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Court Collegium

Context: On December 22, 2024, the Supreme Court Collegium recommended the appointment of four judicial officers and the elevation of one lawyer to the position of a judge in the High Courts of Rajasthan, Uttarakhand, and Allahabad.

Individuals recommended for appointment:

- The Collegium proposed the following judicial officers and a lawyer for elevation:
 - » **Ashish Naithani:** Recommended for the position of judge in the Uttarakhand High Court.
 - » **Praveen Kumar Giri:** Recommended for the position of judge in the Allahabad High Court (elevation from advocate).
 - » **Chandra Shekhar Sharma:** Recommended for the position of judge in the Rajasthan High Court.
 - » **Pramil Kumar Mathur:** Recommended for the position of judge in the Rajasthan High Court.
 - » **Chandra Prakash Shrimali:** Recommended for the position of judge in the Rajasthan High Court.

Current vacancy in these High Courts:

- **Rajasthan High Court:** The court has a sanctioned strength of 50 judges but is currently functioning with only 32 judges, resulting in a vacancy of 18 judges.
- **Allahabad High Court:** With a sanctioned strength of 160 judges, the court is functioning with only 81 judges, leaving a vacancy of 79 judges.
- **Uttarakhand High Court:** The court, with a sanctioned strength of 11 judges, currently has only six judges, creating a vacancy of five judges.

About Collegium system in India:

- The Collegium system is a method for appointing and transferring judges in the Supreme Court and High Courts in India. It is not part of the Constitution but has evolved through judicial rulings.
- The system involves the Chief Justice of India (CJI) and senior judges of the Supreme Court recommending appointments and transfers, with the final decision being binding after consultation with the executive.

How does the Collegium system function?

- In the Supreme Court, the CJI, along with the four senior-most judges, recommends the appointment and transfer of judges. Similarly, in High Courts, the

Chief Justice and the two senior-most judges form the Collegium for judicial appointments.

- The government can raise objections, but if the Collegium reiterates its recommendations, the government must appoint the recommended judges.

Constitutional provisions for judicial appointments:

- **Article 124:** Supreme Court judges are appointed by the President after consulting with the CJI and other necessary judges.
- **Article 217:** High Court judges are appointed by the President after consultation with the CJI, the Governor of the state, and the Chief Justice of the concerned High Court.

What is the origin of the Collegium system?

The Collegium system emerged from a series of Supreme Court judgments:

- **S P Gupta Case (1981):** Consultation was interpreted as an exchange of views, not requiring concurrence.
- **Second Judges Case (1993):** The Court reversed its earlier stance, ruling that consultation meant concurrence and that the CJI's advice was binding on the President.
- **Third Judges Case (1998):** This expanded the Collegium to include the four senior-most judges of the Supreme Court for judicial appointments.

Household Consumption Expenditure Survey 2023-24

Context: The Household Consumption Expenditure Survey (HCES) 2023-24 reveals significant trends in food expenditure and consumption patterns across India. After more than a decade of decline, food expenditure in Indian households has increased. In 2023-24, rural households allocated 47.04% of their expenditure to food, a rise from 46.38% the previous year, while urban households saw a similar uptick to 39.68% from 39.17%. This rise in food spending is attributed to the surge in food prices, which has impacted consumption across the country.

Impact of Rising Food Prices on Consumption:

- The increase in food expenditure suggests that higher food prices have significantly influenced household budgets. Rural areas, in particular, have seen a notable

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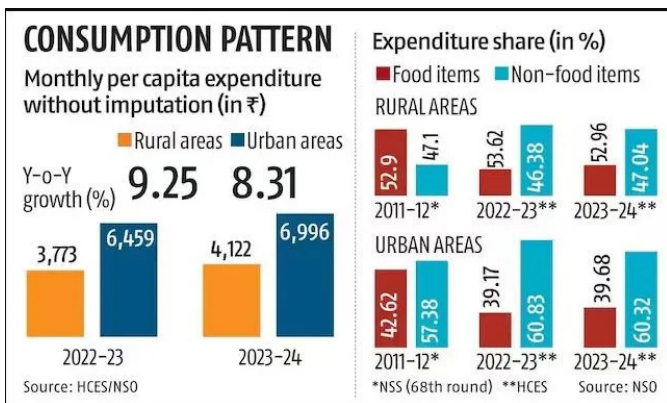


rise in consumption spending, which has helped narrow the gap with urban consumption patterns.

- This change reflects a shift in consumption behavior, which is crucial for policymakers and economists seeking to understand how rising prices affect different demographic segments across India.

Recent Trends in Rural and Urban Consumption Spending:

- In 2023-24, the average monthly per capita expenditure (MPCE) for rural households was Rs 4,122, marking a 9.3% increase from the previous year. Urban households, by contrast, had an average MPCE of Rs 6,996, reflecting a more modest increase of 8.3%.
- Interestingly, the growth rate in rural consumption spending outpaced urban areas, further closing the gap between rural and urban consumption levels.



Declining Consumption Inequality:

- Consumption inequality between rural and urban households has declined, as seen in the Gini coefficients for both areas. In 2023-24, the rural Gini coefficient dropped from 0.266 to 0.237, while the urban Gini coefficient decreased from 0.314 to 0.284.
- This decline indicates a reduction in inequality, suggesting that the economic divide between rural and urban households is narrowing, with rural consumption rising faster than urban consumption.

Changes in Food Expenditure Patterns:

- The share of expenditure on specific food items also shifted slightly in 2023-24. Both rural and urban households increased spending on cereals, eggs, fish, and meat.
- Notably, beverages, refreshments, and processed foods remained the highest expenditure categories, with rural

households spending 9.84% and urban households spending 11.09% of their total consumption on these items. This reflects changing dietary patterns and preferences across both rural and urban populations.

Regional and Income Group Variations:

- Consumption spending varied significantly across income groups and regions. The bottom 5% in both rural and urban areas experienced substantial increases in spending (19.2% in rural, 18% in urban areas), while the top 5% saw decreases. Regionally, states like Maharashtra, Punjab, and Kerala exhibited higher-than-average spending, while states such as West Bengal, Bihar, and Uttar Pradesh had lower-than-average consumption spending. These regional disparities highlight the economic differences within the country.

Current Account Deficit (CAD)

Context: India's current account deficit for the July-September 2024 quarter narrowed slightly to \$11.2 billion, or 1.2% of its GDP. This is a marginal improvement compared to the \$11.3 billion (1.3% of GDP) deficit recorded in the same quarter of the previous fiscal year, signaling a modest stabilization in the country's external balances.

What is the Current Account Deficit (CAD)?

- The Current Account Deficit (CAD) represents the gap between a country's imports and exports of goods and services. When a nation imports more than it exports, it faces a CAD, indicating that it is spending more on foreign goods and services than it earns from exports. This imbalance is a critical indicator of a country's external sector health and can reflect its reliance on foreign capital.

CAD Trends for H1 FY2024-25:

- For the first half of FY2024-25 (April-September), the CAD stood at \$21.4 billion, or 1.2% of GDP, which was almost unchanged from \$20.2 billion (1.2% of GDP) in H1 FY2023-24. This steady figure indicates that while the deficit persists, it has remained relatively stable as a percentage of GDP over the past year.

Key Factors Contributing to the CAD:

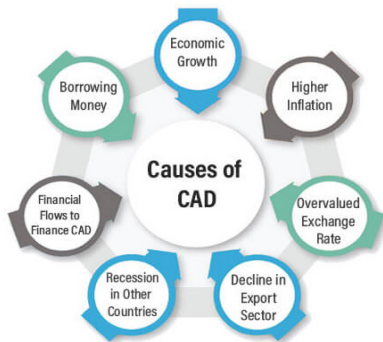
- The rise in the merchandise trade deficit played a significant role in the current account deficit. In Q2



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FY2024-25, the merchandise trade deficit increased to \$75.3 billion from \$64.5 billion in the previous fiscal year.

- However, this increase was partially offset by higher net services receipts, which rose to \$44.5 billion, driven by strong growth in sectors such as computer services, business services, and transportation. Additionally, remittances from Indian workers abroad increased, contributing to a moderation of the CAD.



the Biden administration. The discussions aimed to assess the ongoing cooperation between the two countries and explore ways to further strengthen the bilateral relationship, particularly in the areas of technology, trade, investment, and improving services for the Indian diaspora in the United States.



Trends in Foreign Investment and Non-Resident Deposits

- Foreign Direct Investment (FDI) saw a net outflow of \$2.2 billion in Q2 FY2024-25, compared to an outflow of \$0.8 billion in Q2 FY2023-24. On the other hand, Foreign Portfolio Investment (FPI) inflows surged to \$19.9 billion, a significant increase from \$4.9 billion in the previous year. Non-resident Indian (NRI) deposits also saw an uptick, with net inflows rising to \$6.2 billion from \$3.2 billion a year ago.

Impact on Foreign Exchange Reserves:

- India's foreign exchange reserves saw a notable increase of \$18.6 billion in Q2 FY2024-25, significantly higher than the \$2.5 billion increase in Q2 FY2023-24. This growth in reserves highlights a favorable trend in the country's external sector, offering a cushion against external shocks and strengthening economic stability.

Jaishankar and Blinken Review U.S.-India Partnership

Context: External Affairs Minister S. Jaishankar met U.S. Secretary of State Antony Blinken in Washington, D.C., to review the progress of the U.S.-India partnership during

What is the significance of the United States for India?

- The United States plays a crucial role in India's economic, strategic, technological, and geopolitical landscape. In 2024, the U.S. remained India's top trading partner, with bilateral goods trade surpassing \$72 billion.
- The economic ties span sectors such as IT services, pharmaceuticals, and emerging technologies, holding substantial growth potential. U.S.-India defense cooperation has evolved from basic transactions to co-development of military hardware, and initiatives like the QUAD partnership have enhanced defense collaboration. The U.S. is also a major energy partner, aiding in India's clean energy goals. Additionally, the two countries collaborate on space research, healthcare, education, and digital development, all while India's strategic autonomy is supported through this bilateral relationship.

What are the key issues in India-U.S. relations?

Several challenges persist in the India-U.S. relationship, including:

- Trade tensions:** Disputes over tariffs, market access, and intellectual property rights.
- Strategic autonomy:** India's independent foreign policy, especially regarding Russia and the Middle East, sometimes contrasts with U.S. expectations.

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- **Digital governance and data privacy:** Diverging standards for data protection and India's data localization policies create uncertainty for U.S. tech companies.
 - **Visa and immigration issues:** Restrictions on H-1B visas impact India's IT sector, and long delays in green card processing remain a significant concern.
 - **China factor:** Diverging approaches to managing China's rise add strategic uncertainties, as the U.S. expects India to take a more assertive role in countering China in the Indo-Pacific.
 - **Climate and energy policy disagreements:** Tensions over climate change commitments, as the U.S. presses for faster transitions while India seeks more financial support.
- Future prospects for both countries:**
- **Defense technology partnership:** The focus on next-gen technologies like AI in warfare, hypersonics, and joint defense production facilities in India can enhance strategic sovereignty.
 - **Energy security:** Joint initiatives in LNG, renewable energy, and energy storage research will address both nations' energy needs and sustainability goals.
 - **Digital economy:** Developing common data privacy standards, joint fintech initiatives, and digital security frameworks could enhance trade and cooperation.
 - **Healthcare:** Joint vaccine production, telemedicine, and research on emerging diseases will improve global health security.
 - **Climate action:** A joint carbon trading mechanism and green technology transfer can help both countries meet climate targets while creating economic opportunities.
 - **Educational and research collaboration:** Expanding joint degree programs and research centers in fields like AI, quantum computing, and biotechnology will drive innovation and address global challenges.

Power Packed News

Chinese Astronauts Set New Record for Longest Spacewalk

- China's space program made history when two astronauts aboard the Tiangong space station completed the world's longest spacewalk.
- Shenzhou-19 crew members Cai Xuzhe and Song Lingdong spent nine hours outside the station performing extravehicular activities (EVA), surpassing the previous record of eight hours and 56 minutes held by U.S. astronauts James Voss and Susan Helms in 2001.
- The two astronauts arrived at the Tiangong space station in October 2024 and are set to return to Earth in April or May 2025. Earlier in 2024, the Shenzhou-18 crew set China's previous EVA record at eight hours and 23 minutes.
- This achievement demonstrates China's growing capabilities in space exploration, showcasing its leadership in conducting long-duration space missions. By setting this record, China is contributing valuable data to the global scientific community and continuing to push the boundaries of human space exploration.



RINL Wins Gold Award for Excellence in Energy Conservation

- Rashtriya Ispat Nigam Limited (RINL), which operates the Visakhapatnam Steel Plant, received the prestigious Gold Award at the Andhra Pradesh State Energy Conservation Awards 2024.
- The award was presented during Energy Conservation Week in Vijayawada and recognizes RINL's exceptional efforts in energy efficiency and conservation within the iron and steel sector.
- Over the past three years, RINL has implemented several energy-saving measures, including optimizing waste energy use, which significantly reduces both energy consumption and environmental impact.
- RINL's efforts have set a strong example of how industrial sectors can adopt sustainable practices. The award not only acknowledges RINL's commitment to energy conservation but also supports India's larger goal of reducing energy use and

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promoting green industrial practices, contributing to a more sustainable future for the country.

Osamu Suzuki, Automotive Industry Leader, Dies at 94

- Osamu Suzuki, the former chairman of Suzuki Motor Corporation, passed away on December 25, 2024, at the age of 94 due to malignant lymphoma. Suzuki was a key figure in the global automotive industry, serving as the CEO of Suzuki Motor Corporation for over 40 years.
- He joined the company in 1958 and quickly rose through the ranks, becoming president in 1978 and chairman in 2000.
- Under his leadership, Suzuki expanded its presence worldwide, particularly in India, where its Maruti Suzuki brand became a household name. Suzuki's leadership focused on innovation, affordability, and global expansion, turning the company into a leader in compact vehicles.
- In recognition of his contributions, the Indian government awarded him the Padma Bhushan in 2007. His legacy lives on through the continued success of Suzuki Motor Corporation and the global impact he had on the automotive industry.



Rajasthan Introduces M-Sand Policy for Sustainable Construction Practices

- The Rajasthan government has introduced the M-Sand, 2024 policy to promote sustainable construction and infrastructure development in the state. M-Sand, or manufactured sand, is produced by crushing rocks or stones, making it an alternative to natural river sand.
- M-Sand has several advantages: it enhances the workability of concrete because it is free of harmful organic materials that can affect the setting time and strength of cement. Additionally, it is stronger than natural river sand, as it lacks impurities like clay and silt.
- The M-Sand policy also addresses environmental concerns by reducing the need for river sand extraction, which can deplete groundwater reserves and damage river ecosystems.
- The policy ensures that M-Sand is produced to high standards, making it a reliable and sustainable resource for construction. This move is part of Rajasthan's broader efforts to balance infrastructure growth with environmental protection.

RBI Enables UPI Payments Through Prepaid Payment Instruments (PPIs)

- The Reserve Bank of India (RBI) has announced that holders of Prepaid Payment Instruments (PPIs), such as mobile wallets, digital wallets, and gift cards, can now make and receive payments through the Unified Payments Interface (UPI) using third-party mobile applications.
- PPIs are tools that store money for transactions, including purchasing goods and services, making payments, and remittances. These instruments can be issued by both banks and non-banking institutions.
- PPIs are classified into two categories: small PPIs, which require minimal customer information, and full KYC PPIs, which allow for a broader range of transactions. By integrating UPI with PPIs, the RBI is making it easier for users to engage in digital payments, expanding the reach and accessibility of financial services.
- This move aligns with India's vision of a digital economy and financial inclusion, encouraging more people to move away from cash and adopt digital payments for daily

TOP PLAYERS

PPI wallets (in mn)

NON-BANKS

PhonePe **211.82**

MobiKwik **141.68**

Ola **79.71**

BANKS

Paytm* **363.15**

Airtel* **37.17**

HDFC Bank **33.54**

*Payments Bank
Source: RBI



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