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TAPPING INTO KAZAKHSTAN'S RARE EARTHS POTENTIAL

Tapping into Kazakhstan's rare earths potential

As the world accelerates its transition to cleaner energy through cutting-edge technology, the demand for rare earths has increased globally. India, the third-largest carbon emitter, is pivoting to renewable energy and faces a growing need for rare earths. Despite being the fifth-largest holder of rare earth elements, India relies heavily on China for imports as it lacks advanced technologies for extraction. Amid supply chain disruptions and security concerns tied to China's dominance in this sector, New Delhi is diversifying its sources through agreements with the U.S., Latin American, and African countries to mitigate dependency on China. In this context, Kazakhstan emerges as a promising and strategically closer alternative.

China's monopoly

China accounts for over one-third of the global rare earths' possession and around 70% of its production, with India sourcing around 60% of its imports from Beijing. This heavy reliance stems from India's insufficient domestic production to meet the demands of critical sectors like electronics, defence, and clean energy.

However, China's past actions of disrupting critical technology and mineral supply due to bilateral issues give rise to fears as it tries to exert control over the critical mineral industry. China's monopoly in global and Indian rare earth demand leverages its position to dictate supply chain terms. China recently halted the supply of antimony, crucial for flame retardants, solar cells, batteries, and military gear, citing national security concerns. This move, along with a ban in December 2023 on critical technologies for extracting rare earths and producing magnets, reinforces China's grip on the sector.

Meanwhile, reduced ore supplies from Russia



Ayushi Saini

Junior Research Fellow and a final year PhD candidate at JNU, specialising in Central Asia

– mainly antimony concentrates used in wind and solar energy production – have intensified China's concerns as both the largest producer and consumer of rare earths. Russia's invasion of Ukraine has further exposed the risks of concentrated supply chains, resulting in India and Western nations to seek sustainable, diversified alternatives.

Why Kazakhstan is important

In this context, Kazakhstan, a close ally of India, offers a viable alternative to meet India's rare earth demands. Kazakhstan is among the richest sources of rare earths. With New Delhi's increasing engagement with Astana through the 'Connect Central Asia' policy and connectivity initiatives such as the International North-South Transport Corridor, a rare earth partnership could unlock significant economic benefits for both nations. Kazakhstan holds 15 of the 17 known rare earth elements and, with advanced extraction technologies, could dent China's dominance in this sector. Astana already has extraction agreements with Japan and Germany, while the U.S., South Korea, and the European Union have recently joined exploration and production deals to tap its rare earth reserves.

Kazakhstan's extraction of rare earth elements like dysprosium is projected to grow significantly between 2024 and 2029. The country's President Kassym-Jomart Tokayev recently highlighted rare earths as the "new oil" for Kazakhstan's economy. The country hosts one of the world's three full-cycle beryllium and scandium factories, crucial for telecommunications, and is among the four global manufacturers of tantalum and niobium, essential for nuclear reactors and clean energy. Astana is expanding its role in rare earth and strategic mineral production with investments in tungsten, battery materials, and magnets. Its vast mining potential in rare earth

elements can complement India's efforts in this sector. The Kazakh government is prioritising advanced technologies and partnerships to strengthen its presence in emerging fields like lithium and heat-resistant alloys. Additionally, Kazakh metallurgical plants extract bismuth, antimony, selenium, and tellurium, and use imported technologies to produce gallium from alumina and indium from polymetallic ores, all of which are essential for renewable energy production.

The way forward

India's COP29 pledge to achieve 500 GW of renewable energy by 2030 highlights the importance of rare earth elements like dysprosium in advancing clean energy technologies. India lacks capacity across the rare earth supply chain but plans a 400% increase in mining output over the next decade.

India's over-reliance on China and possible global shifts after the U.S. regime change underscore the need for diversification. India-Kazakhstan collaboration can enhance India's resource security, reduce dependence on China, and support sustainability by procuring rare earth through domestic extraction and import sources through partners in closer proximity. Apart from India's direct connectivity challenges with Kazakhstan, there is a lack of necessary extraction technologies in both countries. Nevertheless, the 'India-Central Asia Rare Earths Forum', proposed by National Security Adviser Ajit Doval during the second India-Central Asia Summit in Astana, aims to boost partnerships and private sector investment, potentially combating these challenges. It could facilitate bilateral training, joint mining ventures, shared geological data and expertise, sustainable extraction practices, and create a regional market to reduce reliance on China.

India's over-reliance on China and possible global shifts after the U.S. regime change underscore the need for diversification.

INDIA
3rd largest carbon emitter.
5th largest holder of rare earth elements.





Introduction

- ❖ Global shift to renewable energy has amplified demand for rare earths.
- ❖ India, the 3rd largest carbon emitter, is transitioning to renewables.
- ❖ Despite being the 5th largest holder of rare earths, India relies on imports.
- ❖ Heavy dependence on China poses supply chain and security risks.
- ❖ India is diversifying sources through global partnerships

What are Rare Earth Elements (REEs)?

- ❖ REEs are 17 metals in Group 3 of the Periodic Table, including the Lanthanide series, Scandium, and Yttrium.
- ❖ Despite being moderately abundant, they are rarely concentrated enough for economic extraction.

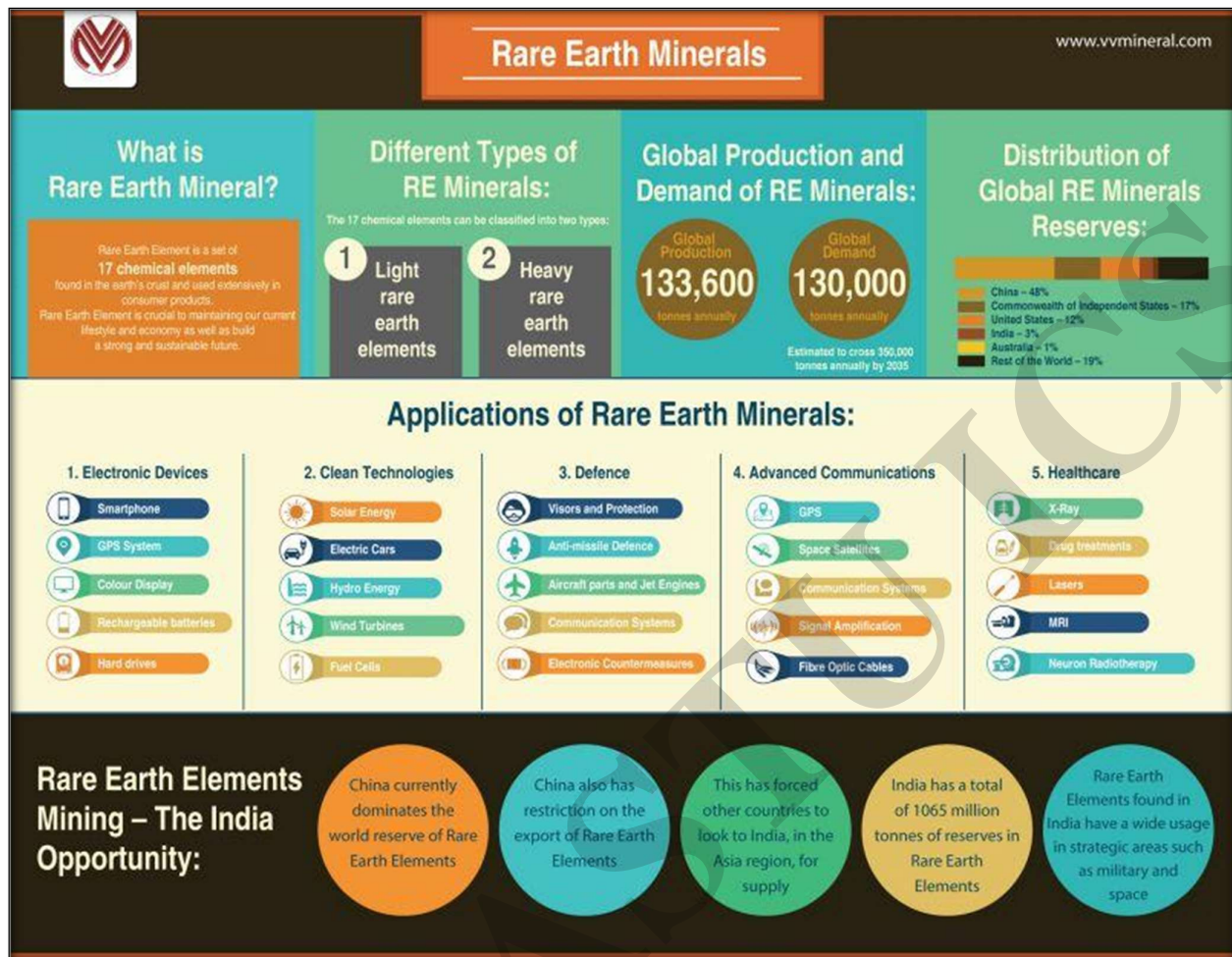
Classification:

- ❖ **Light REEs (LREEs):** Atomic numbers 57–63 (e.g., La, Ce, Pr, Nd).
- ❖ **Heavy REEs (HREEs):** Atomic numbers 64–71 (e.g., Gd, Tb, Dy) and Scandium/Yttrium due to similar properties

Rare Earth Minerals

Period	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7	Group 8	Group 9	Group 10	Group 11	Group 12	Group 13	Group 14	Group 15	Group 16	Group 17	Group 18
1	1 H 1.008																	2 He 4.003
2	3 Li 6.941	4 Be 9.012											5 B 10.81	6 C 12.01	7 N 14.01	8 O 16	9 F 19	10 Ne 20.18
3	11 Na 22.99	12 Mg 24.31											13 Al 26.98	14 Si 28.09	15 P 30.97	16 S 32.07	17 Cl 35.45	18 Ar 39.95
4	19 K 39.10	20 Ca 40.08	21 Sc 44.96	22 Ti 47.88	23 V 50.94	24 Cr 52	25 Mn 54.94	26 Fe 55.85	27 Co 58.47	28 Ni 58.69	29 Cu 63.55	30 Zn 65.39	31 Ga 69.72	32 Ge 72.59	33 As 74.92	34 Se 78.96	35 Br 79.9	36 Kr 83.8
5	37 Rb 85.47	38 Sr 87.62	39 Y 88.91	40 Zr 91.22	41 Nb 92.91	42 Mo 95.94	43 Tc (98)	44 Ru 101.1	45 Rh 102.9	46 Pd 106.4	47 Ag 107.9	48 Cd 112.4	49 In 114.8	50 Sn 118.7	51 Sb 121.8	52 Te 127.6	53 I 126.9	54 Xe 131.3
6	55 Cs 132.9	56 Ba 137.3	57 La 138.9	58 Ce 140.1	59 Pr 140.9	60 Nd 144.2	61 Pm (147)	62 Sm 150.4	63 Eu 152	64 Gd 157.3	65 Tb 158.9	66 Dy 162.5	67 Ho 164.9	68 Er 167.3	69 Tm 168.9	70 Yb 173	71 Lu 175	
7	87 Fr (223)	88 Ra (226)	89 Ac (227)	90 Th 232	91 Pa (231)	92 U (238)	93 Np (237)	94 Pu (242)	95 Am (243)	96 Cm (247)	97 Bk (247)	98 Cf (249)	99 Es (254)	100 Fm (253)	101 Md (256)	102 No (254)	103 Lr (257)	





China's Dominance in Rare Earth Supply Chain

❖ Key Points:

- China holds over 33% of global rare earth reserves and produces 70%.
- India imports ~60% of its rare earths from China.
- China's supply disruptions highlight risks (e.g., bans on antimony and magnet technologies).
- Geopolitical tensions and concentrated supply chains raise global concerns.
- Russia-Ukraine war further stresses supply chain vulnerabilities

India's Rare Earth Resources

❖ Global Ranking: 5th largest rare earth resource globally.

❖ Resources:

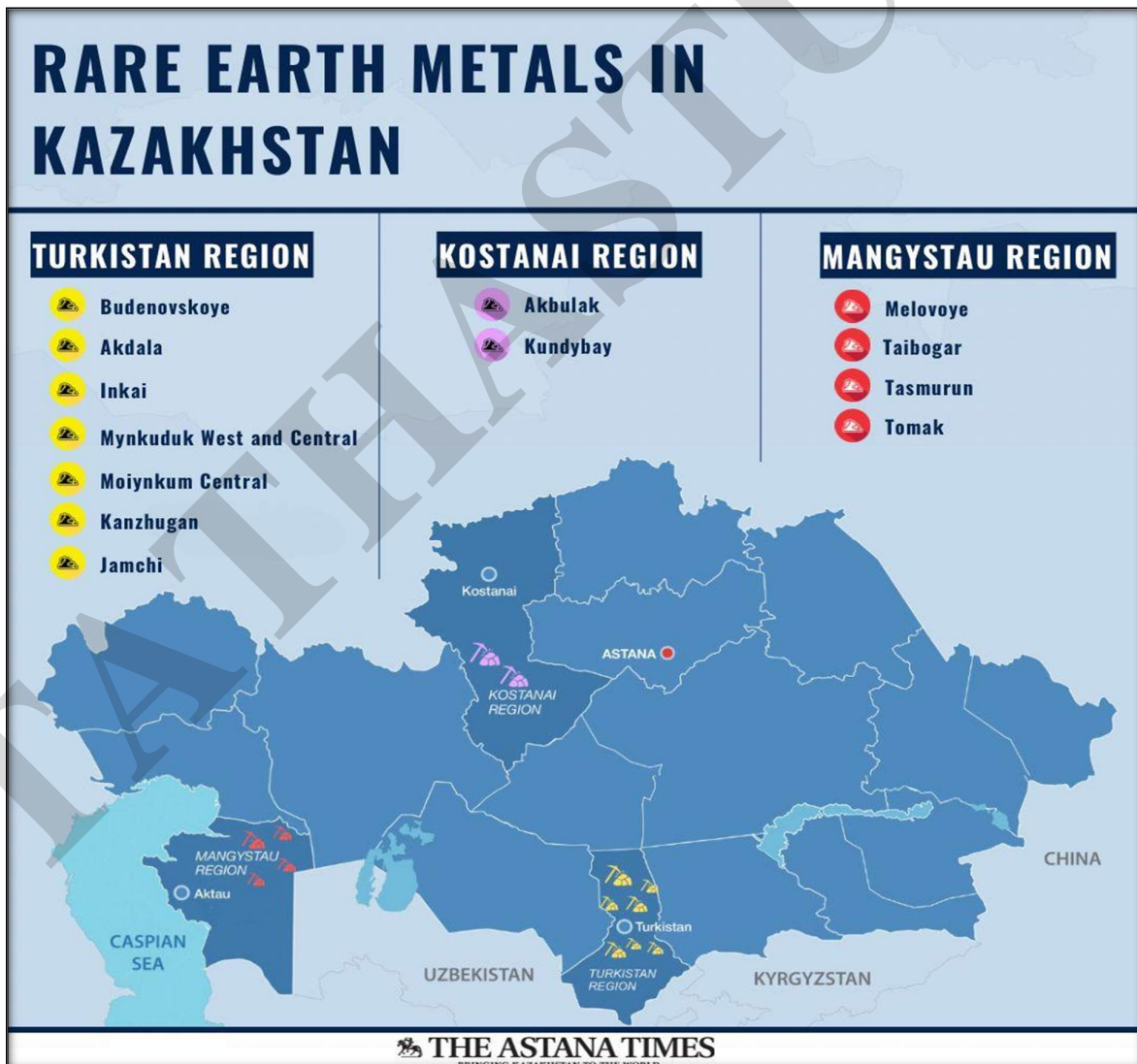
- 13.07 million tonnes of REEs, mainly in monazite sands (55-60% REE oxide).
- **Locations:**
 - **Coastal Deposits:** Andhra Pradesh, Odisha, Kerala, Tamil Nadu, Maharashtra, Gujarat.
 - **Inland Placer Deposits:** Jharkhand, West Bengal, Tamil Nadu.

❖ Types of REEs in India:

- Predominantly **Light REEs**; limited Heavy REEs in extractable quantities.
- **Key Elements Extracted:** Neodymium and Praseodymium (99.9% purity).
- ❖ **Mining and Collaboration:**
 - **Indian Rare Earth Limited (IREL):** Major player in mining and processing.
 - **Foreign Collaboration:** Toyotsu Rare Earths India Limited, Visakhapatnam (IREL + Toyota Tsusho, Japan)

Kazakhstan: A Strategic Alternative for Rare Earths

- ❖ **Key Points:**
 - Rich in 15 of the 17 known rare earth elements.
 - Existing partnerships with Japan, Germany, and the EU.
 - Advanced technologies for rare earth extraction.
 - President Kassym-Jomart Tokayev promotes rare earths as "new oil."
 - Kazakhstan's focus on tungsten, lithium, tantalum, bismuth, and other strategic minerals.





India-Kazakhstan Rare Earths Partnership

❖ Key Points:

- Leveraging the 'Connect Central Asia' policy and International North-South Transport Corridor.
- Collaborative potential for rare earth mining, training, and technology sharing.
- National Security Adviser Ajit Doval's proposed *India-Central Asia Rare Earths Forum*.
- Joint ventures, geological data exchange, and sustainable mining practices.
- Challenges: Connectivity and limited extraction technologies.

Benefits of Diversifying Rare Earth Sources

❖ Key Points:

- Enhances India's resource security.
- Reduces dependence on China.
- Aligns with India's COP29 pledge for 500 GW renewable energy by 2030.
- Unlocks economic opportunities for both India and Kazakhstan.
- Strengthens bilateral ties and regional stability.

Challenges in Rare Earth Collaboration

❖ Key Points:

- India's technological and extraction capacity is underdeveloped.
- Connectivity issues with Kazakhstan.
- Need for private sector investment and sustainable practices.

❖ Proposed Solutions:

- Enhance bilateral training and R&D.
- Promote private sector engagement in mining and technology development.
- Foster regional markets through multilateral forums.

UPSC PYQ 2012

Q.1 Recently, there has been a concern over the short supply of a group of elements called 'rare earth metals'. Why? (2012)

1. China, which is the largest producer of these elements, has imposed some restrictions on their export.
2. Other than China, Australia, Canada and Chile, these elements are not found in any country.
3. Rare earth metals are essential for the manufacture of various kinds of electronic items and there is a growing demand for these elements.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2 and 3





SHOULD ASSISTED DYING BE LEGALIZED?

Should assisted dying be legalised?

What concerns do opponents of the assisted dying Bill in the U.K. raise? What changes does the proposed law seek to introduce? How does India's legal stance on euthanasia compare to the U.K.'s position?

EXPLAINER

Garimella Subramaniam

The story so far:

Britain's House of Commons on November 29 voted by a majority to legalise assisted dying – a less controversial synonym for assisted suicide in England and Wales. The step signals a seismic social shift on an emotive issue. Advocates regard the new Bill as a humane and compassionate intervention that should – for those who want to exercise the option – bring closure to a painful, debilitating and degrading dependence on the immediate family. Opponents, who include the head of the Church of England, are apprehensive that the severely disabled and vulnerable patients may feel forced to end their lives to relieve the burden on relatives. "It should never become easier to seek help to die than to live," they say. The debate on the Bill's merits has also brought to the fore concerns that the delivery of hospice and palliative care services could be undermined. Portrayed sometimes as a "Give us our last rights" campaign, about 75% of the public has backed the liberalisation of assisted dying, as per a U.K. National Centre for Social Research survey.

How controversial is the move?

The U.K. courts have time and again maintained that given the sensitive ethical, philosophical, and social questions involved, the subject of assisted dying was not a matter on which the judiciary could pronounce a decision based on concrete evidence. Successive British governments have similarly maintained that any change to existing law was for parliament to consider and a matter of their conscience for individual MPs and that the government would officially adopt a neutral stance. The Terminally Ill Adults (end of life) legislation was thus brought forward as a private member Bill by the Labour MP Kim Leadbeater. Among its supporters



Moral debate: Opponents are apprehensive that the severely disabled and vulnerable patients may feel forced to end their lives to relieve the burden on relatives. AP

were Prime Minister Keir Starmer, the Home Secretary, the chancellor of the exchequer, and the Opposition leader Rishi Sunak. Six Cabinet Ministers opposed the proposal.

What is the current law in this area?

Suicide, (self-inflicted death), or attempted suicide are not in themselves criminal offences in England and Wales. Conversely, an act that encourages or assists a person to commit suicide or attempted suicide is a criminal offence that carries a 14-year prison sentence under the 1961 Assisted Suicide Act.

What is the proposed law?

The Bill before parliament seeks to give terminally ill, mentally competent adults who have less than six months to live – which assumes that a reliable method exists of forecasting survival – the option to end their life. Under one stipulation, any such request must be authorised by two doctors and a High Court judge.

What were the petitioners' prayers?

Since 2001, severely disabled applicants have petitioned the U.K. courts that the

1961 law, as well as the prosecution's refusal to allow them to end their lives under medical assistance, was incompatible with their rights under the European Convention on Human Rights (ECHR). At issue was the right to life (Article 2), which the petitioners viewed as entailing the right to self-determination and an entitlement to end life with assistance. They have also argued that the denial of the option to die with assistance – insofar as it failed to alleviate suffering – amounted to cruel and degrading treatment prescribed under Article 3. It moreover constituted an infringement of the right to privacy and freedom of conscience enshrined in Articles 8 and 9. Finally, as persons with disabilities who needed assistance to end their lives, the denial of permission by the prosecution amounted to discrimination, in breach of Article 14 of the ECHR.

What did the court rule?

The U.K. House of Lords in 2002 unanimously overruled these contentions. But, in a 2014 Supreme Court decision, the majority opined that although the 1961 law was incompatible

with the rights of two incurably suffering but not terminally ill petitioners, it was for parliament to modify the law. In 2015, the European Court of Human Rights ruled that the U.K. Supreme Court was under no obligation to examine the merits of a challenge to primary legislation and that Britain's government was open to concluding that this was a matter for parliament to arrive at a suitable determination. It is thus crystal clear that only new legislation can alter the status quo in this matter.

What is the position in India?

In *Common Cause vs. Union of India* (2018), the Supreme Court affirmed that the "right to die with dignity" is integral to the right to life and personal liberty under Article 21 of the Constitution. The court also legalised "passive euthanasia," which involves the withdrawal of life support from terminally ill patients or those in a permanent vegetative state. This allows individuals to die a natural death in the absence of medical interventions. The top court also issued comprehensive guidelines to facilitate passive euthanasia. For instance, if a patient leaves behind a living will, it must be executed in the presence of two witnesses and attested by a Judicial Magistrate. In 2019, the Indian Society of Critical Care Medicine filed an application seeking modification of these guidelines, arguing that they were onerous and impractical. Accordingly, a five-judge Constitution Bench in 2023 simplified the process by imposing strict timelines at each stage and limiting the role of the Judicial Magistrate.

In September, the Health Ministry released draft guidelines on withdrawing medical support for terminally ill patients, addressing a regulatory gap that had left healthcare professionals in the lurch. These specify that doctors must refrain from initiating life-support measures when they offer no benefit to the patient and are likely to cause suffering and a loss of dignity. Garimella Subramaniam is Director, Strategic Initiatives, AgnoShin Technologies Pvt. Ltd (With inputs from Aaratrika Bhaumik)

THE GIST

The U.K. House of Commons recently voted to legalise assisted dying, marking a significant shift. Supporters view it as compassionate, while opponents worry about vulnerable patients feeling pressured to end their lives.

Current law criminalises assisting suicide, but the proposed Bill allows terminally ill patients with less than six months to live to choose assisted death, with strict safeguards involving doctors and a High Court judge.

India has legalised passive euthanasia (withdrawing life support for terminally ill patients) through the Supreme Court's ruling.

Understanding Assisted Dying

Key Points:

- Assisted dying refers to terminally ill, mentally competent individuals choosing to end their lives with medical assistance.
- It is a contentious topic involving ethical, legal, and moral considerations.
- Recent developments in the U.K. and India bring the debate into focus





The U.K. Debate

- ❖ U.K.'s House of Commons voted to legalize assisted dying for England and Wales.
- ❖ **Advocates:**
 - Humane and compassionate intervention.
 - Provides closure for terminally ill individuals and their families.
- ❖ **Opponents:**
 - Concerns over vulnerable patients feeling pressured.
 - Fears of undermining hospice and palliative care services.
- ❖ **Public Opinion:**
 - 75% of the U.K. public supports assisted dying (National Centre for Social Research).
- ❖ **Ethical Stance:**
 - Church of England: "It should never become easier to seek help to die than to live."

Legal Framework in the U.K.

- ❖ **Existing Law:**
 - Suicide is not a crime, but assisting it is punishable by up to 14 years (1961 Assisted Suicide Act).
- ❖ **Proposed Law:**
 - Allows terminally ill, mentally competent adults (<6 months to live) to end their lives.
 - Requires approval by:
 - Two doctors.
 - A High Court judge.
- ❖ **Judicial History:**
 - 2002 House of Lords: Rejected petitions for assisted dying.
 - 2014 Supreme Court: Law incompatible with rights of incurably suffering individuals but left changes to Parliament.
 - 2015 European Court of Human Rights: Affirmed it is a legislative matter.

Legal Framework in India

- ❖ **Key Rulings: Common Cause vs. Union of India (2018):**
 - Recognized "right to die with dignity" under Article 21.
 - Legalized passive euthanasia (withdrawal of life support for terminally ill or vegetative patients).
- ❖ **Guidelines:**
 - Living wills require attestation by two witnesses and a Judicial Magistrate.
 - 2023: Simplified process with strict timelines, limited role of Judicial Magistrate.
- ❖ **Recent Developments:**
 - 2023 Health Ministry Draft Guidelines:
 - Doctors must avoid life-support measures causing suffering or loss of dignity.
- ❖ **Comparison with U.K.:**
 - U.K. debates active euthanasia, while India permits passive euthanasia with comprehensive guidelines.





WHY IS STRENGTHENING FISHERIES EXTENSION SERVICES CRUCIAL?

Why is strengthening fisheries extension services crucial?

What support do Matsya Seva Kendras provide to fish farmers?

Abhilaksh Likhi

The story so far:

India possesses diverse fisheries resources that provide livelihood opportunities to approximately three crore fishers and fish farmers. The country has witnessed an 83% increase in the national fish production since 2013-14, that stands at a record 175 lakh tons in 2022-23. With 75% of this coming from inland fisheries, India is the second-largest fish and aquaculture producer globally. In this backdrop, strengthening last-mile fisheries and aquaculture extension services is of paramount importance. Experts contend that such extension should provide request-based services to fishers/fish farmers on the life cycle of improved species cultured, water quality, disease, and available rearing technologies; address issues faced by seed growers and hatcheries; and conduct need-based

training to promote sustainable practices and fisheries-based activities that have the potential to be viable business models.

What is the role of Matsya Seva Kendras?

Under the flagship Pradhan Mantri Matsya Samapada Yojana, 'Matsya Seva Kendras' (MSK) has been envisioned as one-stop solution to provide a range of extension services by trained aquaculture professionals. The governmental assistance to set up such Kendras for women and weaker sections is available to the extent of 60%. Funds have been provided to State governments and Union Territories for operationalising 102 such Kendras. For example, the MSK in Thrissur, Kerala has a well-equipped lab for water, soil, and microbial analysis to conduct request-based disease tests, while the MSK in Nasik and Sangli districts in Maharashtra focuses on capacity building for fishers/fish farmers

on varied seed/feed inputs backed with the required technology infusion.

Fostering a 'whole of government approach,' the Government of India advises MSKs to mobilise start-ups, cooperatives, fish farmers' producer organisations, joint liability groups, and self-help groups to share best practices. The latter includes regenerative and conservation management practises for both inland and marine fisheries in view of the effects of climate change.

How do Sagar Mitras support fishers?

Another innovative extension initiative by the government is the deployment of "Sagar Mitras" in coastal States and U.T.s as a vital interface between the government and sea-borne fishers. They compile information and data on daily marine catch, price fluctuations, and requisite marketing needs at fish landing centres/harbours. They disseminate information to fishers on local

regulations, weather forecasts, natural calamities, hygienic fish handling, and potential fishing zones in the seas.

How can extension services be improved?

To make the extension and advisory services in fisheries and aquaculture more robust the need of the hour is twofold. First, the above initiatives should be institutionally converged with the already networked field extension machinery of over 700 Indian Council of Agricultural Research-driven Krishi Vigyan Kendras and the State governments and U.T.s extension services. Second, promoting digital outreach. The National Fisheries Development Board has initiated a nationwide virtual learning platform, 'AquaBazaar,' that enables experts to clarify basic concepts and provide practical demonstrations to fishers on breeding/seed production of commercially important fish.

In this context, the World Bank-assisted Government of India project to formalise the fisheries and aquaculture sector is a boon indeed. It aims to create work-based digital identities for all fishers and fish farmers in the country, thereby strengthening their extension, capacity building, and awareness generation needs.

Abhilaksh Likhi is Secretary, Department of Fisheries, Government of India. The views expressed are personal

THE GIST

Strengthening fisheries extension services is essential for supporting fishers and promoting sustainable practices, with initiatives like Matsya Seva Kendras and Sagar Mitras playing key roles.

Matsya Seva Kendras and Sagar Mitras help fishers by providing critical support, training, and information to improve productivity and sustainability.

India's Fisheries Sector: An Overview

❖ Key Points:

- Fisheries provide livelihood to ~3 crore people.
- Fish production has grown by 83% since 2013-14, reaching 175 lakh tons in 2022-23.
- 75% of fish production comes from inland fisheries.
- India is the second-largest fish and aquaculture producer globally.
- Strengthening extension services is crucial for sustainability and growth.

Why Strengthen Extension Services?

❖ Key Points:

- Provide request-based services on species life cycle, water quality, diseases, and technologies.
- Address challenges faced by seed growers and hatcheries.
- Conduct need-based training to promote sustainable and profitable practices.
- Facilitate fisheries as viable business models.

Role of Matsya Seva Kendras (MSKs):

❖ One-Stop Solution for Fisheries Services

❖ Key Points:

- Flagship initiative under *Pradhan Mantri Matsya Sampada Yojana (PMMSY)*.
- Offer extension services like water, soil, and disease analysis.
- Empower women and weaker sections with 60% government funding support.





- 102 Kendras operationalised across States/UTs.
- Examples:
 - Thrissur, Kerala: Well-equipped lab for water/soil/microbial analysis.
 - Nasik & Sangli, Maharashtra: Capacity building for seed/feed inputs.

Role of Sagar Mitras

❖ *Vital Government-Fisher Interface*

❖ **Key Points:**

- Deployed in coastal States and UTs.
- Key functions:
 - Compile data on daily marine catch and price fluctuations.
 - Disseminate info on local regulations, weather forecasts, and hygienic handling.
 - Identify potential fishing zones.
- Enhance market connectivity and fisher awareness.



Improving Fisheries and Aquaculture Extension

❖ **Key Points:**

• **Institutional Convergence:**

- Integrate with Indian Council of Agricultural Research's Krishi Vigyan Kendras (KVKs) and State extension services.

• **Digital Outreach:**

- Initiatives like 'AquaBazaar' virtual learning platform.
- Practical demonstrations on breeding/seed production by experts.

❖ **World Bank-Assisted Fisheries Project**

- Create work-based digital identities for fishers and fish farmers.
- Enhance extension services, capacity building, and awareness.
- Strengthen digital infrastructure for fisheries and aquaculture



TERM OF THE DAY – WEALTH TAX

Should the wealth tax be reinstated in India?



Ajay Shah
Senior Research
Fellow and
Co-founder
Xkdr Forum



Rahul Menon
Associate
professor at the
Jindal School
of Government
and Public
Policy

PARLEY

At a recent panel discussion in New Delhi, French economist Thomas Piketty suggested that a wealth and inheritance tax be imposed on the super-rich in India, which, in turn, could fund health and education. India's Chief Economic Advisor, Anantha Nageswaran, opposed the idea, arguing that higher taxes could encourage fund outflows. Should the wealth tax be reinstated in India? Ajay Shah and Rahul Menon discuss the question in a conversation moderated by Samreen Wani. Edited excerpts:

Is it a good idea to reintroduce a wealth tax in India?

Ajay Shah: I'm not an enthusiast. We should never think about public policy from a standpoint of moral outrage. We should think about means and ends and the effectiveness by which certain objectives can be met. There are two kinds of difficulties. First, how are you going to measure the wealth of a person? If the government says that the measurement of wealth is the value of the assets of a person that are held in liquid assets like equities or debt, then people will get a strong bias in favour of holding assets like real estate and gold. In fact, it is harmful for the country when people emphasise holdings of real estate and gold because the productive assets of the economy are equities and the bonds. Second, people would just leave. If we say that we will tax the elite at a high rate, many will just leave and all the prospects of progress will get damaged.

Rahul Menon: It is time to start talking about it. Just announcing a wealth tax in a budget is not going to do anything. There needs to be a large institutional framework around it. There is a case for it right now simply because the levels of concentration of wealth are extremely high. I don't think it is a moral problem to call out the inequality right now. It is a fundamental development problem, because an increase in inequality reduces capabilities and opportunities for many people. We have a sophisticated and strong system right now to track economic activity. We have implemented it for people at the bottom half of the pyramid. I don't see why we can't start thinking about using it at the top, which is a smaller population.

India had a wealth tax before it was abolished in 2016-17, but the collections were less than 1% of the gross tax collections. The government had said that the cost of collection of the wealth tax was really high. What were the issues then?



A view of Mumbai. GETTY IMAGES

RM: Much of the problem was what afflicts most economies when they undertake something like that, which is, how do you define this wealth? How do you define who is the owner of this wealth? It is easy to shift my wealth from one form of holding to another. I exercise effective control and in name alone it is with someone else. So, that enables me to evade tax. These problems will continue to persist if we impose a wealth tax again. This problem has also affected the developed world. Collections from wealth taxes are very low. In much of the literature that has been motivated by Piketty's ideas, there are other interesting propositions that have come up to plug all these loopholes – have a comprehensive tax, don't distinguish between labour and capital, tax real estate at the same rate as equity assets, etc.

AS: I'm not convinced that inequality is an important problem for India. Growth is the only problem that we should focus on. All measures of well-being – infant mortality, female empowerment, or any measure of well-being – respond to growth alone. Redistribution never made a country better. There is no Marxian theory of value. There is only a market theory of value. So, a company is worth whatever a buyer is willing to pay for it. When there is a dislike of the elites, it creates unliveable countries and that is not a path to progress. So, we have really got to tamp down this rhetoric and get back to a more Gandhian approach. Let's live together, make a good country. That is about building prosperity rather than getting into warfare about distribution.

Piketty's work was based on data on income tax, consumption, wealth, national accounts, and rich lists, which might have issues, but those are not India-specific. How



We have a sophisticated and strong system to track economic activity. We have implemented it for people at the bottom half of the pyramid. I don't see why we can't start thinking about using it at the top, which is a smaller population

RAHUL MENON

can we address this problem of data issues to get better approximations of inequality?

AS: At the upper end of the distribution, there is no hope of meaningful data. So, the field investigator is never going to get this data and people are not going to realistically report on their income. Household survey data really does not capture the upper end of the distribution. I don't know any other way to improve the data. There is the *Forbes* magazine ranking of the richest people in the world but that's not a description of a country.

RM: Yes, the surveys don't give you a true picture of what's happening at the top end. But there are ways. Piketty and other academics use the data from various wealth lists. Then, using economic techniques of interpolation, they combine these with surveys to get some amount of data over a period. Now it's very clear that these are approximations, but they do give us a picture. One of the most important ways to do it is through international collaboration. The U.S. has tried doing that by signing agreements with other economies to develop more transparency.

There are two main contentions against the wealth tax. The first is flight of capital and the second is that when certain thresholds are imposed, some people/organisations will be incentivised to stay below that, which will widen the gap between the bottom half and the top half. How do you respond to these?

RM: Yes, there may be flight of capital but there are some research papers that say that the scale of this is not too large in countries such as the U.K. and in Norway. In Norway, for instance, there is a lot to keep people there; there is a lot of public infrastructure. There is a reason to stay there even if your taxes rise. That is not the case in India. Wealth tax by itself means nothing unless it is used properly. So, the idea is to use this wealth tax and invest in health and education to create a more educated and healthy workforce. That gives a reason for people to continually invest here, even if the wealth tax is raised.

On the question of thresholds, thresholds for MSMEs don't matter if I'm taxing just 0.04% [of the population]. They can grow until they reach 0.04% and that is when they will be taxed. Again, no one is talking about bringing about perfect equality. Some amount of inequality will always be there. But how much is too much?

AS: The emergence of democracy in the U.K., starting from the Magna Carta in 1215, happened with generation after generation having enormous wealth and power concentrated with a few. That was way beyond anything that we see today. So, inequality is a fact of life.

Finally, I want to come to this idea that we should impose a wealth tax because it can be used for, say, health or education. This is wrong. It is a fundamental feature of public finance that you have a complete decoupling of expenditure and the revenues. I am disappointed that Piketty, a skilled economist, does not get this. We ask ourselves what are the good uses of public money and basically, they are public goods. I think there are only three good taxes in India – personal income tax, GST, and property tax. It is possible to implement these under Indian conditions as long as the rates are kept low with reasonably low distortions. Every other tax in the Indian public finance literature is termed 'bad tax'.

Wealth tax might give some revenue for the social sector. But how do we address the issues in allocations in the same sectors?

RM: There are huge problems with it. We have seen it in education. All the ASER (Annual Status of Education Report) and Pratham surveys say students are not up to the mark. There is a very legitimate question that if we tax billionaires and we put money there, are we just throwing good money after bad? But levying a tax and using it for spending allows us to finance a lot of development goals. It also allows us to do this without necessarily running a deficit, without necessarily borrowing from the public.

AS: There is no merit in that idea. The education system is terrible. It is not efficient to put more money into that problem; we have a management crisis. I feel that the wise approach in India is to choke expenditure until you prove bang for the buck. A meaningful expenditure ratio for India at the present level of development is about half of what is spent today.



To listen to the full interview
Scan the code or go to the link
www.thehindu.com

* A tax based on the market value of assets owned by a taxpayer. } for a section that is richer than a certain limit).

* Was governed by the Wealth Tax Act 1957, however it was ruled out in 2016.



1924 CONGRESS SESSION

Statue of Mahatma Gandhi unveiled at Veera Soudha

This was part of two-day centenary celebrations of the 1924 Congress session in Belagavi; the DCM inaugurated a gallery with pictures of Gandhiji and other leaders who attended the 1924 session

The Hindu Bureau
BELAGAVI

Karnataka Chief Minister Siddaramaiah unveiled a statue of Mahatma Gandhi at the Veera Soudha memorial at Belagavi, the venue of the 1924 Belgaum Congress session, as part of the two-day centenary celebrations of the event being held in the border city.

On the occasion, Deputy Chief Minister D.K. Shivakumar inaugurated the renovated gallery that displays photographs of Gandhi and other leaders who attended the 1924 session. They went through the gallery and viewed images of the session, accompanied by several Congress leaders and members of the Cabinet, including H.K. Patil, Minister and chairman of the Gandhi Bharata celebration committee.

Deshpande memorial

The Chief Minister also inaugurated the Gangadhar Deshpande's Memorial Bhavan in Belagavi. The memorial has been built to commemorate the Gandhian and freedom fighter who organised the 1924 session that was chaired by Mahatma Gandhi. The hall is built on an area of around 15 guntas at a cost of ₹1.58 crores. The premises has a hall, a bust of Mr. Deshpande, a photo gallery and a garden.

Mr. Siddaramaiah recalled the contribution of



Chief Minister Siddaramaiah, Deputy Chief Minister D.K. Shivakumar and others unveiling the statue of Mahatma Gandhi at Veera Soudha in Belagavi. SPECIAL ARRANGEMENT

Deshpande to the freedom struggle and the 1924 session. "Deshpande, the proud son of Hudali village near Belagavi, was known as the 'Lion of Karnataka' for his unwavering stance against the British. He was a supporter of division of States on linguistic lines, and dreamt of a unified Karnataka. He served as AICC general secretary in the 1920s. Born in a rich, landed family, he chose to live a simple life as a khadi activist," he said.

Khadi fair

As part of the celebrations, Mr. Siddaramaiah and Mr.

Shivakumar inaugurated Asmita Khadi Fair 2024 on Sardar's High School Grounds in Belagavi.

Women members of self-help groups (SHGs) from various districts are showcasing their products at the fair. A total of 150 stalls have been set up. They include 10 food stalls and 50 for Khadi products. The exhibition will be open to the public from 10.30 a.m. to 9.30 p.m. every day from December 26 to January 4. Entry is free.

Groups will present cultural programmes every evening from 6.30 p.m. to 9 p.m. Members of SHGs

are running various 'Akka Cafes' at the venue.

Earlier, the Chief Minister paid respects to Army soldiers killed in an accident. He placed wreaths on the caskets containing the bodies of Subedar Dayananda Tirakannavar and Mahesh Marigonda at the Army War Memorial.

He announced that the State government would provide all assistance to the families of the deceased soldiers. Describing the deaths in the accident in J&K as a "very painful" incident, he said he shared the pain of the families of the deceased.

39th INC Session → Veera Soudha memorial
(venue)

- Belgaum (Belgavi) Karnataka
- Presided by Gandhiji (only session)
- Non violence, swaraj, communal harmony ideas

★ Gangadhar Deshpande

- ↳ freedom fighter
- ↳ organised the 1924 session
- ↳ "Lion of Karnataka"
- ↳ AICC General Secretary (1920s)



A GLOBAL POLIO RESURGENCE

A global polio resurgence and the need to reevaluate the basics

Eternal vigilance is the price we pay to inhabit a planet with a range of biodiversity. Any letup, and it's likely that years of achievement might be undone. We are seeing a glimpse of this in a resurgence of polio worldwide, with environmental samples and human cases throwing up both wild polio virus as well as vaccine-derived polio virus

Ramya Kannan

The gains of science can easily be frittered away, much faster than they were earned. Eternal vigilance is the price we pay to inhabit a planet like earth, with the range of biodiversity it has. Any letup, and it's quite likely that years of achievement might be undone. We are seeing a glimpse of this in a resurgence of polio worldwide, with environmental samples and human cases throwing up both wild polio virus as well as vaccine-derived polio virus.

The World Health Organization (WHO) has reported that poliovirus had been detected through routine surveillance of wastewater systems in five countries in the WHO European Region (Finland, Germany, Poland, Spain, and the United Kingdom) since September this year. "While no cases have been detected to date, the presence of the virus underscores the importance of vaccination and surveillance, as well as the ongoing risk that any form of poliovirus poses to all countries everywhere," the WHO says.

In Pakistan, four WPV1 cases and eight WPV1-positive environmental samples were lifted. In Cameroon and Cote D'Ivoire, one case each of cVDPV2 was detected, while in Chad and Nigeria, four and three cases of cVDPV2 were detected recently, according to the WHO. Additionally, positive environmental samples were found in Finland, Germany, and the United Kingdom.

In the past 3 months, circulating vaccine-derived poliovirus type 2 (VDPV2) was detected in sewage samples in Barcelona, Spain; Warsaw, Poland; Cologne, Bonn, Dresden, Duesseldorf, Mainz, Hamburg, and Munich in Germany; Tampere in Finland; and Leeds, London, and Worthing in the UK, according to the WHO. The detected virus was genetically linked to a strain that emerged in Nigeria. In none of the five countries was there confirmed local circulation of the virus at this time, the health body said.

"WHO continues to support national and local public health authorities in their investigations and monitoring of the situation, including identification of any potential subnational immunity gaps that may need to be addressed," added Robb Butler, Director, Communicable Diseases, Environment and Health at WHO/Europe. "Vaccination of every vulnerable child is essential to ensure that the virus cannot lead to lifelong paralysis or even death."

All five countries where the virus was detected maintained strong disease surveillance and high levels of routine immunisation coverage, estimated at



Children show their ink-marked fingers after being administered with polio drops by healthcare workers as part of the Pulse Polio Program, at New Gardiner Road Hospital in New Delhi. ANI

85-95% nationally with 3 doses of inactivated polio vaccine (IPV), which provides excellent protection from paralysis caused by poliovirus. Earlier, polio was also picked up in Gaza on July 16, 2024. It was confirmed in a 10-month-old child who became paralysed in August 2024.

However, pockets of undervaccination exist in every country. In response to the detections, investigations are ongoing, including through continued disease surveillance. Subnational immunity levels have been examined to identify any potential gaps and immunisation of unvaccinated children, the WHO says.

Vaccine controversy

In the context of the surge, the debate about what vaccine to use has once again come to be of interest. Even back in the early 20th century, initial theories about poliovirus transmission pointed to respiratory transmission based on the epidemiological features of polio before later studies shifted the focus to the faecal-oral route, primarily due to research on virus shedding in the gut. The polio Sabin vaccine, also known as the oral polio vaccine (OPV), is a live-attenuated vaccine that was developed by physician and microbiologist Albert Sabin. It was adopted by the WHO because of the efficacy in administering the vaccine and given the mammoth task in front of the world at that time. The flip side, however, was that oral polio vaccine allowed vaccine-derived polioviruses to infect children.

A recent paper, *The Respiratory Route of Transmission of Virulent Polioviruses*,

Widespread assumption of faecal-oral transmission led to the exclusive use of OPV. However, researchers suggest that a shift towards the inactivated poliovirus vaccine would be more effective in preventing polio transmission, particularly in regions where respiratory transmission is the main route

by T. Jacob John, Dhanya Dharmapalan, Robert Steinglass, and Norbert Hirschhorn, in the peer-reviewed journal *Infectious Diseases*, presents a thorough analysis of the transmission routes of poliovirus, particularly wild polioviruses (WPVs) and circulating vaccine-derived polioviruses (cVDPVs). They make the case that the transmission of virulent polioviruses (WPV and cVDPV) is via the respiratory route, like other contagious childhood infectious diseases such as measles, rubella, varicella, diphtheria, and pertussis. But the systems of virus amplification and transmission are different in that silently reinfected individuals can transmit virulent polioviruses but not the pathogens of these other childhood diseases.

"Poliovirus does not replicate in the environment nor in contaminated food – hence, faeces has to be consumed to become exposed. If faeces were consumed at high dosage and frequency to saturate children or cause outbreaks of polio, certainly one would expect many other diseases to occur *pari passu* with polio. They don't. Conversely, one would

expect polio to be a regular part of outbreaks of enteric diseases following contamination of drinking water; it isn't," the paper rationalises.

Respiratory transmission?

The paper explores the long-standing debate over whether poliovirus is primarily transmitted via the faecal-oral route or the respiratory route. Historically, the faecal-oral route was widely accepted, particularly after the introduction of the oral polio vaccine. The authors argue that available evidence leans strongly towards respiratory transmission as the primary route. While poliovirus is known to shed in both the throat and stool, the paper challenges the assumption that the faecal-oral route is the dominant means of transmission. Instead, the authors emphasise that virus shedding in the throat is critical for transmission, and this shedding supports the respiratory transmission theory.

The authors say continuing to distribute OPV is the wrong path to polio eradication. On the other hand, vaccination with Injectable Polio Vaccine will expedite the eradication of WPV and cVDPVs, Dr. Jacob John argues. The earlier OPV is replaced with IPV, the faster the world will reach global polio eradication. Since IPV is non-transmissible, the OPV-to-IPV switch should be planned/implemented country by country until OPV is no longer used anywhere. That is the only way the Global Polio Eradication Initiative (GPEI) can avoid causing polio in the name of eradication.

The paper discusses how initial studies pointed to respiratory transmission based on the epidemiological features of polio before later studies shifted the focus to the faecal-oral route, primarily due to research on virus shedding in the gut. Dr. John, a retired professor of virology from Christian Medical College, who also served as an expert member on the National Technical Advisory Group on Immunisation, has always been forceful about his view that OPV could be used only for "polio control" but not for "polio eradication". Without global use of IPV and without global withdrawal of OPV, the polio eradication project cannot even begin.

The authors argue that the widespread assumption of faecal-oral transmission has led to the exclusive use of the oral polio vaccine (OPV) in the GPEI. However, the authors suggest that, based on their findings, a shift towards the inactivated poliovirus vaccine (IPV) would be more effective in preventing polio transmission, particularly in regions where respiratory transmission is the main route.

THE GIST

Poliovirus had been detected through routine surveillance of wastewater systems in five countries: Finland, Germany, Poland, Spain, and the United Kingdom since September this year

OPV is a live-attenuated vaccine. It was adopted because of the efficacy in administering. The flip side was that oral polio vaccine allowed vaccine-derived polioviruses to infect children

Researchers say OPV is the wrong path, and vaccination with IPV will expedite eradication efforts. Since IPV is non-transmissible, the OPV-to-IPV switch should be implemented country by country until OPV is no longer used anywhere

— Keep Learning and Keep Revising! —

