

Centre and state

Continuing economic reforms since 1991 has led to the relaxation of many controls on investments, giving some room to States, but the autonomy regarding public expenditure policies is not absolute as State governments depend on the Centre for their revenue receipts

Apart from issues around resource sharing, there are other areas that have emerged as sites of conflict.

These include the homogenization of social sector policies, functioning of regulatory institutions and the powers of central agencies.

Ideally bulk of the policies in these spheres should be at the discretion of States, with an apex central body overseeing the process of resource allocation.

When the Centre has the upper hand There are three important economic consequences of these incursions.

First, the spread of the Centre's span of activities leads to a situation where the Centre starts crowding out the States in terms of investments. An interesting case is that of infrastructure development in recent years.

The Centre launched the PM Gati Shakti, a digital platform, to incorporate schemes of various Ministries and State governments to achieve integrated planning and coordinated implementation of infrastructure connectivity projects.

All States and UTs had to prepare and operationalize a State master plan in line with the national master plan for seamless implementation.

However, the flexibility of States in formulating their master plan is curtailed by the centralization of planning and implementation of the national master plan

The second outcome has been a peculiar form of fiscal competition between the Centre and States.

In a federal system, fiscal competition manifests between different regions/States.

However, in a scenario of frictions with the Centre, State governments will engage in competition with other States and with the Centre. Welfare provisioning is one such area.

The Centre with enhanced fiscal space has more spending power, while States' revenues, especially nontax revenues, remain flat as possibilities of raising non taxes are confined to a smaller sphere due to

the direct provisioning of many utilities and services by the Centre.

The third important outcome is the inefficiencies associated with 'parallel policies'. Federal abrasions lead to either the Centre or the States duplicating the other's policies.

For securing the implementation of many of its laws and policies, the Centre depends on the States, particularly in the concurrent spheres.

The States also entrust their executive functions, with the consent of the Centre, to the government or agencies of the Centre (Article 258A).

Such interdependence is inevitable, especially in a large, diverse, developing society and needs to be preserved.

The Hindu

FATF

What is the FATF?

The Financial Action Task Force is an international watchdog for financial crimes such as money laundering and terror financing.

It was established at the G7 Summit of 1989 in Paris to address loopholes in the global financial system after member countries raised concerns

about growing money laundering activities.

In the aftermath of the 9/11 terror attack on the U.S., FATF also added terror financing as a main focus area.

This was later broadened to include restricting the funding of weapons of mass destruction.

The FATF currently has 39 members.

The decision-making body of the FATF, known as its plenary, meets thrice a year. Its meetings are attended by 206 countries of the global network, including members, and observer organizations, such as the World Bank, some offices of the United Nations, and regional development banks.

- The FATF sets standards or recommendations for countries to achieve in order to plug the holes in their financial systems and make them less vulnerable to illegal financial activities.

- It conducts regular peer-reviewed evaluations called Mutual Evaluations (ME) of countries to check their performance on standards prescribed by it.
- The reviews are carried out by FATF and FATF-Style Regional Bodies

(FSRBs), which then release Mutual Evaluation Reports (MERs).

- For the countries that don't perform well on certain standards, time-bound action plans are drawn up.
- Recommendations for countries range from assessing risks of crimes to setting up legislative, investigative and judicial mechanisms to pursue cases of money laundering and terror funding

What are FATF's 'grey' and 'black' lists?

- While the words 'grey' and 'black' list do not exist in the official FATF lexicon, they designate countries that need to work on complying with FATF directives and those who are non-compliant, respectively.
- At the end of every plenary meeting, FATF comes out with two lists of countries.
- The grey countries are designated as "jurisdictions under increased monitoring", working with the FATF to counter criminal financial activities.
- For such countries, the watchdog does not tell other members to carry out due-diligence measures vis-a-vis the listed country but does tell them

to consider the risks such countries possess.

- Currently, 23 countries including Pakistan are on the grey list.
- As for the black list, it means countries designated as 'high-risk jurisdictions subject to call for action'.
- In this case, the countries have considerable deficiencies in their AML/CFT (anti-money laundering and counter terrorist financing) regimens and the body calls on members and non-members to apply enhanced due diligence.
- In the most serious cases, members are told to apply counter-measures such as sanctions on the listed countries.
- Currently, North Korea and Iran are on the black list. Being listed under the FATF's lists makes it hard for countries to get aid from organizations like the International Monetary Fund (IMF), Asian Development Bank (ADB), and the European Union.
- It may also affect capital inflows, foreign direct investments, and portfolio flows.

The Hindu

Current Affairs 16th November 2023 by Saurabh Pandey

Pradhan Mantri Garib Kalyan Anna Yojana

- Pradhan Mantri Garib Kalyan Anna Yojana (PM-GKAY) is a scheme as part of Atmanirbhar Bharat to supply free food grains to migrants and poor.
- Phase-I and Phase-II of this scheme was operational from April to June, 2020 and July to November, 2020 respectively. Phase III of the scheme was operational from May to June, 2021.
- Phase-IV of the scheme during July-November, 2021 and Phase V from December 2021 till March, 2022.
- Under this scheme, the center provides 5kg of free food grains per month to the poor.
- This is in addition to the subsidized (Rs 2-3 per kg) ration provided under the National Food Security Act (NFSA) to families covered under the Public Distribution System (PDS)
- The food grain and the amount may be variable.
- Phase VI
- The PMGKAY scheme for Phase VI from April-September, 2022 would entail an estimated additional food subsidy of Rs. Rs. 80,000 Crore.

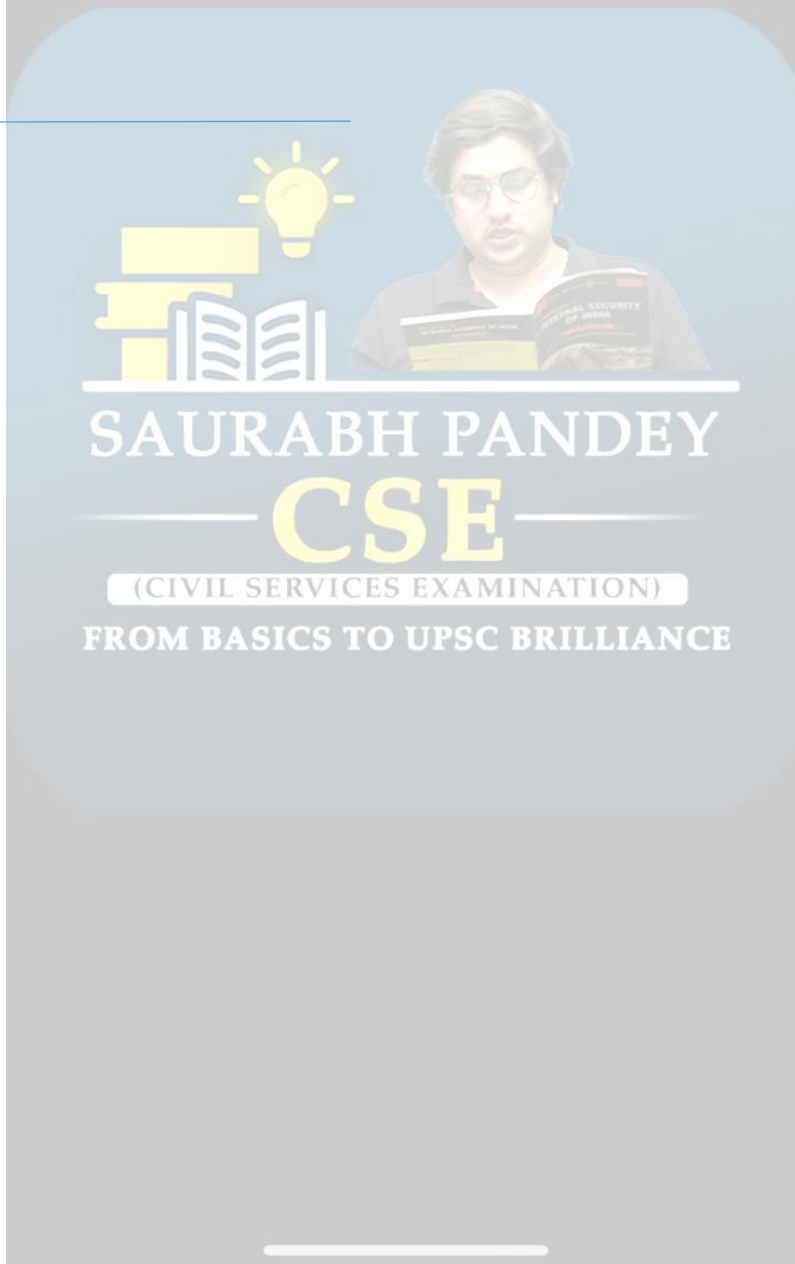
- Report on GHG
- Greenhouse gas concentrations in the atmosphere hit new record highs in 2022, with no end in sight to the rising trend, the United Nations warned on Wednesday.
- The UN's World Meteorological Organization said levels of the three main greenhouse gases the climate warming carbon dioxide, methane and nitrous oxide all broke records last year.
- 'Wrong direction' Such levels of heat trapping gases will mean further temperature increases, more extreme weather and higher sea levels, the WMO said in its 19th annual Greenhouse Gas Bulletin.
- The NASA ISRO Synthetic Aperture Radar (NISAR) is set to be launched in the first quarter of 2024.
- NASA-ISRO SAR (NISAR) is a Low Earth Orbit (LEO) observatory being jointly developed by NASA and ISRO.
- NISAR will map the entire globe in 12 days and provide spatially and temporally consistent data for understanding changes in Earth's ecosystems, ice mass, vegetation biomass, sea level rise, ground water

Current Affairs 16th November 2023 by Saurabh Pandey

and natural hazards including earthquakes, tsunamis, volcanoes and landslides. NISAR.

- NISAR will reveal the dynamics of carbon storage and uptake in wooded, agricultural, wetland, and permafrost ecosystems and the response of ice sheets to climate change, and the interaction of sea ice and climate.

The Hindu



Download Saurabh Pandey CSE app from Google play store

Join Telegram group