

MAINS MATRIX

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1. Constitutional clarity

SC's Verdict on Governors: No Right to Indefinitely Withhold Assent

1. **Governors Cannot Indefinitely Withhold Assent:** The Supreme Court hearings confirmed that Governors do not have the power to delay indefinitely giving assent to bills passed by state legislatures.
2. **Rejection of Unlimited Discretion:** The Court found that the Constitution's silence on timelines does not give Governors unlimited power to sit on bills, as this paralyzes democratic governance.
3. **Political Bias in Application:** The problem is not ambiguous rules but their selective application, as only opposition-ruled states face these prolonged delays.
4. **Questioning the Government's Method:** The Centre's use of a Presidential Reference is seen as an unusual and unnecessary route, as it cannot override a binding court judgment.
5. **Upholding Federal Balance:** The April 2025 judgment and these proceedings reinforce constitutional boundaries to protect state autonomy and the federal structure from executive overreach.

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2. GST 2.0 — Short-Term Pain, Possible Long-Term Gain

GST 2.0: An Overview

- **Objective of Original GST:** Introduced to promote consumption and production efficiencies via a destination-based tax system, ensuring the tax incidence falls on the final consumer with rebates for input taxes.
 - **Shortcomings of Original GST:** Suffered from multiple tax rates, an inverted duty structure, and high compliance costs due to a complex compensation cess mechanism.
 - **GST 2.0 Effective Date:** September 22, 2025.
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1. New Rate Structure

- **Discontinued Rates:** 12% and 18% slabs have been removed.
- **Continued Rates:**
 - 0%, 5%, and 18% (with changes to the goods and services covered).
 - A new demerit rate of **40%** for six goods and luxury items.
 - Some special rates **below 5%** have been continued.
- **Key Beneficiary Sectors:**
 - **Consumption:** Textiles, consumer electronics, automobiles, health, and most food items (employment-intensive, broad-based benefits).
 - **Production:** Fertilizers, agricultural machinery, renewable energy (benefits for farmers via lower input costs).

2. Scale of Rate Changes

- **Proportion:** Of the 54% of goods where rates changed:
 - 80% saw **rate reductions**.
 - ~20% saw rate increases.
- **Nature of "Increases":** The shift from 28% to 40% for demerit/luxury goods is largely a **merger of the compensation cess** into the tax rate, not a genuine increase.

3. Revenue Implications

- **Formula:** GST Revenue (R) = Tax Rate (r) x Tax Base (B). The tax base is itself a product of pre-tax price (p) and quantity (q): $R = r * (p * q)$.
- **Dual Effect of Rate Cuts:**
 1. **Direct Effect:** Revenue falls due to a lower rate (r).
 2. **Indirect Effect:** Lower post-tax prices may increase quantity demanded (q), potentially offsetting some loss.
- **Overall Assessment:** The percentage fall in post-tax price is much smaller than the percentage fall in the tax rate. Calibrations show that **revenues will fall** for all feasible demand elasticity ranges.
- **Estimated Revenue Loss:**
 - Ministry of Finance: **₹48,000 crore** for a full year.
 - Other estimates are higher.

4. Income and Behavioral Effects (Long-Term Gain)

- **Disposable Income:** The government's revenue loss translates into higher disposable incomes for taxpayers.
- **Consumer Behavior:** Consumers will spend their increased income. Since:
 - Demand for necessities (5% slab) is **inelastic**.

- The increased spending will be on goods in higher tax slabs (18%, 40%) – comforts and luxuries.
- **Result:** This behavioral shift is **revenue-augmenting** over time, though the initial revenue loss is immediate.

5. Structural Issues & Cascading

- The new structure **does not fully avoid cascading** (tax on tax).
- **Reasons:**
 - **Exempt Category:** No input tax credit (ITC) is available, so taxes on inputs get added to the final price.
 - **Low-Rate Categories (0%, 5%):** Inputs may be taxed at 18%; while ITC is admissible, **bottlenecks in claiming it** persist.

6. Macroeconomic Implications

- **Fiscal Deficit Pressure:** Expected GST revenue shortfall, combined with:
 - Lower-than-budgeted nominal GDP growth (actual Q1: 8.8% vs. budgeted: 10.1%).
 - Contraction in direct tax growth (-4.3% vs. +33.6% previous year).
 - Could lead to a wider fiscal deficit for 2025-26.
- **Government's Options (all problematic):**
 1. **Reduce Expenditure:** Adverse impact on growth.
 2. **Increase Fiscal Deficit:** Macroeconomic stability risks.
 3. **Monetary Stimulus (rate cuts/liquidity):** Risk of higher inflation, potentially leading to monetization of the deficit.
- **State Governments:** May be forced to borrow more or cut expenditures due to their share of revenue losses.

7. Conclusion on Growth

- **Short-term:** Demand stimulation from tax cuts can support growth, but this is a limited tool.
- **Long-term:** Sustainable growth will ultimately be driven by **savings and investment rates** and the incremental capital-output ratio (ICOR).

Table: Main Rate and Price Changes

Change in Tax Rate	Percentage Fall in Tax Rate	Percentage Fall in Post-Tax Price
18% to 5%	72.2%	11%

Change in Tax Rate	Percentage Fall in Tax Rate	Percentage Fall in Post-Tax Price
12% to 5%	58.3%	6.3%
28% to 18%	35.7%	7.8%
18% to 0%	100%	15.3%
12% to 0%	100%	10.7%
5% to 0%	100%	4.8%

Linkage to UPSC Syllabus & Strategic Usage

1. GS Paper III: Indian Economy and Development (Primary Linkage)

- **Syllabus Topic: Government Budgeting** (Mobilization of resources, fiscal policy, fiscal deficit)
- **Syllabus Topic: Effects of liberalization** (changes in industrial policy)
- **Syllabus Topic: Investment models** (Inclusive growth)

How to Use the Content:

- **As Evidence for "Benefits of Reform":** When discussing the successes of economic reforms, use GST 2.0 as a contemporary example of **policy evolution**. Argue that it aims to correct initial flaws, reduce compliance burden (ease of doing business), and boost specific sectors (Textiles, Auto, Electronics) by reducing tax rates, thereby stimulating investment and employment.
- **To Discuss "Fiscal Challenges":** The analysis provides perfect material to discuss the **trade-offs in fiscal policy**.
 - **Argument:** Tax cuts are fiscally costly in the short run.
 - **Evidence:** Cite the estimated ₹48,000 crore revenue loss. Use the revenue formula ($R = r \times B$) to explain why this happens (rate fall outweighs demand increase).
 - **Implication:** Link this to the "Macro-Fiscal Implications" point. This loss pressures the fiscal deficit, forcing a tough choice between cutting growth-supporting expenditure or breaching deficit targets.
- **To Explain "Structural Issues" in Indian Economy:** The "Structural and Compliance Challenges" section is key.
 - **Inverted Duty Structure:** Use it as a prime example of how well-intentioned policies (0% tax on finished goods) can create distortions (disincentivizing domestic manufacturing of inputs).

- **Input Tax Credit (ITC) Bottlenecks:** Mention this as a critical hurdle that reduces the efficiency of GST, preventing the full elimination of the "cascading effect" of taxes.

2. GS Paper II: Governance, Constitution & Polity (Secondary Linkage)

- **Syllabus Topic: Issues and challenges pertaining to the federal structure**
- **Syllabus Topic: Important aspects of governance, transparency and accountability**

How to Use the Content:

- **To Analyze "Cooperative Federalism":** The GST Council is the world's largest experiment in fiscal federalism. Any change (like GST 2.0) is a result of complex negotiations between the Centre and States.
 - **Argument:** The **revenue loss** is not just a central government problem. Since states are guaranteed compensation, a sharp drop in revenue tests the **financial viability of the federal bargain**. This can lead to tension between the Centre and States.
 - **Use this to** show a deeper understanding that economic reforms have political and federal dimensions.
- **To Highlight "Governance":** The simplification from 6 slabs (0%, 5%, 12%, 18%, 28%, +Cess) to 4 (0%, 5%, 18%, 40%) is a move towards **transparency** and **simpler administration**. You can position GST 2.0 as a governance reform that makes the system more understandable for the common citizen and easier to administer for the bureaucracy.

3. Making health care safe for every Indian

- **World Patient Safety Day (17 September)** reminds us that despite progress, *safe healthcare* remains elusive.
- Patient safety is a *public health priority* and a measure of health system efficiency.

Global Picture

- **1 in 10 patients** harmed during hospitalization.
- **4 in 10 patients** harmed in outpatient care.
- WHO's **Global Patient Safety Action Plan** advocates embedding safety in all health systems.

Indian Scenario

- **Rising chronic diseases:** cancer, diabetes, heart ailments, mental health disorders → long-term treatments → more chances of safety lapses.
- **Acute care risks:** lack of coordination among multiple specialists.

- **Everyday risks:** unsafe drug combinations, delayed diagnoses, preventable falls, misprescriptions.
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Types of Patient Harm

- **Complex Events:** hospital-acquired infections, unsafe injections, transfusion errors, blood clots.
 - **Everyday Events:** wrong drugs, self-medication, unreported reactions, delayed diagnosis.
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Key Challenges

- **Systemic gaps:** staff shortages, attrition, long shifts → fatigue & errors.
 - **Two-way problem:**
 - Overburdened providers.
 - Passive patients hesitant to ask questions.
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Shared Responsibility

- Patient safety = **collective duty** (doctors, nurses, patients, families, systems).
 - **Patient role:** ask questions, maintain records, report reactions, avoid risky practices.
 - **System role:** empower active patient participation.
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Policy Frameworks & Institutions

- **National Patient Safety Implementation Framework (2018–25):** roadmap for integrating safety into clinical programs.
 - **NABH (National Accreditation Board for Hospitals):** standards for infection control & patient rights — *but <5% hospitals accredited.*
 - **Society of Pharmacovigilance India:** reports adverse drug reactions.
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Civil Society & Innovation

- **Patient Safety & Access Initiative of India Foundation:** advocacy for safe medical devices.
 - **Patient Safety Foundation:** awareness drives (14 lakh households, 1,100+ hospitals, 52,000+ professionals).
 - **CSR & Technology:** digital innovations for error reduction & safer workflows.
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Way Forward

- Build a **Culture of Safety**: institutionalize protocols, empower patients, reduce staff fatigue.
- **Patient Advisory Councils (PACs)**: include patient voices in hospital decision-making (adapted from global best practices).
- **Align patient safety with policy & medical education**.
- Launch a **National Patient Safety Movement** with special focus on *newborns & children*.

Linkage to UPSC Syllabus & Strategic Usage

1. GS Paper II: Governance, Social Justice & International Relations

- **Syllabus Topic: Welfare Schemes for vulnerable sections** (Health is a core component of welfare).
- **Syllabus Topic: Issues relating to development and management of Social Sector/Services** (Health is a primary social service).
- **Syllabus Topic: Important International institutions** (WHO and its initiatives).

How to Use the Content:

- **To Critique Government Health Schemes**: When discussing schemes like Ayushman Bharat, don't just list its features. Use this data to argue that **access to healthcare is not enough; its quality and safety are paramount**.
 - **Example**: "While Ayushman Bharat has expanded financial access, the WHO data that 1 in 10 patients is harmed during hospitalization highlights an urgent need to integrate **patient safety protocols** as a core component of the scheme to ensure the provided care is not just accessible but also safe and effective."
- **To Discuss the Role of International Bodies**: Cite the **WHO's Global Patient Safety Action Plan** as an example of a global framework that India is a part of. This shows you are aware of international benchmarks and best practices.
- **To Analyze Governance Challenges**: The fact that **<5% of hospitals are NABH accredited** is a powerful statistic to highlight the gap between policy formulation (creating standards) and implementation (hospitals actually following them). This demonstrates a critical understanding of governance hurdles.

2. GS Paper I: Society & Social Justice

- **Syllabus Topic: Salient features of Indian Society** (Issues related to health).
- **Syllabus Topic: Poverty and developmental issues** (Ill-health is both a cause and effect of poverty).

How to Use the Content:

- **To Link Health with Society and Poverty**: Argue that unsafe healthcare perpetuates a cycle of poverty.

- **Argument:** A patient harmed by a medical error (e.g., wrong drug, hospital infection) faces longer illness, loss of wages, and higher out-of-pocket expenses, pushing them further into poverty. This makes patient safety not just a medical issue, but a **core social and economic issue**.

4. Judicial experimentalism' versus the right to justice

1. Core Issue & Context

- **Primary Concern:** The Supreme Court's endorsement of guidelines to prevent misuse of laws against matrimonial cruelty is criticized for undermining victims' rights.
- **Specific Law:** Section 498A of the Indian Penal Code (now Section 85 of the Bharatiya Nyaya Sanhita), which deals with cruelty by a husband or his relatives.
- **Key Judicial Rulings:**
 - **Allahabad HC (2022):** Mukesh Bansal vs State of U.P. introduced a 2-month 'cooling period' and referral to a Family Welfare Committee (FWC).
 - **Supreme Court (2025):** Shivangi Bansal vs Sahib Bansal endorsed the Allahabad HC's guidelines.

2. The Controversial Guidelines

- **Cooling Period:** A mandatory 2-month period after an FIR/complaint is filed during which no coercive action (like arrest) can be taken.
- **Family Welfare Committee (FWC):** The matter must be referred to this quasi-judicial committee during the cooling period.
- **Author's Criticism:** These measures:
 - Undermine a victim's **right to prompt access to justice**.
 - Affect the **functional autonomy of police and criminal justice agencies**.
 - Fall **outside the existing statutory and institutional framework**.

3. The Rationale for Checks & Balances (Judicial Viewpoint)

- **Objective:** To prevent the perceived misuse of Section 498A for false or frivolous complaints and "rampant arrests."
- **Existing Safeguards:**
 - **Preliminary Inquiry:** Mandated by the SC (Lalita Kumari) and new criminal laws before FIR registration in matrimonial cases.
 - **Restrictions on Arrest:**
 - **2008 CrPC Amendment:** Introduced the '**principle of necessity**' for arrests.
 - **Arnesh Kumar (2014):** SC introduced a checklist and enforced 'notice of appearance' to prevent automatic arrests.

- **Sarabjit Kumar (2022):** SC directed bail if arrests violated Arnesh Kumar guidelines.
- **Reported Impact:** NCRB data shows that while registered offences under 498A increased from 2015 to 2022, **arrests declined**, suggesting safeguards protected accused liberty without compromising victims' rights.

4. Criticism & Arguments Against the Guidelines

- **Denial of Timely Justice:** Victims cannot get immediate police action or protection after filing a complaint.
- **Exacerbates Plight:** The cooling period forces the victim to remain in a vulnerable situation.
- **Historical Precedent of Failure:** The SC's similar experiment in **Rajesh Sharma (2017)**, which also used FWCs, was widely criticized as "**regressive**" and "**beyond judicial competence**." It was **overturned within a year** by a larger bench in Social Action Forum for Manav Adhikar (2018), which restored the supremacy of criminal justice agencies.
- **Unnecessary & Ultra Vires:** The authors argue the apprehension of misuse has already been addressed by legislative and judicial measures. The new guidelines are beyond legislative intent and judicial authority.

5. Authors' Conclusion & Call to Action

- The Supreme Court's ruling is a misstep that "**derails the victim's pursuit of justice**."
- The Court must **revisit and overturn** this ruling in line with its own precedent set in Social Action Forum.

Linkage to UPSC GS MAINS

1. For GS Paper II (Polity & Governance)

- **In questions about Judicial Activism/Overreach:**
 - This is a prime example to discuss the **thin line between judicial activism and judicial overreach**.
 - **Argument for Overreach:** The guidelines (cooling period, FWC) create a parallel quasi-judicial system without legislative sanction. Cite the author's criticism that they "fall outside the existing statutory framework" and reference the **Social Action Forum (2018)** case where a larger bench overturned a similar judicial experiment (**Rajesh Sharma case**), calling it beyond judicial competence.
 - **Argument for Activism:** The judiciary is stepping in due to perceived legislative and executive failure to prevent misuse of laws, aiming to protect individual liberties from arbitrary arrest (reference **Arnesh Kumar guidelines** and NCRB data showing decreased arrests).
 - **Conclusion:** A balanced answer would acknowledge the judiciary's intent but question its method, suggesting that policy formulation (like creating FWCs) is the domain of the legislature.
- **In questions about Women's Rights/Social Justice:**
 - Use this to discuss the **challenge of balancing rights**.

- **Point:** Laws like 498A are crucial for protecting women from domestic violence (a welfare measure for a vulnerable section).
- **Counterpoint:** However, their potential for misuse can lead to the harassment of innocent accused, creating an ethical and legal dilemma.
- **Use the "Existing Safeguards"** section to show that less intrusive mechanisms (preliminary inquiry, arrest restrictions) already exist and are working (as per NCRB data). This allows you to argue that the new guidelines are an **unnecessary and disproportionate solution** that severely impacts the victim's right to justice.

2. For GS Paper I (Society)

- **In questions about women's issues or patriarchy:**
 - The criticism that the guidelines "force the victim to remain in a vulnerable situation" can be used to highlight how systems, even well-intentioned ones, can fail to account for the **ground realities of power dynamics** within a patriarchal household.
 - Argue that such measures can indirectly perpetuate a culture of impunity for the accused and discourage women from reporting abuse.



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