Supreme Court

Relevancy:
- ✓ GS Prelims, GS Mains paper II, III, geography optional
- ✓ Environment, Geography, Cauvery river dispute, river disputes in India

Recently:
- ❖ The Supreme Court recently, in a verdict on the Cauvery river water dispute, reduced the allocation of water from Karnataka to Tamil Nadu.
- ❖ Karnataka will now supply 177.25 tmc instead of 192 tmc - a reduction of 14.75 tmc, from its **Billigundlu** site to **Mettur dam** in Tamil Nadu
- ❖ The Court declared the Cauvery a "**national asset**" and largely upheld the water-sharing arrangements finalised by the **Cauvery Water Dispute Tribunal (CWDT)** in its award on February 5, 2007, said Karnataka was entitled to a "marginal" relief.

About Cauvery/ Kaveri river:
- The 765-km-long Cauvery river originates in Kodagu district's Talakaveri in Karnataka.
- It flows through Haasan, Mandya, and Mysuru districts of Karnataka before entering Dharmapuri, Erode, Karur, Trichy, Cuddalore, Pudukottai, Nagapattinam, Thanjavur and other districts in Tamil Nadu.
- Apart from Karnataka and Tamil Nadu, the river and its tributaries also flow through Kerala and Puducherry.
- Main tributaries of the river are: Harangi River, Hemavati River, Lakshmana Tirtha, Kabini River, Shimsha River, Bhavani River, Sarabanga River, Noyyal River, Amaravati River

Highlights of the judgment:
- The judgment concluded that the CWDT (Cauvery Water Dispute Tribunal) did not take into account Tamil Nadu's stock of an "empirical" 20 TMC of groundwater.
- The court held that it would take into account at least 10 tmc of this groundwater and reduce this amount from the 192 tmc supplied to Tamil Nadu.
- The court observed that Bengaluru had attained the "global status" and its drinking water requirement had increased multi-fold. Need for drinking water was at the top of the hierarchy.
- The Tribunal did not consider the growing needs of Bengaluru and thought the city could make do with its 60% groundwater supply. But groundwater had dried up with the burgeoning population of the city.
- Thus, the court allocated 4.75 tmc to Bengaluru, even though the city is located outside the Cauvery basin.
- The court rejected an argument by the Centre that Section 6A of the Inter-State Water Disputes Act of 1956 bestowed upon it discretion in framing a Cauvery water sharing scheme. It said the argument did not stand to reason and a scheme had to be framed under Section 6A as per the Tribunal award.
- The Centre had argued that the parliamentary law of Inter-State Water Disputes Act of 1956, coupled with Article 262 (2) of the Constitution, excluded the Supreme Court from hearing or deciding any appeals against the Tribunal's decision. The Centre had claimed the Tribunal award was final.
- The court, however, held that the remedy under Article 136 was a constitutional right and it cannot be taken away by legislation much less by invoking the principle of election or estoppel.
- The court said that subject to the formulation of a scheme, the water allocation arrangement should stand unchanged for the next 15 years.
- The court upheld the award of 30 tmc water to Kerala and allowed Puducherry's request to grow a second crop. However, cultivation should be limited to 43,000 acres. It did not allow any enhancement in the water allocation to Puducherry from the 7 tmc allotted by the Tribunal in 2007.
- The court warned the States to not deviate from the judgment or use the allotted water for other than the designated purposes.
- It held that the Tribunal was right in basing its water-sharing award on the basis of equitable utilisation of river water.

- The Constitution had bestowed equal status to all States. An inter-State river is a "national asset" and no one State could claim full rights over its waters, it noted.
- The court disagreed with Karnataka's argument that it had no bargaining power in the 1892 and 1924 post-Mettur dam agreements on the Cauvery water allocation between the erstwhile princely State of Mysore - now a part of Karnataka - and the Madras presidency, which included Kerala.
- The judgment said the “principle of paramountcy” did not apply to the 1892 and 1924 agreements. They were not political arrangements but based on public interest.
- The court dismissed arguments that the bar under Article 363 of the Constitution hits judicial review of a pre-Constitution treaty or agreement as in the case of the 1892 and 1924 agreements.
- The total availability of water in the 802-km long Cauvery basin is 740 tmc in a normal year.
- The CWDT allocated Tamil Nadu 419 tmc , Karnataka 270 tmc, Kerala 30 tmc and Puducherry 7 tmc.
- Besides this, the tribunal reserved 10 tmc for environmental purposes and four tmc for natural outlets into the sea.

How can we adapt well to climate change?

Relevancy

- ✓ G.S. Paper 3
- ✓ Failures of adaptation projects
- ✓ What is the new framework to assess the failure in adaptation?
- ✓ Measures to be taken

Recently:

- ❖ While there are ongoing efforts to reduce greenhouse gas emissions and restrict global warming to below 2°C or even below 1.5°C.
- ❖ There are also efforts to help us live in a world where average global temperatures are rising.
- ❖ These projects on adaptation have been funded or implemented in a number of countries, either by individual governments or with the help of external donor funds.

Failures of adaptation projects

- A 2010 survey of over 1,700 projects concluded that adaptation projects were not helping the most vulnerable communities.
- Many projects on adaptation begin by studying what climate impacts are expected, what kinds of vulnerabilities exist locally and how these can be addressed in a given local context.
- When several projects from the Global Adaptation Fund, an international fund managed by the United Nations climate secretariat to help developing countries with climate change adaptation projects, were analyzed, they too were found not to take into account unequal power structures.

What is the new framework to assess the failure in adaptation?

- It involves four main themes to show that failures in adaptation.
- The first is enclosure, which is when private agents acquire public assets or expand their authority over them.
- Exclusion is the second mode of failure, which is associated with some stakeholders getting excluded or marginalized, thus limiting their access to decision-making processes.
- The third is encroachment, in which the adaptation actions undertaken during the project end up intervening in areas that are rich in biodiversity.
- These interfere with ecosystem services and often result in an increase in greenhouse gas emissions.
- The last is entrenchment, where the condition of those who are already disempowered or marginalized in the local social context, such as the poor, women or other minorities, worsens from the intervention.
- There are various examples of projects from both developing and advanced industrial countries that fail under these themes.

What can be done to reduce such incidences?

- Politics and power struggles to control resources need to be acknowledged as being part and parcel of adaptation projects.
- Mechanisms to anticipate and deal with them correctly should be incorporated well in advance.
- Elite networks will capture prized outcomes of projects, such as land, water or other resources and privileges, should be accepted.
- Measures to prevent or mitigate their actions need to be identified.

What should be done?

- Forces of political economy and ecology that are an integral part of our societies cannot be wished away when considering adaptation projects.
- While considering and designing climate change adaptation projects, in addition to vulnerabilities and costs, issues around equity, justice, and social hierarchies must be equally considered.

Highlights of Economic Survey 2017-18

Relevancy:
- ✓ GS Prelims, GS Mains paper III
- ✓ Economy, Economic survey highlights

Recently:
- ❖ The Finance Minister presented the Economic Survey 2017-18 on January 29, 2018.
- ❖ Some highlights of the survey are:

Highlights of the macro economy
- **Gross Domestic Product (GDP):** The Central Statistics Office (CSO) has estimated the GDP growth to be 6.5% in 2017-18 as compared to 7% in 2016-17. The average GDP growth rate from 2014-15 till 2017-18 is expected to be 7.3% as compared to the average 7.5% between 2014-15 and 2016-17.
- **Gross Value Added (GVA):** The GVA (at constant prices) is estimated at 6.1% in 2017-18 as compared to 6.6% in 2016-17. The agriculture and industry sectors are expected to grow at 2.1% and 4.4% respectively, while the service sector is estimated to grow at 8.3%.
- **Inflation**: The Consumer Price Index (CPI) based inflation was 3.3% in 2017-18 (April- December). The average food inflation was 1.2% for the same period. CPI inflation was below 3% in the first quarter of 2017-18, because of low food inflation, and marginally rose to 3% in the second quarter.
- **Current Account Deficit (CAD) and fiscal deficit:** India's CAD increased from 0.4% of GDP in 2016-17 to 1.8% of GDP in the first half of 2017-18. This has been attributed to an increase in merchandise imports relative to exports. As of November 2017, the fiscal deficit stood at 112% of the budget estimate. The fiscal deficit is 3.2% (budget estimate) of GDP in 2017-18 as compared to 3.5% of GDP in 2016-17.

Goods and Services Tax (GST)
- **Increase in taxpayers:** Under GST, the number of unique indirect taxpayers increased by over 50% (3.4 million). Voluntary compliance also increased under GST, with 1.7 million voluntary registrants. 13% of the estimated 71 million non-agriculture enterprises were registered under the GST network.
- **GST and states:** The distribution of GST base among states is linked to their GSDP, with Maharashtra (16%), Tamil Nadu (10%), Karnataka (9%) having the highest share. GST data shows that a state's GSDP per capita has a high correlation with its export share in the GSDP. Five states account for 70% of India's exports - Maharashtra, Gujarat, Karnataka, Tamil Nadu, and Telangana.
- **Informal economy:** A firm is considered to be in the formal sector if: (i) it provides social security to its employees, or (ii) it is registered under the GST network. 0.6% of firms meet both of the criteria, known as the hard core formal sector. 87% of firms are purely informal, 12% of firms are registered under GST but do not provide social security. Less than 0.1% provide social security but are not registered under GST (usually GST exempted firms).
- India's **formal sector non-farm payroll** is greater than current perception. Formal non-farm payroll is 31% of the non- agricultural workforce based on a social security defined formality, and 53% based on a tax definition formality.

Fiscal Federalism
- In comparison to developed countries, India collects a lower share of direct taxes in total taxes. For example, in India, states generate 6% of their revenue from direct taxes, as compared to 19% in Brazil. Rural local governments, in India, raise 6% of their total revenue from direct taxes as compared to 40% in Brazil. Urban local governments raise 44% of their revenue from their own sources.
- Several states have not devolved enough taxation powers to local bodies. Further, local governments collect only a small fraction of their potential tax revenue. For example, rural local bodies collect around one third of the potential property tax. Therefore, local governments rely heavily on devolved funds from central and state governments.
- These devolved funds are largely tied in nature, to either specific sectors or schemes. This constrains the ability of local governments to spend on local public good as per their own priorities.

Ease of doing business

- India jumped 30 places and was ranked overall 100 in the **World Bank's Ease of Doing Business Report** 2018. However, on contract enforcement it was ranked at 164. Although the government has taken steps to improve contract enforcement, economic activity is getting affected by high pendency and delays across the legal system. The backlog in High Courts by the end of 2017 was around 3.5 million cases. Delays of economic cases (company cases, arbitration cases and taxation cases) in courts are leading to stalled projects, legal costs, contested tax revenues, and consequently reduced investment. Delays in in power, roads, and railways projects led to an increase in almost 60% of the project costs.
- The government and the judiciary must coordinate to introduce reforms to facilitate ease of doing business. **Judicial capacity should be strengthened** in the lower courts to reduce the burden on higher courts. The tax department must limit its appeals, given that their success rate is less than 30% at all three levels of judiciary (Appellate Tribunals, High Courts, and Supreme Courts). The government must increase its expenditure on the judiciary, improve the courts case management and court automation system, and create subject specific benches.

Investment and saving

- India saw high levels of investment and saving rates in the mid 2000's followed by a pronounced, gradual decline, returning back to normal levels. The ratio of gross fixed capital formation to GDP was 26.5% in 2003, 35.6% in 2007 and 26.4% in 2017. The ratio of domestic saving to GDP, was 29.2% in 2003, 38.3% in 2007, and 29% in 2016. A fall in both private investment, and household, and government saving have contributed to such decline between 2007 and 2017.
- There needs to be a focus on revival of investment. However, the decline in investment will be difficult to reverse because: (i) it stems from the balance sheet stress of companies, and (ii) its large magnitude. Easing the cost of doing business, creating a transparent, stable tax and regulatory environment, and supporting small and medium industries will help revive private investment.

Climate change

- The data on rainfall, temperature, and crop production shows a long-term trend of rising temperature, declining average precipitation, and an increase in extreme precipitation events. The average decline in rainfall between 1970's and 2000's is 26 mm in Kharif season and 33 mm in Rabi season. This has significant implications on agriculture, especially in unirrigated areas. Such changes in temperature and precipitation will result in estimated overall farm income losses of 15% to 18%, and further, 20% to 25% for unirrigated areas.
- Given the rising water scarcity, and depleting water resources, there is a need to increase irrigation. Technologies of drip irrigation, sprinklers, and water management must be employed to meet this challenge.

Agriculture and food management

- Growth rates of agriculture and allied sectors have been fluctuating: 1.5% in 2012-13, 5.6% in 2013-14, -0.2% in 2014-15, 0.7% in 2015-16, and 4.9% in 2016-17. The uncertainty in growth in agriculture is because 50% of agriculture is dependent on rainfall.
- On account of good monsoon rainfall in 2016-17, there was a rise in food grains and other crops production. As per the fourth advance estimates for 2016-17, production of food grains is estimated at 275.7 million tonnes, higher by 10.6 million tonnes as compared to 2013-14.
- The agriculture sector has been witnessing a gradual structural change. The share of livestock in the GVA in agriculture rose from 22% in 2011-12 to 26% in 2015-16. The share of crops in the GVA fell from 65% in 2011-12 to 60% in 2015-16. The gross capital formation in agriculture declined from 8.3% in 2014-15 to 7.8% in 2015-16.

Industry and Infrastructure

- Industrial growth: The overall industrial sector growth was 5.8% in the second quarter of 2017-18 as compared to 1.6% in the first quarter. As per the estimate of national income 2017-18, industrial sector grew at 4.4% and the manufacturing sector grew at 4.6%. The eight core industries (coal, crude oil, natural gas, petroleum refinery products, fertilizers, steel, cement, and electricity) grew by 4.8% in 2016-17 as compared to 3% in 2015-16.

- Infrastructure: India requires around USD 4.5 trillion worth of investments till 2040 to develop infrastructure. As per the current trend, India can raise around USD 3.9 trillion. The under investment in the infrastructure sector has been due to: (i) collapse of Public Private Partnerships, (ii) stressed balance sheets of private companies, and, (iii) delays in acquisition of land and forest clearances.

Services Sector

- The services sector contributed 55.2% to India's GVA in 2017-18. As per the CSO the growth of the services sector is expected to be 8.3% in 2017-18 as compared to 7.7% in 2016-17. In 15 states, services contribute to more than half of the gross state value added (GSVA). With a share of 3.4%, India is the eighth largest exporter of commercial services.
- The share of real estate sector (including ownership of dwellings) accounted for 7.7% of India's overall GVA in 2015-16. Real estate and construction together are the second largest providers of employment. As per projections, it is estimated to employ 52 million by 2017, and 67 million by 2022.

India, Palestine Ties

Relevancy

- ✓ G.S. Paper 3
- ✓ India's growing ties with Israel
- ✓ Why not full-fledged ties with Israel?
- ✓ India's stand

Recently:

- ❖ PM's visit to Palestine visit signals India's strategy to grow ties with Israel and Palestine separately.
- ❖ It underlines the delicate balance New Delhi has adopted in this long-standing and seemingly intractable conflict.

India's growing ties with Israel

- India, which has been a champion of the Palestinian people's national aspirations, has built strong ties with Israel in recent years.
- Last year Mr. Modi became the first Indian Prime Minister to visit Israel.
- Israel is a vital source of defense equipment and agricultural technology for India.
- Last year India voted along with a vast majority of member-states at the UN General Assembly against U.S. President Donald Trump's decision to recognize Jerusalem as Israel's capital.
- PM reiterated India's support for the Palestinian cause during his recent visit.
- Both sides also signed a number of agreements for India-funded projects in the West Bank.

Why not full-fledged ties with Israel?

- Israel faces political isolation internationally over its occupation of the Palestinian territories.
- Isreal does not have diplomatic ties with most countries in West Asia.
- India, which has vital interests in the Gulf and enjoys good ties with the region's Muslim countries, cannot afford to be seen to be politically closer to Israel at the expense of ties with Palestinians.
- India has supported the creation of an independent Palestine within the 1967 borders, with East Jerusalem as its capital.
- According to this line, Israel would have to withdraw from the West Bank and East Jerusalem and either pull out the Jewish settlements or do a land-swap with the Palestinians as part of a final agreement.
- India's support for the two-state solution remains, but it has now stopped short of the specifics related to borders.

What is India's stand?

- India's policy objective is clear and rooted in political realism.
- It wants to maintain the balance in its relationship with both Palestine and Israel, and strengthen bilateral ties with each separately.