1. Examine the major inter-state river water disputes involving Andhra Pradesh, particularly with Telangana, Karnataka, and Odisha. What legal and policy measures can help in resolving these disputes?

Andhra Pradesh (AP) has several inter-state river disputes, primarily with Telangana, Karnataka, and Odisha, over water sharing from the Krishna, Godavari, and Vamsadhara rivers.

1. Krishna River Dispute (AP vs. Telangana & Karnataka)

- Dispute over Krishna River water sharing between Andhra Pradesh, Telangana, Karnataka, and Maharashtra.
- Telangana, after bifurcation (2014), demanded a fresh allocation of Krishna waters, contesting previous agreements. Karnataka seeks a higher share for its projects.
- The Krishna Water Disputes Tribunal (KWDT) first awarded over the sharing of 811 TMC of water allocations in 1976, with subsequent awards in 2010. Telangana filed a case in 2015 for reassessment.
- Major projects include Nagarjuna Sagar, Srisailam right bank canal, and Almatti dams and Rajolibanda project.

2. Godavari River Dispute (AP vs. Telangana & Odisha)

- Dispute over water diversion and utilization from the Godavari River.
- Telangana opposed the Polavaram project, citing submergence issues. Odisha has also objected due to
- displacement concerns.
- The Godavari Water Disputes Tribunal (GWDT) settled allocations in 1980, but disputes resurfaced post-2014.
- Polavaram, Kaleshwaram, and Pattiseema projects are contentious.

3. Vamsadhara River Dispute (AP vs. Odisha)

- The Vamsadhara River originates in Odisha and flows into AP.
- AP's Vamsadhara Phase II project aims to use more water, but Odisha claims it will harm its farmers.
- Odisha has approached the Vamsadhara Water Disputes Tribunal, but verdict implementation is delayed.

Legal and Policy Measures for Resolution

- **Inter-State River Water Disputes Act, 1956:** This Act provides a framework for resolving river water disputes through negotiations and tribunals. However, the process is often lengthy and lacks clear timelines. Amendments to the Act to streamline the process, set time limits, and enhance the powers of tribunals could be beneficial.
- **Tribunals and Expert Committees:** Establishing expert committees with technical and legal expertise to assess the water availability, usage, and impact of projects can help in finding scientific and equitable solutions. Timely implementation of tribunal awards is also crucial.
- **Negotiation and Mediation:** Encouraging dialogue and negotiation among the states involved, with the assistance of the central government, can lead to mutually acceptable solutions. Mediation by neutral parties can also be helpful.
- **National Water Policy:** A robust National Water Policy that addresses the principles of equitable sharing, efficient water use, and sustainable development can provide a framework for resolving disputes.
- **Data Sharing and Transparency:** Establishing mechanisms for sharing hydrological data and project information among the states can build trust and facilitate informed decision-making.
- **Basin-Level Management:** Adopting a basin-level approach to water management, involving all riparian states in planning and decision-making, can help in addressing the complex interdependencies and ensuring sustainable use of water resources.

- **Constitutional Amendments:** Some experts suggest constitutional amendments to address the issue of inter-state river water disputes more effectively, potentially including clearer guidelines for water allocation and dispute resolution.
- **Political Will:** Ultimately, the resolution of these disputes requires strong political will from all the states involved and the central government to prioritize cooperation and find mutually acceptable solutions in the larger national interest.

Conclusion

As remarked by the Andhra Pradesh Chief Minister Inter-state water disputes threaten Andhra Pradesh's agricultural and industrial growth. A combination of legal clarity, scientific water allocation, and cooperative federalism is essential for long-term resolution.

2. "Explain the different types of fiscal deficits. Discuss the impact of these deficits on the Indian economy and suggest measures for their effective management."

Introduction

Fiscal deficits occur when a government's total expenditures surpass its total revenues, excluding borrowings. Understanding the various types of fiscal deficits is crucial for assessing a nation's fiscal health and implementing effective economic policies.

Types of Fiscal Deficits:

1. Fiscal Deficit: This represents the difference between the government's total expenditure and its total revenue, excluding borrowings. It indicates the total borrowing requirements of the government.

Formula: Fiscal Deficit = Total Expenditure – (Revenue Receipts + Non-debt Capital Receipts)

Example: In the fiscal year 2023-24, India's fiscal deficit was targeted at 5.9% of GDP.

The fiscal deficit target for Andhra Pradesh in 2024-25 is 4.2% of the Gross State Domestic Product (GSDP).

2. Revenue Deficit: This occurs when the government's revenue expenditure exceeds its revenue receipts, implying that the government is borrowing to meet its day-to-day operational expenses.

Formula: Revenue Deficit = Revenue Expenditure – Revenue Receipts

Example: If India's revenue expenditure in a given year is ₹20 lakh crore and revenue receipts are ₹15 lakh crore, the revenue deficit would be ₹5 lakh crore.

Andhra Pradesh Revenue deficit in 2024-25 is estimated to be 2.1% of GSDP (Rs 34,743 crore), lower than the revised estimates for 2023-24 (2.7% of GSDP).

3. Primary Deficit: This is the fiscal deficit minus interest payments on previous borrowings. It reflects the current fiscal stance of the government, excluding past debt obligations.

Formula: Primary Deficit = Fiscal Deficit – Interest Payments

Example: If the fiscal deficit is ₹10 lakh crore and interest payments amount to ₹4 lakh crore, the primary deficit would be ₹6 lakh crore.

Impact on the Indian Economy:

- **Inflationary Pressures:** High fiscal deficits can lead to increased money supply in the economy, fueling inflation. For Example, financing deficits through borrowing from the Reserve Bank of India can increase liquidity, leading to higher prices.
- **Crowding Out Effect:** Government borrowing can absorb a significant portion of available credit, leaving less for private sector investment. This can hinder economic growth as businesses may struggle to secure necessary funds.
- **Debt Sustainability Concerns:** Persistent fiscal deficits increase the national debt burden. As of FY 2023-24, India's fiscal deficit target was set at 5.9% of GDP, indicating ongoing borrowing needs.

Measures for effective management

- **Expenditure Rationalization:** Prioritizing essential spending and cutting down on non-essential expenditures can help reduce the fiscal deficit. Implementing performance-based budgeting can ensure efficient use of resources. For example, Direct Benefit Transfer has led to significant savings by eliminating ghost beneficiaries and reducing corruption.

- **Enhancing Revenue Collection:** Broadening the tax base, improving tax compliance, and leveraging technology for efficient tax administration can boost revenue receipts. For example, The Goods and Services Tax (GST) introduced aimed to streamline indirect taxation and increase compliance.
- **Disinvestment and Asset Monetization:** Selling stakes in public sector enterprises and monetizing idle government assets can generate non-debt capital receipts, reducing the need for borrowing. For example, The National Monetisation Pipeline (NMP) provides targets for asset monetization and tracks progress toward achieving those targets.
- **Fiscal Responsibility Legislation:** Adhering to frameworks like the Fiscal Responsibility and Budget Management (FRBM) Act can enforce fiscal discipline by setting targets for deficits and debt levels. For example, The Andhra Pradesh budget estimates a revenue deficit of Rs 34,743 crore (or 2.1% of the GSDP) in 2024-25.

Conclusion

By focusing on revenue and expenditure management, the government can ensure that fiscal deficits are kept at sustainable levels, promoting macroeconomic stability and long-term economic growth.