



BAJIRAO IAS ACADEMY

THE HINDU ANALYSIS

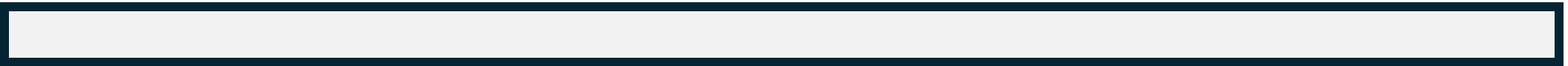
19 NOVEMBER 2025

16th FINANCE COMMISSION



Topics for Today

- 1. Time to sort out India's Cereal Mess.**
- 2. What can local bodies expect from 16th Finance Commission.**
- 3. What changes are planned for Plant Variety Act.**
- 4. Human activities and Pollution threaten India's sea cow .**



Q. Which one of the following statements is correct with respect to fundamental rights?

- (a) Rights are claims of the State against the citizens.**
- (b) Rights are privileges which citizens are expected to enjoy as per the wishes of the Government.**
- (c) Rights are claims of the citizens against the State.**
- (d) Rights are privileges granted by the State.**

Article 32 enables people to approach SC for fundamental rights, says CJI Gavai

The Hindu Bureau
AMARAVATI

Article 32 was born out of Dr. B.R. Ambedkar's vision articulated during the Constituent Assembly debates, observed Chief Justice of India B.R. Gavai, while delivering a lecture on 'India and the Living Indian Constitution at 75 Years'.

Justice Gavai, along with Chief Justice of the Andhra Pradesh High Court Dhiraj Singh Thakur and Chief Minister N. Chandrababu Naidu, participated in an event commemorating 75 years of the Indian Constitution organised by the Andhra Pradesh High Court Advocates Association at Mangalagiri in Guntur district on Sunday.

The Objective Resolution, presented in 1946, was a declaration that laid down the guiding principles of the Constitution. Explaining Ambedkar's response, Justice Gavai said he had found the Resolution pragmatic, but lacking in two crucial respects. Dr. Ambedkar observed that while the Resolution spoke of rights, it did not provide remedies, arguing that "rights without remedies are meaningless".

This idea led to the incorporation of Article 32, enabling citizens to approach the Supreme Court for enforcement of funda-



C.J. B.R. Gavai attending the commemoration of 75 years of the Constitution on Sunday.
SPECIAL ARRANGEMENT

to understand the spirit and philosophy of the Constitution.

Recalling Ambedkar's first speech, Justice Gavai said that whenever the destiny of the nation is at stake, the destinies of individuals, leaders, ideologies, or political parties become irrelevant. He added that Mr. Ambedkar viewed the Constitution as a living, evolving document - a principle embodied in Article 368, which provides for constitutional amendments.

Ambedkar's approach faced criticism on both sides: some argued the amending power was too liberal, while others said the stringent requirements of ratification by half of the States and a two-thirds majority in Parliament made amendments too rigid.

Time to sort out India's cereal mess

Time to sort out India's cereal mess

The recent controversy in Tamil Nadu over paddy procurement during the short-term kharif season has only strengthened the need for a relook at the procurement system of foodgrains as a whole. In this case – as in many States – the Tamil Nadu Civil Supplies Corporation (TNCS), which procures paddy on behalf of the Food Corporation of India (FCI), found itself in a spot because of time overruns and charges of corruption. One of the reasons cited is the rise in the coverage of the crop during the season, by about two lakh acres, which was known as early as mid-August. This is because farmers feel it is a safe bet to grow paddy rather than other crops due to minimum assured returns.

Paddy procurement data

The glut is not restricted to Tamil Nadu. Going by the data of the Union Ministry of Consumer Affairs, Food and Public Distribution, the procurement of paddy (in terms of rice) all over the country was nearly 119.86 lakh tonnes as on October 31, 2025 compared to 82.08 lakh tonnes on the corresponding day last year. In the last three years, with regard to rice and wheat, the quarterly opening stock position, as on October 1, was consistently higher than what is prescribed under the norms for the central pool. In the case of rice, the quantity is at least two times more than the requirement. In October this year, the stock was 356.1 lakh tonnes against the norm of 102.5 lakh tonnes.

Compared to wheat, rice is still abundant, if one goes by the Union government's data for the last three years on procurement and offtake under the National Food Security Act (NFSA) and other schemes. Between April 2022 and March 2025, the procurement of rice at the all-India level hovered around 525 lakh tonnes-547 lakh tonnes every year, whereas annual offtake under the Public Distribution System (PDS) was in the range of 392 lakh tonnes- 427 lakh tonnes.

Significantly, in the case of wheat, the utilisation under the PDS exceeded the quantity of procurement in two of the last three years (barring 2024-25). At the same time, it must be noted that the Union government spends around ₹2 lakh crore every year in food subsidy.

While, on the one hand, the country is grappling with surplus stocks of rice, on the other it is incurring a huge expenditure in the import of



T. Ramakrishnan

pulses and oilseeds, which are two essential commodities that are central in every Indian household. Ironically, in the case of pulses, India is the largest producer in the world – 252.4 lakh tonnes in 2024-25. The two years, from 2023-24, saw a substantial fall in the procurement of notified pulses at minimum support prices (MSP) through agencies which included the National Agricultural Cooperative Marketing Federation of India.

Edible oil imports

According to the annual report of the Union Ministry of Agriculture and Farmers Welfare for 2024-25, the country imported edible oil (₹1.2 lakh crore) and pulses (₹30,000 crore) during 2023-24. In the case of edible oil, about 55% of the demand is met only through imports. Needless to say, the Russia-Ukraine war, which began in February 2022, is a factor that contributed to the steep rise in the cost of edible oil imports which was around ₹82,000 crore in 2020-21, though the quantity imported remained between 135 lakh tonnes-157 lakh tonnes a year in the last six years.

Ironically, the country's production of oilseeds, since 2014, crossed the 400-lakh-tonne mark only once, despite there being no large change in the area covered, which was around 25 million hectares. For about 25 years, experts and the media have been holding the government's decision in the 1990s to allow the import of cheaper edible oil responsible for the adverse effect on domestic production. Yet, the response to counter the impact has not been adequate.

The situation raises a fundamental question: whether the country, in the name of ensuring food security, is following a sustainable policy of procurement at least with regard to rice. It also raises other pertinent questions. Is paddy cultivation being encouraged at the cost of crop rotation? Also, why is it that the country's efforts to improve pulse and oilseed production have not been spectacular unlike in the case of paddy and wheat about 55 years ago? And, should India continue to have the existing arrangement of one or the other central agency in the procurement, storage, transportation and allocation of foodgrains in bulk to the States?

The authorities may protest, if any study is conducted with regard to leakage in the PDS (which was originally meant for managing food supplies during scarcity), as they did about a year

ago when an Indian Council for Research on International Economic Relations (ICRIER) report had stated that there was about a 28% loss of rice and wheat during distribution. It is also well known that the system is far from perfect.

Incentivise crop diversification

To wean paddy-growing farmers from the cereal, crop diversification can be tried out after carrying out area-specific market studies of demand and supply with the involvement of every stakeholder.

One reason why farmers have not taken to diversification in a big way is uncertainty about success if there is a crop switch. Their apprehension can be allayed only by offering financial support and proper guidance. As it is clear that the country is producing more rice than required, the government should allow farmers to freely export rice and not resort to restrictions in a knee-jerk manner.

Many a time, primary procurers of agricultural products are in the dark about the suppliers. For instance, papad manufacturers getting to tie-up directly with farmers who raise blackgram or have the means to do so, will result in a win-win situation for both. If such farmers are able to organise themselves as farmers producers' organisations (FPOs), the results will be more durable. The Centre and the States can facilitate such an arrangement.

As an institution, FPOs are still in a nascent stage. Their services can be tapped by the authorities for a range of purposes – educating farmers about soil health; sensitising them to go in for crop diversification; preparing the groundwork for market studies, and establishing the supply chain.

As in West Bengal, FPOs can be utilised for paddy procurement to reduce the load on existing players. Self-help groups and cooperative societies should also be encouraged more in this respect. Wherever required, all such new entrants should be covered under capacity building programmes.

Changes in such a complex system cannot happen overnight but a beginning can be made. It is time that agriculture experts, farmers, food security specialists, policy makers and planners collectively deliberated on ways to plug the loopholes in the system, if not reform it.

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Syllabus

General Studies paper III

- Major crops-cropping patterns in various parts of the country, - different types of irrigation and irrigation systems storage, transport and marketing of agricultural produce and issues and related constraints; e-technology in the aid of farmers.

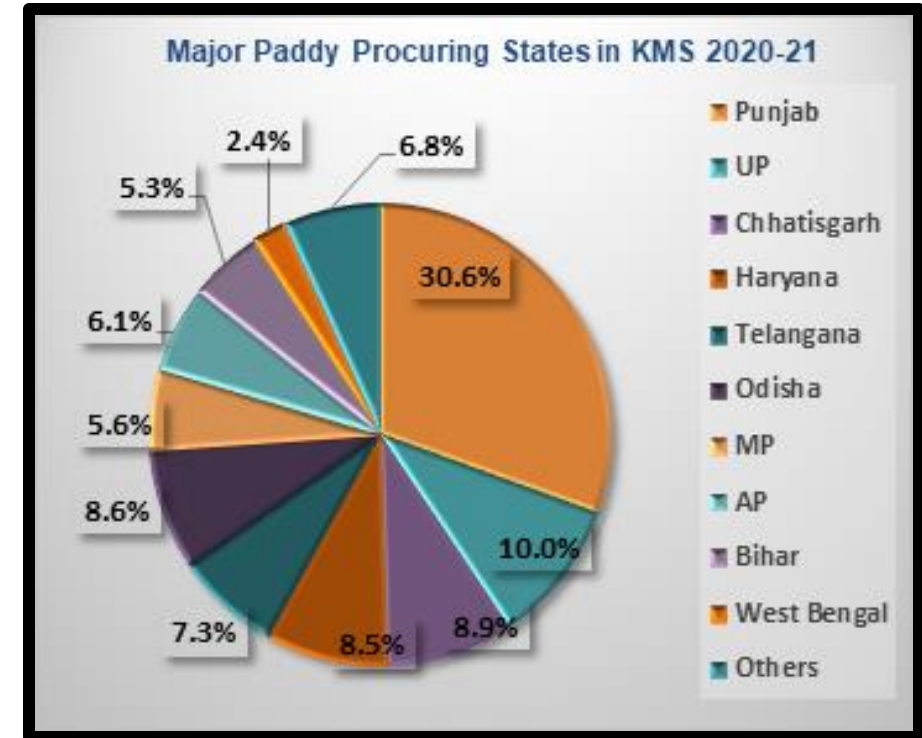
Context

- ❑ The recent controversy over paddy procurement during Tamil Nadu's short-term kuruvai season has underscored the need to **critically re-examine India's overall foodgrain procurement system**.
- ❑ The Tamil Nadu Civil Supplies Corporation (TNCSC), which procures paddy on behalf of the Food Corporation of India (FCI), faced delays, administrative gaps, and allegations of corruption, problems intensified by a predictable rise of nearly two lakh acres in paddy cultivation.
- ❑ The issue reflects a broader national pattern: farmers increasingly find paddy a safe bet due to assured returns through procurement, raising questions about the long-term sustainability of such incentives.



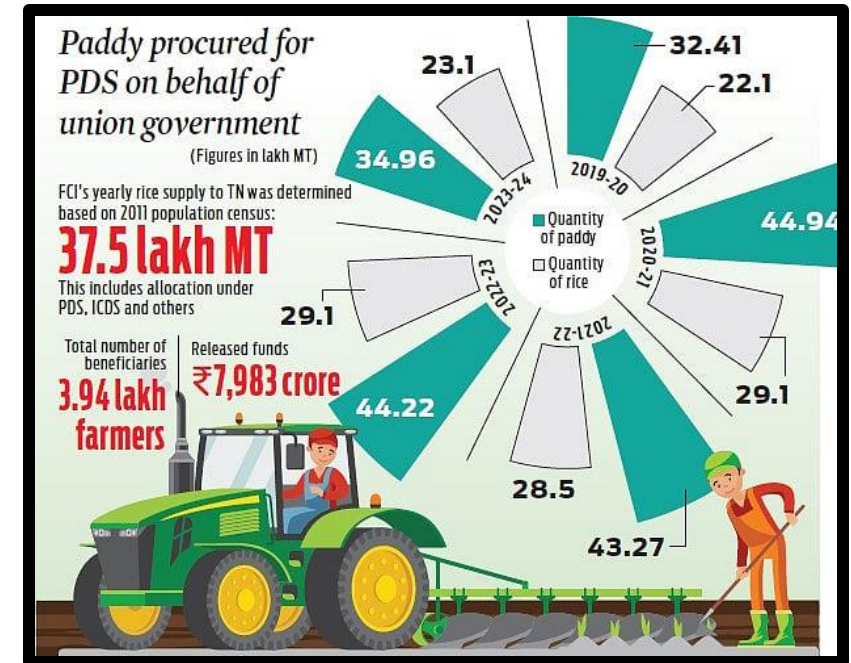
Edible Oil Imports

- ❑ India's dependence on imports for pulses and edible oils is persistent and costly.
- ❑ According to the Agriculture Ministry's 2024–25 report, India imported ₹1.2 lakh crore worth of edible oil and ₹30,000 crore of pulses in 2023–24. Nearly 55% of edible oil needs are met through imports.
- ❑ Global disruptions, especially from the Russia–Ukraine conflict, sharply increased import costs, even though the imported quantities remained within 135–157 lakh tonnes annually over the past six years.
- ❑ Domestic oilseed production has stagnated despite steady cultivation area. Since 2014, annual production has crossed 400 lakh tonnes only once, raising concerns about the long-term viability of the sector.



Systemic Questions Raised

- ❑ This situation raises several pressing questions. First, is India's rice procurement policy, justified historically for food security, still sustainable when stocks are far above requirement?
- ❑ Excessive emphasis on paddy encourages monoculture, undermines soil health, and worsens water scarcity, especially in regions like Punjab and Tamil Nadu.
- ❑ Second, why have policy efforts to strengthen pulses and oilseed production yielded limited results, failing to replicate the success of the 1960s Green Revolution?
- ❑ Third, should the country continue with the centralised model of procurement, storage, and transport by agencies like FCI, despite growing inefficiencies?



Crop Diversification as a Strategic Imperative

In light of these challenges, crop diversification emerges as a critical pathway forward.

However, farmers' hesitation to diversify is rooted in real concerns: market risks, uncertain returns, and inadequate institutional support.

Overcoming such resistance requires a combination of:

- Area-specific market studies
- Financial incentives and transitional support
- Reliable procurement mechanisms for alternative crops
- Technical guidance and risk-mitigation strategies
- Given India's rice surplus, enabling free export of rice, rather than imposing sudden restrictions, would help stabilise domestic prices and offer farmers more flexibility.

What can local bodies expect from 16th FC..?

What can local bodies expect from the 16th FC?

What do the 73rd and 74th constitutional amendments mandate? What have multiple State Finance Commission reports recommended? How have Union Finance Commissions failed to bring about substantial changes, especially with respect to performance-linked grants?

EXPLAINER

V. N. Alok

The story so far:
On November 17, the 16th Finance Commission (FC) submitted its report to the President of India.

What are the expectations?

Main expectations include a percentage share for vertical transfer of resources from the Central revenue pool to the States for the next five years and the formula of its horizontal distribution among States. This is mandated under Article 280 of the Constitution.

What about panchayats, municipalities?

The other expectation is the recommendation to improve the finances of panchayats and municipalities as mandated under Article 280 (3) bb and c.

Like many other federations, local governments are the ones rendering essential public services, including drinking water, sanitation, public health, rural roads, maintenance of community assets etc. For this purpose, panchayats and municipalities are mandated to collect certain taxes like property tax, advertisement tax and non-taxes such as market fee, toll etc. However, a huge gap between revenues and expenditure responsibilities can be seen across States and Union Territories (UTs).

As per the 73rd and 74th constitutional amendments, State governments have the power to assign revenue handles and expenditure responsibilities to various rungs of panchayats and levels of municipalities. Due to this reason, there is a wide variation in fiscal powers of panchayats, municipalities across States.

In an ideal scenario, functional responsibilities should be closely linked to the financial powers delegated to local governments. However, there is no separate list for either functional responsibilities or revenue handles that



A major revamp: Collector S. Saravanan taking part in a gram sabha meeting held at Adiyanothu panchayat near Dindigul, Tamil Nadu, on October 31. KARTHIKEYAN G

should be assigned to panchayats and municipalities. While the 11th and 12th Schedules enumerate on 29 broad subjects for panchayats and 18 matters for municipalities respectively, they are merely illustrative and not binding. Moreover, it is the Union and State governments that are expected to design vertical schemes on economic development and social justice, while local governments implement them. State governments tend to assign responsibilities to local governments without concomitant revenue handles or officials. As a result, panchayats and municipalities bear the financial brunt which not only affects their development but operational efficiency as well.

What is the role of the SFC?

Every five years, States constitute a State Finance Commission (SFC) which can make recommendations to State legislature. The recommended

devolutions by SFC could be, *inter alia*, that panchayats and municipalities should have a share in the revenue pool of the State, be assigned revenue handles; receive both conditional and unconditional grants-in-aid; that local governments be assigned civic functions and functionaries; and various other administrative measures. More than a hundred SFC reports have been submitted across States, but hardly a few have been respected.

In such a situation, the local government must count entirely on fiscal transfers from the Union government. For this purpose, the Constitution mandates the Union Finance Commission (UFC) to suggest measures to augment State finances for local governments.

What did the previous UFCs do?

So far, recommendations of six UFCs have been implemented. However, they weren't able to quantify the resource

requirements of local governments, and made ad hoc arrangements and recommended lump sum grants. The 13th UFC, however, suggested calculating the grant as a percentage share in the union tax divisible pool. The 13th UFC did this consciously after a round of consultations with top legal experts and at the demand of the Union Ministry and several State governments. Neutrality to inflation was the first advantage of the proposal and share of local government in high buoyancy of union tax proceeds was the second major benefit. Sadly, the subsequent UFC took a complete U-turn and recommended lump sum grants. The 15th UFC followed its immediate predecessor in its route of fiscal transfers to local governments. This was not the only discontinuity in the recommendations made by the three successive bodies. The other major anomaly was in the form of conditional grants. In their zeal to reform panchayat and municipal administration, all these UFCs divided the grants into two components – basic and performance-based. While basic grants were unconditional, performance grants were tied to certain conditions identified by these UFCs as reform instruments. However, each UFC ensured to discontinue the line of reform initiated by the previous UFC. To illustrate, the 13th UFC stipulated six conditions for performance grants. None of the conditions could be fulfilled by most States. The 14th UFC refused to acknowledge any merit in the previous reform agenda and recommended fresh conditional performance grants. The conditions put forth by the 15th UFC were again of a different variety.

The 16th UFC, it is expected, must have gone beyond the oft-beaten approach and assessed the resource requirements of 2.7 lakh panchayats and about 5,000 municipalities, which would enable them to act as institutions for economic development and social justice.

V. N. Alok is professor at the Indian Institute of Public Administration.

THE GIST

As per the 73rd and 74th constitutional amendments, State governments have the power to assign revenue handles and expenditure responsibilities to various rungs of panchayats and levels of municipalities.

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Syllabus

General Studies paper II

- Appointment to various Constitutional posts, powers, functions and responsibilities of various **Constitutional Bodies**.
- Statutory, regulatory and various quasi-judicial bodies.

Context

- ❑ The **16th Finance Commission (FC)** submitted its report to the President on **November 17**, raising expectations on resource-sharing between the Union and States and recommendations to strengthen the finances of **panchayats and municipalities**, as mandated under **Article 280** of the Constitution.
- ❑ This comes at a time when local bodies are increasingly involved in addressing issues like **emergency food aid** distribution.

16th Finance Commission

The Government of India, on **31-Dec-2023** with the approval of the President of India, has constituted the Sixteenth Finance Commission, in pursuance to **Article 280(1) of the Constitution**.

- It is a **constitutionally mandated body** that is at the centre of **fiscal federalism**.
- Its core responsibility is to evaluate the state of finances of the Union and State Governments, recommend the **sharing** of taxes between them.
- The first Finance Commission was setup in **1951**.



सत्यमेव जयते

Dr Arvind Panagariya, former Vice-Chairman, NITI Aayog, and Professor in Columbia University will be the Chairman of the **16th Finance Commission**.



Core Expectations of the 16th Finance Commission:

- ❑ States expect clarity on the **percentage share of Union taxes** for the next five years and the formula for distribution among States.
- ❑ Under **Article 280(3)(bb) & (c)**, the FC must recommend measures to augment financial resources of **panchayats and municipalities**.
- ❑ Local bodies provide essential services—**water, sanitation, public health, rural roads**, community assets—but face a large gap between revenue and expenditure.
- ❑ Due to the federal design under the **73rd and 74th Amendments**, State governments decide the extent of **functional responsibilities and revenue handles** assigned to local bodies, creating wide variations.
- ❑ States often assign responsibilities without giving adequate **tax powers, staff, or fiscal autonomy**, undermining development and service delivery. This can impact local bodies' ability to address issues like **gender-based persecution** effectively.

Issues with State and Union Finance Commissions

- ❑ **State Finance Commissions (SFCs)** are Constituted every five years; over **100 reports** submitted, but only a few are implemented seriously.
- ❑ **Recommendations of SFCs** Suggested revenue-sharing, assigning new **tax handles**, conditional/unconditional grants, and transferring **civic functions** and staff to local governments.
- ❑ **Dependence on Union Transfers:** Weak SFC implementation forces local bodies to rely heavily on **Union Finance Commission (UFC)** grants.
- ❑ **UFC's Track Record:** Six UFC recommendations implemented so far but often **ad hoc** and unable to assess actual financial needs of local governments.
- ❑ **Performance Grants Problem:** The 13th, 14th, and 15th FCs recommended different, inconsistent **performance-linked conditional grants**, leading to frequent policy discontinuity.

Understanding 73rd & 74th Amendments and Local Governance:

● **73rd Amendment (1992):** Gave constitutional status to **panchayats**, created a three-tier system, added **11th Schedule** with 29 subjects.

● **74th Amendment (1992):** Empowered **municipalities**, added **12th Schedule** with 18 functions.

● **Functional Assignments:** Schedules are **illustrative, not mandatory**, allowing States full discretion.

● **Local Fiscal Powers:** Property tax, advertisement tax, market fee, tolls—but powers vary widely.

● **Ideal Framework: Funds, functions, and functionaries** must be aligned for effective grassroots governance.

Plant Varieties Act.

What changes are planned for the plant variety Act?

Why are farmers' groups concerned? What are some of the amendments that are being discussed?

A. M. Tigesesh

The story so far:

Union Agriculture Minister Shivraj Singh Chouhan said that the Centre will amend the Protection of Plant Variety and Farmers' Rights Act (PPV&FRA Act), incorporating suggestions from stakeholders.

Have consultations started?

A committee headed by eminent agriculture scientist R.S. Paroda, appointed by the Protection of Plant Varieties and Farmers' Rights Authority (PPV&FRA), has started stakeholder consultations on the amendments. PPV&FRA Chairman Trilochan Mohapatra told *The Hindu* that the committee will examine in detail the premises for amending the law and hold wide consultations with all stakeholders about the amendments. The committee will

review various provisions of the Act in light of inherent deficiencies, present day challenges, and to further bolster farmers' interests. Prof. Mohapatra said the present Act has completed two decades, and in that time the sector has witnessed various technological and scientific advancements as well as changes in trade aspects and farmers' requirements.

What are major topics of discussion?

Though officials maintain that consultations are at the preliminary stage, discussions with farmers include amendments to the definition of 'variety needs' that could be modified to include 'combination of genotypes' so that it could be at par with the draft Seeds Bill of 2019. It was also proposed to include seedlings, tubers, bulbs, rhizomes, roots, tissue culture plantlets, synthetic seeds and other vegetatively propagated material in the definition of seed. There is a proposal to define the term "institution"

occurring in the definition of 'breeder' to include both public and private establishments in the seeds sector. The committee also has questions for stakeholders on the Distinctness, Uniformity and Stability (DUS) test. Stakeholders are being told about the importance of trait and the necessity to include it in DUS guidelines. Further, there are discussions to define "abusive act" so that acts such as producing, selling, marketing, exporting and importing a variety which has the same or an identical denomination of another variety can be made punishable.

What are the concerns?

The Samyukt Kisan Morcha (non-political) founding leader K.V. Biju, who attended the meeting, said the Act should have provisions to register all community-developed seeds. He said that seeds which went through DUS tests should not be allowed to register under a

Syllabus

General Studies paper II

- Major crops-cropping patterns in various parts of the country, - different types of irrigation and irrigation systems storage, transport and marketing of agricultural produce and issues and related constraints; e-technology in the aid of farmers.

Plant Variety Act

- ❑ Union Agriculture Minister Shivraj Singh Chouhan announced that the Centre plans to amend the Protection of Plant Variety and Farmers' Rights Act (PPV&FRA).
- ❑ The PPV&FRA, 2001 is India's plant variety protection law that creates an IPR framework for new plant varieties while also safeguarding farmers' traditional rights.
- ❑ It grants breeders and researchers exclusive rights over newly developed varieties, but ensures farmers can save, use, exchange, sell, and even register their own seeds.
- ❑ The Act was designed to balance breeder innovation with the long-standing contributions of farmers to conserving and developing plant genetic resources.
- ❑ He emphasised the need to balance the promotion of high-yielding, improved crop varieties with the preservation of traditional seeds.

Key Issues Being Debated in the PPV&FRA Amendment Consultations

- ❑ Stakeholders are considering revising the definition of “variety” to include a combination of genotypes, aligning it with the draft Seeds Bill 2019.
- ❑ There is also a proposal to broaden the definition of “seed” to cover seedlings, tubers, bulbs, rhizomes, roots, tissue-culture plantlets, synthetic seeds, and other vegetatively propagated materials.
- ❑ Consultations also focus on clarifying the definition of “institution” in the term “breeder” to explicitly include both public and private seed-sector entities.
- ❑ The committee is seeking stakeholder feedback on reforms to the DUS (Distinctness, Uniformity, Stability) test, particularly the inclusion of traits in DUS guidelines.
- ❑ DUS testing is a technical process used to evaluate new plant varieties and is the basis for obtaining Plant Variety Protection (PVP).
- ❑ The test determines if a new variety is Distinct from all known varieties, Uniform in its traits, and Stable over subsequent generations.

Human activities and pollution: What threatens India's sea cows

Alind Chauhan

New Delhi, November 18

A NEW report launched at the International Union for Conservation of Nature (IUCN) Conservation Congress, in Abu Dhabi, United Arab Emirates, last month, highlighted the growing threat to the dugong population in India.

In the South Asian region, dugongs, also known as sea cows, are primarily found in the Gulf of Kutch, the Gulf of Mannar-Palk Bay region (located between India and Sri Lanka), and the Andaman and Nicobar Islands. The report, 'A global assessment of dugong status and conservation needs', said that the marine mammal's long-term survival in the Gulf of Kutch and the Andaman and Nicobar Islands was "highly uncertain" and "challenging" respectively. Meanwhile, in the Gulf of Mannar-Palk Bay, its population appears to be "much lower" than in the recent past.

The IUCN, which compiles the official Red List of endangered species, lists sea cows as a species vulnerable to extinction. In India, they are listed under Schedule I of the Wild Life (Protection) Act, 1972, which grants the species the highest legal protection against hunting and trade.

What are dugongs?

Dugongs (*Dugong dugon*) are a marine mammal believed to have inspired ancient seafaring tales of mermaids due to their gentle disposition. They have a plump appearance and a dolphin fluke-like tail. An adult dugong typically grows up to 10 feet and weighs around 420 kg. The mammals are exclusively herbivorous, and seagrass meadows are their main source of food.

Anant Pande, head of the Oceans and Coasts Conservation Division of WWF-India, told *The Indian Express* over email, "Dugongs inhabit shallow, warm coastal waters, often seen grazing in calm sheltered bays, lagoons, and estuaries less than 10 metres deep."

Q. With reference to Dugong, consider the following statements:

1. It is an herbivorous mammal endemic to Indian Ocean.
2. They are listed in Appendix I of the CITES.
3. India's first conservation reserve is located in Andaman and Nicobar Islands.

Which of the statements given above is/are incorrect?

- [A] 1 and 2 only**
- [B] 2 and 3 only**
- [C] 1 and 3 only**
- [D] 1, 2 and 3**



Thank you

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