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IMPORTANT INSIGHTS

Supreme Court Strengthens Article 22 Safeguards, Restricts Re-Arrest After Unconstitutional Arrest and Mandates Judicial Oversight

Recent Developments: Supreme Court Strengthens Protection Against Illegal Arrest

- In **Jaskaran Jeet Singh Deol v. State of Punjab**, the Supreme Court held that failure to furnish the **written grounds of arrest** violates the constitutional guarantee under **Article 22(1)** and renders the arrest **illegal and unconstitutional**.
- A Bench of **Justices Ujjal Bhuyan and Atul S. Chandurkar** further ruled that an investigating agency cannot independently re-arrest a person whose earlier arrest was declared illegal for breach of Article 22(1).
- The Court permitted the possibility of re-arrest in appropriate cases but subjected it to **prior judicial scrutiny, written grounds of arrest, senior-officer endorsement and accountability for the original violation**.
- The ruling is significant for **personal liberty, due process, police accountability and judicial oversight** because it prevents a constitutional violation during arrest from being treated as an ordinary procedural defect.

Article 22: Constitutional Protection Against Arbitrary Arrest and Detention

Scope and Constitutional Position:

- **Article 22** is a Fundamental Right under **Part III of the Constitution** and provides safeguards to persons arrested or detained.
- Article 22 primarily regulates **arrest and detention**, while **Article 21** provides the broader constitutional protection of life and personal liberty.
- Article 22(1) requires that an arrested person be informed of the **grounds of arrest** as soon as possible and be allowed to consult and be defended by a **legal practitioner of their choice**.
- Article 22(2) requires every arrested person to be produced before the **nearest Magistrate within 24 hours**, excluding the time necessary for the journey from the place of arrest to the court.
- Detention beyond this period requires the **authority of a Magistrate**, subject to the constitutional framework governing preventive detention.
- The safeguards under Article 22 therefore create a constitutional check on the **executive power of arrest and detention**.

Article 22(1) and Written Grounds of Arrest:

- The Supreme Court has clarified that communicating the **grounds of arrest** is not merely a procedural formality but a substantive constitutional safeguard.
- The grounds must contain the **basic facts that necessitated the particular arrest**, enabling the accused to understand the case, consult counsel, oppose custodial remand and seek appropriate legal relief.
- The Court has distinguished “**grounds of arrest**” from generic “**reasons for arrest**” mentioned in a standard arrest memo.
- Generic reasons such as preventing further offences, protecting evidence or facilitating investigation do not by themselves constitute the accused-specific **grounds of arrest**.
- The requirement applies irrespective of the **gravity of the alleged offence** and is not confined to ordinary offences.

Judicial Evolution of the Right to Know Grounds of Arrest

Pankaj Bansal v. Union of India:

- In **Pankaj Bansal v. Union of India**, the Supreme Court held that persons arrested under the **Prevention of Money Laundering Act, 2002** must be furnished the grounds of arrest in writing.
- The Court linked this requirement directly to **Article 22(1)** because knowledge of the grounds is essential for an arrested person to effectively challenge custody and seek bail.

Prabir Purkayastha v. State (NCT of Delhi):

- In **Prabir Purkayastha v. State (NCT of Delhi)**, the Supreme Court extended the written-grounds principle to arrests under the **Unlawful Activities (Prevention) Act, 1967**.
- The Court held that the constitutional safeguard cannot be diluted merely because an arrest is made under a **special criminal statute**.
- It also clarified that filing a **chargesheet** or passing a subsequent remand or cognisance order cannot retrospectively cure an arrest that was unconstitutional from the beginning.

Mihir Rajesh Shah and the Re-Arrest Question:

- Subsequent jurisprudence developed the procedural framework for cases where an accused is released because the constitutional requirement concerning written grounds of arrest was not satisfied.
- The latest **Jaskaran Jeet Singh Deol** judgment strengthens this framework by making **judicial imprimatur** central to any proposed re-arrest after such an illegal arrest.

Jaskaran Jeet Singh Deol Judgment: Re-Arrest Cannot Be an Automatic Executive Action

Facts of the Case:

- The case arose from a **POCSO-related investigation in Punjab** in which the accused was arrested but not furnished the written grounds of arrest.
- The Magistrate found that the constitutional requirement under **Article 22(1)** had not been complied with and directed the accused's release.
- The investigating agency subsequently sought custody again, raising the central constitutional question of whether a person released because of an illegal arrest could be **re-arrested for the same offence**.
- The Supreme Court held that the release did not create a permanent immunity from arrest, but any subsequent arrest must comply with a **strict judicially supervised procedure**.

Conditions for Re-Arrest:

- The investigating agency must first furnish the accused with the **written grounds of arrest**.
- It must then submit an application before the concerned **Magistrate** seeking permission for re-arrest.
- The application must specify the **reasons and necessity for re-arrest** and explain why the grounds of arrest were not supplied during the initial arrest.
- The application must carry the **endorsement of the immediate superior authority** of the officer responsible for the earlier violation.
- The Magistrate must examine whether there were **bona fide reasons** for the initial failure and whether re-arrest is actually necessary.

- The Magistrate should decide the application **expeditiously, preferably within one week**, while following principles of natural justice.
- The investigation must be **transferred to another officer**, preventing the same officer responsible for the constitutional violation from continuing the investigation.
- A **departmental inquiry** must be initiated against the officer responsible for the original lapse, with disciplinary consequences where the violation is established.

Why the Judgment Matters for Personal Liberty

Illegal Detention Is Different from Bail:

- The Supreme Court clarified that release following a violation of Article 22(1) is **not the same as release on bail**.
- In such circumstances, the person is released because the detention itself has become **illegal and unconstitutional**, rather than because a court has granted conditional liberty through bail.
- This distinction is important because a subsequent investigation cannot simply treat the earlier unconstitutional detention as though it had been a valid arrest followed by ordinary bail.

Judicial Oversight Over Re-Arrest:

- The Court held that once Article 22(1) has been violated, the power to re-arrest cannot remain solely with the **same authority that committed the violation**.
- Re-arrest therefore requires **judicial imprimatur**, creating an institutional check between the investigating agency and the decision to restore custody.
- The framework balances two constitutional concerns, **protection of personal liberty** and the legitimate requirement of investigating serious offences.

UPSC Constitutional and Governance Linkages

Key Constitutional Provisions:

- **Article 20:** Protection in respect of conviction for offences.
- **Article 21:** Protection of life and personal liberty.
- **Article 22(1):** Right to know the grounds of arrest and consult a legal practitioner.
- **Article 22(2):** Production before a Magistrate within 24 hours.
- **Article 22(3):** Constitutional exceptions relating to enemy aliens and preventive detention.
- **Article 22(4)–(7):** Safeguards and legislative framework concerning preventive detention.

Criminal Procedure Linkage:

- The constitutional safeguards concerning arrest are complemented by the **Bharatiya Nagarik Suraksha Sanhita, 2023 (BNSS)**.
- The judgment demonstrates how statutory arrest procedures must operate consistently with **Fundamental Rights** and cannot override constitutional safeguards.
- The case therefore illustrates the principle of **constitutional supremacy**, under which executive investigation remains subject to judicial and constitutional limitations.

Significance for Governance and Rule of Law

Police Accountability:

- The ruling strengthens **institutional accountability** by requiring investigation transfer and departmental inquiry where an arresting officer violates Article 22(1).
- It discourages the treatment of constitutional violations as routine administrative mistakes that can be corrected after custody has already been secured.

Due Process and Separation of Powers:

- The decision reinforces **judicial review over executive action** while preserving the investigating agency's ability to seek custody when legally justified.
- It establishes a structured balance between **investigative autonomy and constitutional oversight**, rather than granting either side unrestricted authority.
- The requirement of Magistrate approval strengthens the role of the judiciary as an independent safeguard against arbitrary deprivation of liberty.

Value Addition for UPSC:

- **GS-II:** Fundamental Rights, constitutional governance, judicial review, separation of powers, rule of law and accountability of executive agencies.
- **GS-IV:** Constitutional morality, integrity in public administration, accountability, procedural fairness and respect for individual dignity.
- **Essay:** The case illustrates that **personal liberty is protected not only by substantive rights but also by procedural safeguards that constrain State power.** – –
- **Prelims Fact:** Article 22(1) concerns **grounds of arrest and legal representation**, while Article 22(2) concerns **production before a Magistrate within 24 hours.**
- **Case-Law Chain:** Pankaj Bansal → Prabir Purkayastha → Mihir Rajesh Shah → Jaskaran Jeet Singh Deol reflects the judicial development of safeguards concerning communication of arrest grounds and the consequences of non-compliance.
- **Core Principle:** An arrest made in violation of a constitutional safeguard cannot be reduced to a **mere procedural lapse**; where the arrest is rendered unconstitutional, subsequent re-arrest requires compliance with a **judicially supervised constitutional procedure.**

Karnataka Assembly Rejects Kasturirangan Recommendations, Renewing Debate Over Western Ghats Conservation and Development

Recent Developments: Karnataka Assembly Rejects Kasturirangan Report

- The **Karnataka Legislative Assembly** on **22 September 2026** unanimously passed a resolution rejecting the **Kasturirangan Committee recommendations** concerning the Western Ghats, citing concerns over their impact on local communities, agriculture and development.
- The issue was discussed during a special Assembly session as Karnataka continues to oppose implementation of the proposed **Western Ghats Eco-Sensitive Area (WG-ESA)** framework.

- Karnataka has argued that the proposed ESA boundaries could bring substantial **agricultural land, inhabited areas and privately occupied land** under environmental restrictions, creating uncertainty for farmers and residents.
- The Union Ministry of Environment, Forest and Climate Change has continued the process of finalising the Western Ghats ESA through successive draft notifications; the **31 July 2024 draft notification** proposed an ESA of **56,825.7 sq. km** across six States.
- The dispute reflects a broader policy challenge involving **ecological conservation, livelihood security, federal coordination and sustainable development**.

Kasturirangan Committee: Background and Recommendations

Formation and Mandate:

- The **High-Level Working Group (HLWG)** chaired by **Dr. K. Kasturirangan** was constituted in **2012** to examine the recommendations of the **Western Ghats Ecology Expert Panel**, headed by Madhav Gadgil.
- The committee adopted a comparatively **development-sensitive approach**, seeking to identify ecologically important landscapes while allowing greater flexibility for economic activities outside the proposed ESA.
- It recommended designating about **37% of the Western Ghats**, covering approximately **59,940 sq. km**, as an **Ecologically Sensitive Area (ESA)**.
- The proposed ESA approach focused primarily on regulating environmentally damaging activities while permitting **sustainable livelihoods and development activities** compatible with ecological conditions.

Major Recommendations:

- The committee proposed restrictions on environmentally intensive activities such as **mining, quarrying, highly polluting industries and certain large infrastructure projects** within identified sensitive areas.
- It supported **strengthening the existing environmental-clearance framework** rather than creating an entirely separate regulatory architecture for the entire Western Ghats.
- It recommended establishing a **state-of-the-art monitoring mechanism** for improved environmental surveillance, compliance and enforcement.
- The approach attempted to balance **environmental protection with economic development**, particularly in areas where communities depend on agriculture and other livelihood activities.

Madhav Gadgil Committee: A More Restrictive Conservation Approach

Ecologically Sensitive Zones:

- The **Western Ghats Ecology Expert Panel**, chaired by **Professor Madhav Gadgil**, adopted a broader conservation approach and recommended treating the **entire Western Ghats as an Ecologically Sensitive Area**.
- It proposed dividing approximately **64% of the Western Ghats** into three categories, namely **ESZ 1, ESZ 2 and ESZ 3**, according to ecological sensitivity.
- **ESZ 1** was proposed as the most strictly regulated category, with severe restrictions on activities such as mining, large construction projects, thermal power projects and certain dams.
- The report also recommended reviewing or decommissioning environmentally damaging projects that had completed their operational life.

Western Ghats Ecology Authority:

- The Gadgil Committee recommended establishing a **Western Ghats Ecology Authority** under the **Environment (Protection) Act, 1986**.

- The proposed authority was intended to provide a professional institutional mechanism for **ecological regulation, conservation and sustainable development** across the Western Ghats.
- The recommendation reflected the committee's emphasis on **region-wide ecological governance** rather than fragmented State-level regulation.

Commercial Cropping and Ecological Concerns:

- The committee expressed concern over the expansion of **single commercial crops**, including tea, coffee, cardamom, rubber, banana and pineapple, because intensive monoculture could contribute to **forest fragmentation, soil erosion, degradation of river ecosystems and environmental contamination**.
- It therefore favoured stronger ecological safeguards in areas where commercial agricultural expansion could adversely affect natural ecosystems.

Community Participation and Forest Rights:

- The Gadgil Committee emphasised **participatory environmental governance** and recommended greater involvement of local communities in conservation decisions.
- It called for effective implementation of **Community Forest Resource** provisions under the **Forest Rights Act, 2006**.
- This approach linked environmental conservation with **community rights, decentralised governance and livelihood security**.

Western Ghats: Geography and Ecological Significance

Geographical Features:

- The **Western Ghats** are a mountain chain extending for approximately **1,600 km** along India's western side, broadly parallel to the Arabian Sea coast.
- The range extends from the **Tapi region in the north to Kanyakumari in the south** and passes through **Gujarat, Maharashtra, Goa, Karnataka, Kerala and Tamil Nadu**.
- The range is interrupted by the **Palghat Gap**, an important geographical break that influences ecological and climatic patterns.
- Karnataka contains a substantial share of the Western Ghats and therefore remains central to the debate over the proposed ESA framework.

Biodiversity and Ecosystem Services:

- The Western Ghats are recognised as one of the world's major **biodiversity hotspots** because of their exceptionally high levels of species diversity and endemism.
- The region contains **at least 325 globally threatened species**, including plants, mammals, birds, amphibians, reptiles and fish.
- Montane forests of the Western Ghats influence **Indian monsoon patterns** and help regulate the tropical climate of peninsular India.
- The mountains also perform important **ecosystem services**, including water regulation, soil conservation, carbon storage, biodiversity conservation and maintenance of river systems.

UNESCO World Heritage Status:

- The **Western Ghats** were inscribed on the UNESCO World Heritage List in 2012 under **Criteria (ix) and (x)**.

- Criterion (ix) recognises ecological and evolutionary processes, while Criterion (x) recognises exceptional biodiversity and threatened species.
- UNESCO identifies the Western Ghats as a region of exceptional **biological diversity, endemism and ecological significance**.

Karnataka's Concerns Over ESA Implementation

Livelihood and Land-Use Concerns:

- Karnataka has raised concerns that ESA restrictions could affect **farmers, plantations, settlements and infrastructure development** in the Western Ghats region.
- The State has particularly objected to the inclusion of inhabited villages and privately occupied agricultural areas within the proposed regulatory framework.
- The State government has argued that environmental regulation should distinguish between **natural forests and long-established human settlements and agricultural landscapes**.

Federal and Governance Issues:

- The Western Ghats ESA issue demonstrates the challenge of implementing **national environmental objectives through cooperation with State governments**.
- Environmental regulation requires coordination among the **Union Government, State Governments, local communities, scientific institutions and regulatory agencies**.
- The controversy also highlights the need for **scientific mapping, stakeholder consultation, carrying-capacity assessment and location-specific regulation**.

Gadgil vs Kasturirangan: Key Differences

Approach to Conservation:

- **Gadgil Committee:** Favoured a **broader and more decentralised conservation framework**, with the entire Western Ghats treated as ecologically sensitive and divided into three sensitivity zones.
- **Kasturirangan Committee:** Favoured a **more targeted ESA framework**, covering approximately 37% of the Western Ghats while seeking greater compatibility between conservation and development.

Governance Model:

- **Gadgil Committee:** Proposed a dedicated **Western Ghats Ecology Authority** and stronger participation of local communities.
- **Kasturirangan Committee:** Preferred strengthening the **existing environmental-clearance and monitoring framework**.

Development Perspective:

- **Gadgil Committee:** Recommended stronger restrictions on environmentally intensive activities in highly sensitive areas.
- **Kasturirangan Committee:** Sought to permit greater economic flexibility outside identified ecologically sensitive areas while regulating damaging activities within the ESA.

Way Forward: Sustainable Development and Ecological Governance

Balancing Conservation and Livelihoods:

- Future ESA implementation should combine **scientific ecological assessment with socio-economic mapping** so that conservation boundaries accurately reflect ecological vulnerability and settlement patterns.
- **Carrying-capacity studies** should guide decisions on tourism, infrastructure, mining and urbanisation in ecologically fragile landscapes.
- Local communities should participate meaningfully in conservation planning because their **livelihoods, land rights and traditional ecological knowledge** are directly connected with the landscape.
- Environmental regulation should adopt a **graded, location-specific approach** rather than applying identical restrictions across ecologically and socio-economically different areas.

Value Addition for UPSC:

- **GS-I:** Western Ghats, Peninsular India, biodiversity hotspots, monsoon influence, Palghat Gap and physical geography.
- **GS-II:** Centre-State relations, cooperative federalism, decentralised governance, community participation and environmental governance.
- **GS-III:** Biodiversity conservation, environmental impact assessment, sustainable development, ecological security, climate resilience and carrying capacity.
- **GS-IV:** Environmental ethics, intergenerational equity, public interest, stakeholder participation and responsible governance.
- **Prelims Fact:** The Western Ghats were inscribed on the **UNESCO World Heritage List in 2012** under **Criteria (ix) and (x)**.
- **Prelims Fact:** The **Gadgil Committee** proposed approximately **64%** of the Western Ghats under three ecological sensitivity categories, whereas the **Kasturirangan Committee** proposed approximately **37%** as ESA.
- **Conceptual Link:** The Western Ghats debate illustrates the tension between **conservation versus development**, but UPSC answers should frame the issue as a search for **ecologically sustainable and socially inclusive development** rather than treating the two objectives as mutually exclusive.

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Supreme Court Strikes Down Maharashtra Methanol Rules, Reinforcing Proportionality and Fundamental Rights in Industrial Chemical Regulation

Recent Developments: Supreme Court Invalidates Maharashtra's Methanol Restrictions

- In **M/s Balaji Formalin Pvt. Ltd. v. Union of India**, decided on **18 September 2026**, the Supreme Court struck down **Rules 18A and 18B of the Maharashtra Poisons Rules, 1972**, inserted through the 2011 amendment.
- The rules regulated the sale and possession of **methanol**, required specific denaturing measures before sale to non-drug manufacturers and provided for confiscation of methanol possessed without the prescribed licence.

- The Court held that the impugned provisions violated **Article 14** and **Article 19(1)(g)** of the Constitution because they were **manifestly arbitrary, disproportionate and unreasonable**.
- The judgment is significant for **fundamental rights, subordinate legislation, public health regulation, industrial activity and the Doctrine of Proportionality**.

Maharashtra Poisons Rules, 1972: Background and Regulatory Framework

Methanol and Its Industrial Importance:

- **Methanol, or methyl alcohol**, is a highly toxic chemical but an important industrial raw material used in **formaldehyde, paints, resins, pharmaceuticals, solvents and other chemical products**.
- Methanol is hazardous because ingestion can cause **severe poisoning, blindness, neurological damage and death**, particularly when it is illegally used in spurious liquor.
- The State therefore regulates its **sale, possession, storage and movement** under the broader framework governing poisons.

Origin of the 2011 Amendments:

- In **1991**, a major spurious-liquor tragedy occurred in Mumbai in which approximately **93 people died** after consuming liquor containing methanol.
- Following the tragedy, the Maharashtra Government constituted a committee under **P. R. Parthasarthy** to examine the causes of the incident and recommend preventive measures.
- Based on the committee's recommendations, Maharashtra amended the **Maharashtra Poisons Rules, 1972** in **2011** and introduced Rules 18A and 18B specifically for methanol regulation.

Impugned Rules: What Did Rules 18A and 18B Provide?

Rule 18A: Licensing and Mandatory Denaturing:

- **Rule 18A(1)** required a seller of methanol to ascertain its intended use and verify the purchaser's prescribed licence.
- **Rule 18A(2)** prohibited the sale of methanol to non-drug manufacturers unless it was first mixed with **methylene carmine**, a colourant, and **denatonium saccharide**, a bitterant.
- The prescribed quantity was **1 gram of methylene carmine and 4 grams of denatonium saccharide per 100 litres of methanol**.
- The stated objective was to make methanol **unpalatable and recognisable**, thereby reducing its diversion into illicit liquor.

Rule 18B: Confiscation:

- **Rule 18B** provided for confiscation of methanol found in possession without a valid **Form A licence**.
- The Court noted that this provision could conflict with the existing regulatory structure because lawful possession could also arise through a **Form B permit**.

Supreme Court Judgment: Constitutional Grounds for Striking Down the Rules

Article 14: Protection Against Arbitrariness:

- The Court held that the impugned provisions violated **Article 14** because the restrictions lacked a **rational nexus** with the objective of preventing methanol-related liquor tragedies.

- The problem identified by the Court was not the legitimacy of regulating methanol, but whether the particular regulatory mechanism was **rationally connected and constitutionally reasonable**.
- Illegal diversion, pilferage, corruption, misuse of licences and the availability of methanol through unregulated channels could continue despite mandatory colouration and bittering at the lawful point of sale.
- The Court therefore considered the restrictions **manifestly arbitrary** because they imposed substantial burdens without adequately addressing the principal mechanisms through which methanol entered illicit liquor.

Article 19(1)(g): Freedom of Trade and Profession:

- Article 19(1)(g) guarantees citizens the **freedom to practise any profession, or to carry on any occupation, trade or business**, subject to reasonable restrictions under Article 19(6).
- The Court found that mandatory denaturing imposed a **continuous and unreasonable burden** on legitimate industries that required chemically pure methanol.
- Industrial users demonstrated that the added colourant and bitterant could leave residues, interfere with chemical processes and adversely affect the quality of certain final products.
- The restriction therefore failed to qualify as a **reasonable restriction in the public interest** under Article 19(6).

Doctrine of Proportionality: Constitutional Test Applied by the Court

Four-Stage Proportionality Framework:

- The Court applied the proportionality framework associated with **K.S. Puttaswamy v. Union of India (2017)**.
- The framework examines four questions:
 - **Legitimate aim:** Does the State action pursue a constitutionally legitimate objective?
 - **Suitability:** Is the measure capable of advancing that objective?
 - **Necessity:** Is there a less restrictive but equally effective alternative?
 - **Balancing:** Does the benefit achieved justify the burden imposed on the affected right?

Application to Methanol Regulation:

- The Court accepted that preventing **loss of life from methanol-contaminated liquor** is a legitimate and important State objective.
- However, mandatory addition of colourants and bitterants was not sufficiently **suitable** because illicit liquor suppliers could obtain methanol through illegal channels that bypassed the regulated point of sale.
- The measure was also not **necessary** because stronger controls over **transportation, storage, diversion, pilferage and enforcement** could directly target the identified causes of illicit diversion.
- The burden on legitimate chemical industries was therefore disproportionate to the regulatory benefit claimed by the State.

Why the Court Rejected Mandatory Denaturing of Methanol

Regulatory Mismatch:

- The Court observed that the Parthasarthy Committee had identified several causes of liquor tragedies, including **illegal diversion, pilferage, corruption, confusion between methyl and ethyl alcohol and the lower cost of methanol**.
- Mandatory denaturing at the lawful point of sale could not effectively address diversion occurring **outside the regulated distribution chain**.

- Existing regulatory mechanisms relating to the **transportation and storage of hazardous substances** could also be strengthened to address pilferage and unauthorised diversion.
- The Court therefore distinguished between the legitimate objective of preventing methanol poisoning and an ineffective regulatory method that imposes substantial costs on lawful industries.

Industrial Alcohol Regulation in India: Constitutional and Federal Dimension

Earlier Position: Synthetics and Chemicals Case:

- In **Synthetics and Chemicals Ltd. v. State of Uttar Pradesh**, the earlier judicial position treated **industrial alcohol** differently from potable liquor for purposes of legislative competence.
- The earlier framework restricted the States' power primarily to **intoxicating or potable liquor**, while industrial alcohol was associated with the Union's regulatory domain.

State of Uttar Pradesh v. Lalta Prasad Vaish, 2024:

- In **State of Uttar Pradesh v. Lalta Prasad Vaish and Sons**, a **9-judge Constitution Bench** reconsidered the constitutional distribution of power concerning industrial alcohol.
- By an **8:1 majority**, the Supreme Court overruled the relevant position in **Synthetics and Chemicals** and interpreted **Entry 8 of the State List** more broadly.
- The majority held that the expression "**intoxicating liquors**" encompasses alcohol capable of being used in a manner detrimental to public health, including certain forms of industrial alcohol.
- The judgment therefore recognised a significant **State regulatory role over industrial alcohol**, particularly in relation to preventing its misuse and conversion into intoxicating liquor.

Poisons Act, 1919: Legal Basis for State Regulation

State Rule-Making Power:

- The **Poisons Act, 1919** is a Central legislation governing the import, possession and sale of specified poisons.
- Section 2** empowers State Governments to make rules regulating the **possession and sale of poisons** within their respective territories.
- The Maharashtra Poisons Rules were framed under this statutory framework and therefore constitute **subordinate legislation**.
- The Supreme Court reiterated that subordinate legislation remains subject to **constitutional limitations, the parent statute and the requirements of reasonableness and proportionality**.

Methanol and India's Green Transition

Methanol as an Alternative Clean Fuel:

- Methanol is increasingly relevant to India's **energy-transition strategy** because it can serve as an alternative fuel and chemical feedstock.
- It has potential applications in **shipping, heavy transport, industrial processes and chemical manufacturing**, particularly when produced using low-carbon pathways.
- The growing importance of methanol creates a policy requirement for regulation that simultaneously addresses **public health risks, industrial quality requirements and decarbonisation objectives**.

Green Methanol Standards:

- In **February 2026**, the **Ministry of New and Renewable Energy** initiated India's framework for **Green Methanol Standards**.
- The framework links the classification of green methanol to its **life-cycle greenhouse-gas emissions and production pathway**, supporting the broader objectives of the **National Green Hydrogen Mission**.
- In 2026, the **Solar Energy Corporation of India** also invited expressions of interest for sourcing **biogenic carbon dioxide** for green methanol and green urea, indicating the growing policy focus on low-carbon methanol production.

Governance Lessons: Regulating Hazardous Chemicals Without Overburdening Industry

Targeted Regulation:

- Regulation of hazardous chemicals should focus on the **actual source of risk**, rather than imposing uniform restrictions that substantially affect legitimate users without addressing illegal diversion.
- Effective regulation can combine **licensing, digital tracking, secure transportation, storage controls, inventory reconciliation, inspections and strict enforcement against diversion**.
- Public-health regulation must therefore distinguish between **legitimate industrial use and unlawful conversion or diversion**.

Constitutional Accountability of Subordinate Legislation:

- The judgment reinforces that executive authorities exercising delegated legislative power cannot create restrictions that **exceed constitutional limits**.
- A subordinate rule can be invalidated when it is **manifestly arbitrary, disproportionate, inconsistent with the parent statute or violative of fundamental rights**.
- The case demonstrates that even regulations pursuing a legitimate public-health objective must satisfy the constitutional requirements of **rationality, necessity and proportionality**.

Value Addition for UPSC:

- **GS-II: Fundamental Rights, Article 14, Article 19(1)(g), reasonable restrictions, judicial review, delegated legislation, federal distribution of legislative powers and constitutional interpretation.**
- **GS-III: Chemical safety, industrial regulation, public health, hazardous substances, illicit liquor, energy transition and green fuels.**
- **GS-IV: Proportionality, public interest, regulatory ethics, balancing competing interests and responsible exercise of State power.**
- **Prelims Fact:** The Supreme Court struck down **Rules 18A and 18B** of the Maharashtra Poisons Rules, 1972, in its **18 September 2026** judgment.
- **Prelims Fact:** Rule 18A(2) required **1 gram of methylene carmine and 4 grams of denatonium saccharide per 100 litres of methanol** before sale to non-drug manufacturers.
- **Prelims Fact:** **Lalta Prasad Vaish, 2024** was decided by a **9-judge Constitution Bench** by an **8:1 majority** and overruled the relevant position in Synthetics and Chemicals concerning State regulation of industrial alcohol.
- **Mains Link:** The judgment can be used to explain that **a legitimate State objective does not automatically validate every regulatory measure adopted to achieve it**; the means must satisfy the constitutional requirements of suitability, necessity and proportionality.
- **Core Concept:** The case demonstrates the distinction between **regulatory legitimacy and regulatory constitutionality**: the State may regulate a hazardous substance to protect public health, but the chosen

regulatory mechanism must remain rational, effective and proportionate to the burden imposed on fundamental rights.

India–New Zealand FTA to Enter into Force on 20 October 2026, Expanding Trade, Investment, Services and Market Access

Recent Developments:

- The **India–New Zealand Free Trade Agreement (FTA)** will enter into force on **20 October 2026**, following New Zealand’s passage of implementing legislation on 16 September 2026. The agreement was signed on **27 April 2026** at Bharat Mandapam, New Delhi.
- The FTA provides **zero-duty access for 100% of Indian exports** to New Zealand from the date of entry into force and is expected to strengthen India’s exports, employment, MSMEs and manufacturing competitiveness.
- New Zealand has committed to facilitate **USD 20 billion of investment into India over 15 years**, covering agriculture, manufacturing, infrastructure, startups, innovation and emerging technologies.
- India and New Zealand concluded negotiations in a record **nine months**, after announcing the launch of negotiations in March 2025.

India–New Zealand Bilateral Relationship:

Historical and Economic Context:

- India and New Zealand share institutional linkages through the **Commonwealth, parliamentary democracy and people-to-people contacts**, while their economic relationship has historically remained smaller than India’s engagement with several other Indo-Pacific partners.
- The FTA represents a shift towards deeper **trade, investment, services, technology and talent mobility**, complementing existing cooperation in education, sports, tourism and traditional medicine.
- Bilateral merchandise trade was around **USD 1.1 billion in 2025–26**, according to the latest PIB release. Earlier data placed bilateral trade at approximately USD 1.3 billion in 2024–25.

Trade Liberalisation and Market Access:

Goods Trade:

- New Zealand will eliminate duties on **100% of Indian exports**, creating duty-free access across all tariff lines from entry into force.
- Indian exports benefiting particularly include **textiles, apparel, leather, footwear, engineering goods, processed foods, ceramics, carpets, automobiles and auto components**.
- New Zealand previously imposed peak tariffs of up to **10%** on several Indian export categories, making tariff elimination particularly relevant for labour-intensive and manufacturing sectors.
- India has offered market access across approximately **70% of tariff lines**, covering about **95% of New Zealand’s bilateral trade**, while retaining exclusions for sensitive products.

Trade in Services:

- New Zealand has provided market-access commitments across around **118 services sectors**, including IT, professional services, construction, education, tourism, telecommunications, financial services and audio-visual services.
- **Most-Favoured-Nation commitments** cover around 139 sub-sectors, helping Indian service suppliers obtain comparable treatment if New Zealand subsequently grants more favourable treatment to another FTA partner.
- The agreement strengthens opportunities for Indian professionals in a market where India has comparative strengths in **IT, business services, telecommunications, healthcare and professional services**.

Protection of Sensitive Agricultural Sectors:

India's Exclusions:

- India has retained protection for politically and economically sensitive agricultural sectors, particularly **dairy and selected farm products**.
- Major exclusions include **milk, cream, cheese, yoghurt, whey, caseins, onions, sugar, spices, edible oils, almonds, chickpeas and peas**, among other sensitive products.
- India has therefore combined export liberalisation in manufacturing and labour-intensive sectors with continued protection of vulnerable domestic agricultural segments.
- This approach reflects the importance of **food security, farmer livelihoods, rural employment and domestic agricultural competitiveness** in India's FTA negotiations.

Agricultural Productivity Partnership:

- The FTA establishes an **Agricultural Productivity Partnership** to combine New Zealand's agricultural technology and expertise with India's production scale and domestic market.
- Cooperation includes productivity enhancement and knowledge transfer, with areas such as **kiwifruit, apples and Manuka honey** identified for agricultural collaboration.
- The framework can support technology transfer and productivity improvements rather than treating agricultural relations solely as a question of import competition.

Investment Commitments and Manufacturing:

USD 20 Billion Investment Commitment:

- New Zealand has committed to facilitate **USD 20 billion of investment into India over 15 years**, strengthening long-term economic cooperation.
- The investment framework covers **agriculture, manufacturing, infrastructure, startups, innovation, renewable energy, digital services and emerging technologies**.
- A **rebalancing clause** provides a mechanism to address potential shortfalls in investment delivery, strengthening the implementation framework.

Manufacturing and Supply Chains:

- The agreement provides duty-free access to selected **manufacturing inputs**, including wooden logs, coking coal and metal waste and scrap, which can reduce input costs for Indian industries.
- Greater investment and technology flows can support **domestic manufacturing, global value-chain integration and export competitiveness**.

- The agreement also creates opportunities for New Zealand firms to invest in India and participate in manufacturing and infrastructure projects serving both Indian and global markets.

MSMEs, Employment and Artisans:

Labour-Intensive Sectors:

- Zero-duty access is expected to improve the competitiveness of Indian **MSMEs, exporters, artisans and labour-intensive industries**.
- Sectors such as **textiles, apparel, leather, footwear, gems and jewellery, engineering goods and processed food** are particularly relevant for employment generation and export diversification.
- Lower tariffs can reduce the price disadvantage faced by Indian exporters competing with suppliers from countries already enjoying preferential access to New Zealand.

Mobility, Education and People-to-People Ties:

Skilled Professionals and Students:

- The FTA expands mobility opportunities for Indian professionals through a dedicated quota of **5,000 Temporary Employment Entry visas**.
- It also provides **1,000 Working Holiday visas annually** for young Indians, strengthening youth mobility and people-to-people contacts.
- Indian students receive enhanced post-study work opportunities, including up to **three years for STEM graduates** and up to **four years for doctoral scholars**.
- These provisions link trade in services with **human-capital mobility, skill development and international employment opportunities**.

Pharmaceuticals and Medical Devices:

Regulatory Facilitation:

- The agreement facilitates market entry for Indian **pharmaceutical and medical-device exporters** by enabling acceptance of inspection-related approvals from trusted regulators such as the **US FDA, EMA, UK MHRA and Health Canada**, subject to the agreement's regulatory framework.
- Recognition of comparable regulatory assessments can reduce **duplicative inspections, compliance costs and approval delays**, thereby improving export competitiveness.

Strategic and Economic Significance:

For India's Export Competitiveness:

- Duty-free access can strengthen Indian export performance in **textiles, leather, footwear, engineering goods, processed food, ceramics, carpets and auto components**.
- The agreement can support export diversification by expanding India's preferential access in the **Oceania and wider Pacific economic space**.

For India's FTA Strategy:

- The agreement reflects India's broader strategy of securing **preferential market access while retaining policy space for sensitive sectors**.

- It demonstrates a differentiated negotiating approach in which manufactured and labour-intensive exports receive greater liberalisation while politically sensitive agricultural products remain protected.
- The FTA also complements India's wider engagement with developed economies through recent and ongoing trade negotiations, including with the **European Union, Chile and other partners**.

For Global Value Chains:

- Investment, technology transfer, duty-free inputs and services liberalisation can help India strengthen its participation in **global value chains (GVCs)**.
- The agreement can support the integration of Indian MSMEs into international production networks through improved market access and investment linkages.

Challenges and Issues:

Implementation and Utilisation:

- The economic gains will depend on the ability of Indian firms, particularly MSMEs, to utilise preferential access rather than merely having tariffs removed.
- **Rules of origin, standards, certification, logistics, market information and compliance costs** can determine the actual value of tariff concessions.
- The USD 20 billion investment commitment is spread over **15 years**, so its economic impact will depend on actual investment flows, sectoral distribution and implementation.

Agricultural and Domestic Industry Concerns:

- Although India has excluded major sensitive agricultural products, increased competition in liberalised product categories may still require improvements in **farm productivity, quality standards and supply-chain efficiency**.
- The long-term challenge is to combine trade openness with **domestic productive capacity and employment protection**.

Value Addition for UPSC:

Key Concepts:

- **Free Trade Agreement (FTA):** A bilateral or plurilateral trade arrangement that reduces or eliminates tariffs and other trade barriers among participating economies.
- **Tariff Line:** A specific classification of goods under a country's customs tariff schedule; commitments are often expressed as the percentage of tariff lines liberalised.
- **Most-Favoured-Nation (MFN) Treatment:** A principle under which a trading partner receives treatment no less favourable than that provided to another comparable trading partner, subject to the applicable agreement.
- **Rules of Origin:** Criteria used to determine the economic nationality of a product for applying preferential tariff treatment.
- **Trade in Services:** International supply of services through modes recognised under the WTO framework, including cross-border supply and movement of natural persons.

UPSC GS Linkages:

- **GS-II:** India's bilateral relations, international institutions, trade diplomacy and diaspora.

- **GS-III:** Foreign trade, FDI, MSMEs, manufacturing, agricultural productivity, global value chains and employment.
- **Essay:** Balancing trade liberalisation with domestic economic resilience and strategic policy space.
- **Prelims Focus:** FTA, tariff lines, MFN treatment, rules of origin, investment commitments, services trade and sensitive-sector exclusions.

Important Data Points:

- **27 April 2026:** India–New Zealand FTA signed.
- **20 October 2026:** FTA scheduled to enter into force.
- **100%:** Indian exports receiving zero-duty access in New Zealand.
- **95%:** New Zealand's bilateral trade covered by India's market-access commitments.
- **USD 20 billion:** New Zealand's investment commitment over 15 years.
- **118 sectors:** Approximate services-sector market access provided by New Zealand.
- **5,000:** Dedicated Temporary Employment Entry visa quota for Indian professionals.
- **1,000 annually:** Working Holiday visas for young Indians.
- **9 months:** Approximate time taken to conclude FTA negotiations.

India's Eighth National Accounts Revision with 2022-23 Base Year Introduces Double Deflation and Broader Data Improvements

Recent Developments:

- The **Ministry of Statistics and Programme Implementation** released India's new series of **National Accounts Statistics** with **2022-23 as the base year** on **27 February 2026**, replacing the earlier 2011-12 base-year series. This represents India's **eighth base-year revision** of the National Accounts.
- The series was subsequently **updated on 31 August 2026** to incorporate the new **Producer Price Index, Index of Industrial Production** and other updated data inputs released in June 2026.
- On **21 September 2026**, MoSPI released the **Sources and Methods for Compilation of National Accounts Statistics**, providing a consolidated account of concepts, definitions, data sources and methodologies used in the new series.
- The new series introduces important methodological improvements, including **double deflation in agriculture and manufacturing**, greater use of administrative data, improved coverage of the unincorporated sector and integration with the **Supply and Use Table framework**.

What are National Accounts?

Meaning and Framework:

- **National Accounts Statistics** provide a systematic framework for measuring an economy's **production, income, expenditure, saving, investment and external transactions**.
- They provide major macroeconomic aggregates such as **Gross Domestic Product, Gross Value Added, consumption, investment, saving and trade**, following the principles of the **United Nations System of National Accounts**.
- National Accounts therefore provide the statistical foundation for assessing **economic growth, structural transformation, sectoral performance and macroeconomic policy**.

Evolution of India's National Accounts Base Year:

Major Base-Year Revisions:

Base Year	Year of New-Series Release
1960-61	1967
1970-71	1978
1980-81	1988
1993-94	1999
1999-2000	2006
2004-05	2010
2011-12	2015
2022-23	2026

- Base-year revision is undertaken periodically to ensure that **relative prices, production structures, consumption patterns and emerging economic activities** are adequately reflected in national income estimates.
- For the current revision, **2022-23** was selected because it was considered a relatively normal economic year and relevant survey information was available; intervening years were affected by events such as the **GST transition and COVID-19 pandemic**.

Calculation of GDP and GVA:

Three Approaches to National Income Accounting:

- Production Approach:** GDP is derived from **GVA of industries + taxes on products – subsidies on products**.
- Expenditure Approach:** GDP is measured through **final consumption expenditure + gross capital formation + exports – imports**.
- Income Approach:** National income is derived through **compensation of employees + operating surplus/mixed income + taxes less subsidies**.

Nominal and Real Estimates:

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- Current-price estimates** measure economic activity using prices prevailing during the reference period, whereas **constant-price estimates** remove the effect of price changes to measure real economic growth.
- Deflators and price indices are therefore essential for converting nominal values into **real output and GVA**.
- The new series uses more granular price indices, including **CPI, WPI, PPI and other appropriate indicators**, depending on the nature of the activity.

Key Change: Double Deflation in Manufacturing:

Single Deflation versus Double Deflation:

- Under the earlier **single-deflation approach**, nominal manufacturing GVA was converted into real GVA using an aggregate price deflator.
- Under **double deflation**, the prices of **output and intermediate inputs are adjusted separately**, allowing real value added to be derived after removing price changes from both sides.
- Conceptually:
 - Real GVA = Deflated Gross Value of Output – Deflated Intermediate Consumption**

- Therefore, changes in both **output prices and input prices** are captured separately.

Data Sources and Item-Level Deflation:

- MoSPI uses **Annual Survey of Industries data** together with **item-level Output Producer Price Indices** based on ex-factory prices for manufacturing deflation.
- The Output PPI includes both **final goods and intermediate goods**, allowing the output price of one industry to serve as an input-price indicator for another industry.
- Relevant items include **wheat, milk, bauxite, coking coal, electricity, refined palm oil, gram flour, cotton yarn, sacks, leather, naphtha, phosphoric acid, cement and semi-finished iron and steel**.
- Items accounting for around **80% of output and input value** are selected after ranking by value, and ASI-derived weights are used to deflate individual items separately.

Coverage and Limitations within Manufacturing:

- Of the **30 manufacturing categories**, **processed food and oils** and **pharmaceuticals** are excluded from the double-deflation exercise because of high imported-input shares and difficulties in directly mapping input items with elementary output PPI.
- For **service inputs** where suitable producer price indices are unavailable, MoSPI uses consumer prices and implicit deflators as appropriate.
- The new methodology therefore represents a significant increase in **price-measurement granularity**, rather than simply replacing one aggregate deflator with another.

Double Deflation Beyond Manufacturing:

Agriculture and Other Sectors:

- The new National Accounts framework adopts **double deflation in agriculture as well as manufacturing**, while using **volume or single extrapolation** in other sectors where appropriate.
- This represents a methodological shift because the new framework has moved away from the earlier practice of **single deflation as the general approach**.
- The objective is to use the methodology most appropriate to the availability and characteristics of sector-specific data rather than applying a uniform deflation method across all activities.

Other Major Methodological Improvements:

New Data Sources and Sectoral Coverage:

- The new series incorporates greater use of **GST data, Public Financial Management System data, e-Vahan data and other administrative datasets**, alongside survey information.
- Coverage of the **unincorporated sector** has been improved through annual survey information, enabling better capture of changing economic activity.
- Activities of **multi-activity enterprises** are classified more accurately by segregating different activities instead of allocating the entire enterprise to a single major activity.

Supply and Use Table Integration:

- The new framework integrates National Accounts compilation more closely with the **Supply and Use Table framework** to reduce discrepancies between production-side and expenditure-side estimates.

- A Supply and Use Table records **what industries produce and how goods and services are used by industries, households and other final users.**
- The integration is intended to improve **internal consistency and reconciliation** within the National Accounts system.

Quarterly National Accounts:

- The new series introduces an improved **benchmarking methodology** for quarterly estimates, replacing the earlier proportional approach with **Proportional Denton Benchmarking.**
- Annual and quarterly estimates have been brought into closer alignment regarding **sectoral classification, deflation strategies and estimation practices.**

Revision in Treatment of Defined-Benefit Pensions:

Government Sector Accounting:

- The new series revises the treatment of **defined-benefit pension schemes** by estimating the **present value of pension entitlements accruing to serving government employees.**
- Under the earlier methodology, pension payments made to retired employees were used as a proxy for the increase in pension entitlements of serving employees.
- The revised treatment follows the National Accounts principle that pension entitlements arising from current service should be reflected in **compensation of employees.**

Significance of the New Series:

Improved Measurement of Real Economic Activity:

- Double deflation provides a **conceptually more appropriate measure of real GVA** where reliable output and input price information is available.
- Item-level price measurement can improve consistency between **production statistics and price statistics,** particularly in manufacturing.
- Greater use of administrative datasets can improve **timeliness, coverage and granularity** of National Accounts estimates.

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Better Representation of the Contemporary Economy:

- A new base year helps capture structural changes in **production, consumption, investment, technology and services** that may not be adequately represented by an older price structure.
- The new framework also improves the statistical representation of emerging activities and changing production relationships.

Concerns and Issues:

PPI and Deflator Challenges:

- India's **Producer Price Index remains experimental,** creating concerns regarding the robustness, continuity and wider availability of producer-price information.
- Mapping intermediate inputs, particularly **imported inputs and services,** to domestic producer-price indices remains technically difficult.

- Differences between price indices can significantly affect measured real GVA because output and input prices may move at different rates.

Interpreting Manufacturing GVA and IIP:

- **Index of Industrial Production growth and manufacturing GVA growth need not be identical** because IIP measures changes in the physical volume of a fixed basket of sampled items, whereas GVA also incorporates intermediate consumption and broader sectoral coverage.
- MoSPI states that IIP growth is more directly comparable with **Gross Value of Output at constant prices** rather than manufacturing GVA.
- Therefore, changes in real manufacturing GVA should be interpreted alongside **IIP, PPI, capacity utilisation and other industrial indicators**, rather than using any single indicator in isolation.

Way Forward:

Strengthening India's Statistical System:

- India needs to **institutionalise a comprehensive Producer Price Index**, improve item-level price collection and expand coverage of producer prices.
- **Annual Survey of Industries and administrative datasets** should be strengthened to improve coverage, quality and consistency.
- Better measurement of **imported inputs, services and emerging economic activities** is necessary for more accurate sectoral deflation.
- MoSPI should ensure **transparent methodological documentation, periodic validation and user consultation** as new data sources and price indices evolve.
- The continued alignment of **National Accounts, State Domestic Product and District Domestic Product** with the 2022-23 base year can improve comparability across levels of government.

Value Addition for UPSC:

Key Concepts:

- **Base Year:** A reference year whose prices are used to calculate constant-price estimates and measure changes in real economic activity.
- **GDP:** The monetary value of final goods and services produced within a country during a specified period.
- **GVA:** The value added by producers, calculated broadly as **value of output – intermediate consumption**.
- **Deflator:** A price index used to convert nominal economic values into real or constant-price values.
- **Double Deflation:** A method in which **output and intermediate inputs are deflated separately** before calculating real value added.
- **Supply and Use Table:** A statistical framework that reconciles the supply of goods and services with their use across industries and final demand.
- **PPI:** A producer-side price measure used to capture changes in prices received by producers and support the estimation of real output.

UPSC GS Linkages:

- **GS-III:** National income accounting, GDP, GVA, inflation measurement, industrial growth, statistical systems, manufacturing and economic policy.
- **GS-II:** Evidence-based governance, institutional capacity and the role of official statistics in public policy.
- **Essay:** The quality of economic policymaking depends on the quality, comparability and transparency of underlying statistical systems.

- **Prelims Focus:** Base year, GDP versus GVA, nominal versus real GDP, single versus double deflation, PPI, IIP, Supply and Use Tables and National Accounts methodology.

Important Data Points:

- **2022-23:** New National Accounts base year.
- **27 February 2026:** New National Accounts series released.
- **31 August 2026:** Updated annual and quarterly series released with newer price and administrative data.
- **21 September 2026:** Sources and Methods publication released.
- **8th:** Base-year revision of India's National Accounts.
- **30:** Manufacturing categories covered in the double-deflation framework, with specified exclusions.
- **80%:** Approximate output and input value represented by selected items for item-level manufacturing deflation.
- **2011-12:** Base year of the previous National Accounts series.



QUESTIONS

1. Consider the following safeguards guaranteed under Article 22 of the Indian Constitution:

- (1) Right to be informed of the grounds of arrest as soon as may be.
- (2) Right to consult and be defended by a legal practitioner of one's choice.
- (3) Right to be produced before the nearest Magistrate within 24 hours of arrest.
- (4) Right against auto-incrimination and forced confession during custodial interrogation.

How many of the above safeguards are explicitly enumerated under Article 22(1) and Article 22(2) combined?

- (A) Only one
- (B) Only two
- (C) Only three
- (D) All four

2. With reference to the Western Ghats Ecology Expert Panel (Madhav Gadgil Committee) and the High-Level Working Group (K. Kasturirangan Committee), consider the following statements:

- (1) The Gadgil Committee recommended demarcating approximately 64% of the Western Ghats into three Ecologically Sensitive Zones (ESZ 1, ESZ 2, and ESZ 3).
- (2) The Kasturirangan Committee proposed a complete ban on commercial agricultural activities across 100% of the Western Ghats region.
- (3) The Gadgil Committee recommended establishing a statutory Western Ghats Ecology Authority under the Environment (Protection) Act, 1986.
- (4) The Kasturirangan Committee designated approximately 37% of the Western Ghats as an Ecologically Sensitive Area (ESA).

Which of the statements given above are correct?

- (A) 1 and 2 only
- (B) 1, 3 and 4 only
- (C) 2, 3 and 4 only
- (D) 1, 2, 3 and 4

3. Consider the following two statements:

Statement 1: Delegated or subordinate legislation framed under a parent statute can be invalidated by constitutional courts if it is found to be manifestly arbitrary or violating fundamental rights.

Statement 2: Executive regulations must satisfy the test of proportionality and must not impose restrictions broader than necessary to achieve the statutory objective.

Which one of the following is correct in respect of the above statements?

- (A) Both Statement 1 and Statement 2 are correct and Statement 2 is the correct explanation for Statement 1.
- (B) Both Statement 1 and Statement 2 are correct but Statement 2 is NOT the correct explanation for Statement 1.

- (C) Statement 1 is correct but Statement 2 is incorrect.
(D) Statement 1 is incorrect but Statement 2 is correct.

4. Consider the following two statements:

Statement 1: Zero-duty access for key manufacturing inputs like coking coal, wooden logs, and metallic scrap directly strengthens the cost competitiveness of domestic downstream manufacturing industries.

Statement 2: Removing tariffs on intermediate inputs creates inverted duty structures that artificially inflate production costs for domestic downstream industries.

Which one of the following is correct in respect of the above statements?

- (A) Both Statement 1 and Statement 2 are correct and Statement 2 is the correct explanation for Statement 1.
(B) Both Statement 1 and Statement 2 are correct but Statement 2 is NOT the correct explanation for Statement 1.
(C) Statement 1 is correct but Statement 2 is incorrect.
(D) Statement 1 is incorrect but Statement 2 is correct.

5. With reference to the double deflation methodology introduced in India's 2022-23 National Accounts series, consider the following statements:

- (1) Under double deflation, the Gross Value of Output (GVO) and Intermediate Consumption (IC) are deflated separately using their respective specific price deflators.
(2) Double deflation is universally applied across all 30 sub-categories of the manufacturing sector without any exceptions.
(3) The Output Producer Price Index (PPI) used in this framework incorporates both final manufactured goods and intermediate industrial inputs.
(4) Single deflation assumes that the price index of intermediate inputs moves in exact tandem with the price index of output goods.

Which of the statements given above are correct?

- (A) 1 and 2 only
(B) 1, 3 and 4 only
(C) 2, 3 and 4 only
(D) 1, 2, 3 and 4

ANSWER KEY

1 – Answer (C), 2 – Answer (B), 3 – Answer (A), 4 – Answer (D), 5 – Answer (B)



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