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Chain based method for calculating GDP estimates.

About:

- Instead of a fixed base revised every five years, national account statistics or GDP estimates are compared with those of the previous period in the **chain base index**.
- **Chaining** means fixed frequency.

What are the issues associated with fixed base indexes?

- Structure change in the economy does not lead to change in weight assigned to various economic activities.
- Fixed base index method does not factor in relative changes in prices and impact on demand.
- Present GDP statistics do not fully capture India's gig economy.

Advantages of chain base method:

- **GDP estimates to become more current and relevant:** As, it will capture structural changes in the economy faster by allowing new activity and items to be added every year.
- **Simplifies inter -country growth comparisons:** As it is in line with global practice to estimate growth.
- **Chain based index will help** fully capture India's gig economy and also services as 60% of India's GDP comes from services.

Issues associated with chain based methods:

- **Method will impose a burden on the data collection machinery as well as the respondents** as it would require much better data collection with quick addition of new businesses, goods and establishments.
- May lead to compromise on details due to more frequency.
- Lack of enough data from previous years.
- **Discrepancy in growth data:** As its difference from real growth would depend on weights assigned to elements.

Article: India may switch to chain base mechanism for GDP estimates.

Sharad

Popular Front of India (PFI)& National Security

News: In a country-wide raid on the outfits of the Popular Front of India

(PFI), the NIA arrested more than 100 people linked to PFI.

Factors that led to emergence of Popular Front of India (PFI):

- Rise of Hindutva agendas in Indian politics before or after demolition of Babri Masjid in 1992 .
- Influence of political Islam after Iranian revolution in the late 1970s.
- Ban on Students' Islamic Movement of India (SIMI) proponent of political Islam gave birth to PFI.

Formation of PFI:

- PFI formed after Centre banned SIMI through the merger of National Democratic Front in Kerala, Karnataka Forum for Dignity, and Manitha Neethi Pasarai in Tamil Nadu in 2007.
- Unlike marginal or secretive political groups, PFI works overground.

- Its political wing i.e. Social Democratic Party of India (SDPI) is active in electoral politics.
- PFI claims to represent the disenchanted and marginalised Muslims.

Key challenges posed by Popular Front of India(PFI):

- **Security Challenges:** PFI members were involved in terrorist funding, arranging arms training camps and radicalising people into joining outlawed organisations.
- **Political Challenges:** PFI utilizes violence to push its polarizing political agenda as seen from the sensational attack on Prof. T J Joseph, for allegedly defaming the Prophet or Islam.
- **Unholy nexus between political parties and PFI:** Most political parties in Kerala, Karnataka and Tamil Nadu collude with PFI to gather the support of Muslims at the time of elections.
- **Difficulty faced by law enforcement agencies** to hold PFI responsible for its crimes as PFI does not maintain records of its members.
- **PFI communalises electoral politics** through its political outfit i.e. SDPI.
- **Other Challenges:** PFI repeatedly accused of murder, rioting, intimidation and disturbing social harmony.
- **Political appeal of the PFI is based on violence** and defying the rule of law appealing disenchanted and marginalised muslims.
- **Involvement in religious terrorism** as it is vying for Islamisation of society through conversion.
- **Absence of legitimate political means to achieve its end:** PFI articulates their politics through the perspective of Constitutional rights but their work often violates the legitimate political norms.

Way forward:

- **Coordination between States and Centre** through NIA and other state agencies to address security threats posed by PFI.
- It's time political leadership of the country **shun majoritarian politics** and ensure significant muslim representation in political institutions.

- **Government should take help of muslim intelligentsia** to deradicalize young muslim youth from influence of PFI and SDPI as these organisations are intertwined into social and political fabric of Kerala and parts of Karnataka and Tamil Nadu.

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