

**UPSC**

**MAIN STORMING**

**JULY - 2016**



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# Content

Sl No.	NEWS	Page No.
--------	------	----------

## GENERAL STUDIES PAPER I

1.	<b>PLAYING BY THE NEW `MATLABI' RULES</b> .....	1
2.	<b>TEACHING-LEARNING PROCESS</b> .....	2
3.	<b>CASTE AND ACCESS TO PUBLIC SERVICES (EPW)</b> .....	3
4.	<b>RELIGION AND SCHEDULED CASTE STATUS (EPW)</b> .....	4
5.	<b>DO NOT FEAR</b> .....	5
6.	<b>NOT FOR MUSLIMS ALONE</b> .....	6
7.	<b>POLICE, POWER, PATRIARCHY</b> .....	7
8.	<b>SAFEGUARDING EDUCATIONAL RIGHTS OF MINORITIES (EPW) ....</b>	7
9.	<b>ETHNIC TENSION IN MIZORAM (EPW)</b> .....	9
10.	<b>"DIVINE BODIED DISABLED" (EPW)</b> .....	10

## GENERAL STUDIES PAPER II

11.	<b>BILATERAL RELATIONS BETWEEN INDIA AND CHINA</b> .....	11
12.	<b>PAUSE FOR A REALITY CHECK</b> .....	12
13.	<b>HARMONISING RTE WITH MINORITY SCHOOLS</b> .....	13
14.	<b>AT HOME IN NEW DELHI</b> .....	14
15.	<b>WHAT WE MUST LEARN FROM AFRICA</b> .....	14
16.	<b>TO BE EQUAL BEFORE THE LAW</b> .....	15
17.	<b>CHOOSING RBI GOVERNOR</b> .....	16
18.	<b>OF CRICKET, POWER AND POLITICS (EPW)</b> .....	16



<b>Sl No.</b>	<b>NEWS</b>	<b>Page No.</b>
19.	<b>OF LIFE AND CHOICE(EPW)</b> .....	17
20.	<b>REGULATING SERVICE-ORIENTED PROFESSIONS (EPW)</b> .....	18
21.	<b>SECURING WOMEN'S RIGHT TO FREE SPEECH ON SOCIAL MEDIA</b> .....	19
22.	<b>GETTING SERIOUS</b> .....	20
23.	<b>CONSIDER IT SERIOUSLY</b> .....	21
24.	<b>WASHINGTON'S 'MAJOR DEFENCE PARTNER' (EPW)</b> .....	21
25.	<b>J&amp;K'S AGONISING WAIT FOR A DEMOCRATIC SOLUTION (EPW)</b> ....	22
26.	<b>"BANGLADESH: WHOSE UNFNISHED REVOLUTION" (EPW)</b> .....	23
27.	<b>"SHOULD INDIA BE A MEMBER OF SHARIFF'S POSSE" (EPW)</b> .....	24
<b><u>GENERAL STUDIES PAPER III</u></b>		
28.	<b>A FILLIP TO GROWTH, AND MAYBE INFLATION</b> .....	24
29.	<b>DON'T MERGE LOSS-MAKING BANKS, PRIVATISE THEM</b> .....	25
30.	<b>IS FDI REALLY A GIFT HORSE?</b> .....	26
31.	<b>HEEDING THE 24X7 POTENTIAL</b> .....	26
32.	<b>SUNNY TIMES FOR SOLAR</b> .....	27
33.	<b>FREE BASICS, NOW THROUGH THE BACKDOOR</b> .....	28
34.	<b>FIXING THE PULSES DEFICIT</b> .....	29
35.	<b>THE ABC OF RADICALISATION</b> .....	29
36.	<b>ECONOMIC LIBERALISATION AND THE WORKING POOR (EPW)</b> .....	30
37.	<b>ESTIMATES OF HIGH GDP GROWTH FOR 2015-16 (EPW)</b> .....	31
38.	<b>MAKING REFORMS WORK FOR THE COMMON PEOPLE (EPW)</b> .....	32
39.	<b>NO ROOM FOR COMPLACENCY (EPW)</b> .....	32

<b>Sl No.</b>	<b>NEWS</b>	<b>Page No.</b>
40.	<b>POLITICS OF GROWTH (EPW)</b> .....	<b>34</b>
41.	<b>THE STATE IN BUSINESS AND THE BUSINESS OF REGULATION (EPW)</b> .....	<b>34</b>
42.	<b>A DEATH KNEEL FOR THE NATIONAL MILITARY (EPW)</b> .....	<b>35</b>
43.	<b>REVIEWING INDIA'S NATIONAL MISSION ON ELECTRIC VEHICLES (EPW)</b> .....	<b>36</b>
44.	<b>BAD HABITS RETURN TO HAUNT</b> .....	<b>39</b>
45.	<b>THE FDI ILLUSION</b> .....	<b>39</b>
46.	<b>ENDING IMPUNITY UNDER AFSPA</b> .....	<b>40</b>
47.	<b>ECONOMIC DEFORM</b> .....	<b>40</b>
48.	<b>A LAW UNTO ITSELF</b> .....	<b>41</b>
49.	<b>ROLE OF WATER RESOURCES MANAGEMENT IN ECONOMIC DEVELOPMENT (YOJANA)</b> .....	<b>42</b>
50.	<b>INTERLINKING OF RIVERS AND EFFICIENT WATER MANAGEMENT - (YOJANA)</b> .....	<b>44</b>
51.	<b>WATER SCARCITY AND PUBLIC INVESTMENT IN IRRIGATION (YOJANA)</b> .....	<b>45</b>
52.	<b>WATER SCARCITY AFFECTING THE VULNERABLE (YOJANA)</b> .....	<b>46</b>
53.	<b>FLOOD MANAGEMENT: NEED FOR STORAGE DAMS (YOJANA)</b> .....	<b>47</b>
54.	<b>CLIMATE CHANGE AND WATER RESOURCES ( YOJANA)</b> .....	<b>48</b>
55.	<b>LOOKING BACK AND LOOKING AHEAD AT THE LIBERALISATION PROCESS (EPW)</b> .....	<b>50</b>
56.	<b>CONCENTRATION, COLLUSION AND CORRUPTION IN INDIA'S BANKS (EPW)</b> .....	<b>51</b>
57.	<b>"E-PLATFORM FOR NATIONAL AGRICULTURAL MARKETING" (EPW)</b> .....	<b>53</b>



# MAIN STORMING

JULY-2016

Main storming - GS - I

## PLAYING BY THE NEW 'MATLABI' RULES

A word, matlabi has taken residence in different language zones, certainly in both Hindi and Indian English, and in other Indian languages as well, conveying meaning to different language groups. In mapping matlabi's journey we discover a rich trade in words between the Indian Bhasas and Indian English, how crossover is easy, especially for the younger generation who borrow and adapt as they move from one language zone to another carrying words that they seek to domesticate. The Indian English gives to Hindi "tension" (with the "i" being silent) which English does as it gains adherents, Hindi responds with "guru" to establish, in this trade, a status equivalence. Language growth and new contingencies make such democratic borrowings necessary. They tell us much about our dynamic world.

### Matlabi society

- The word matlab comes from the Arabic and gives us phrases such as mujhe iska kya matlab or iska matlab kya hai, where the former refers to the absence of purpose while the latter seeks out the meaning of an offer. These are its innocent usages.
- The 'i' is added it takes a diabolical turn, as is always the case when the infernal 'i' intrudes in any situation. Matlabi now acquire dimensions that are cunning and devious.
- The word implies the existence of a shared norm between the persons to the relationship which could be that of a parent and a child, friend and neighbour, teacher and student, and even lovers.
- A matlabi lover, though, is both a moron and an oxymoron. Being matlabi threatens the trust necessary for any relationship.
- India has become a matlabi society. As the 'i' has begun to redefine social relationships.

- The inner logic of globalisation is making us more acquisitive in terms of status, power, and the yearning for consumption goods, India, as a society, appears to distance itself more and more from the values of seva, sarvodaya and trusteeship of Gandhi.

### The new keyword

- In its monitoring of land alienation, whether of forest dwellers, tenants, small farmers, or wakf property, the Indian state has become matlabi.
- This is such a common story that it doesn't need elaboration.
- An indication of the spread of this matlabi culture is the increase in the number of holy places that have come up, especially across urban India, and the number of people who visit them.
- Conscience does not sit comfortably with a matlabi lifestyle, at least in the beginning. And so god has to be bribed.
- From land politics, to environmental regulation, to urban planning, to banking, to academic administration, matlabi is the new keyword.

### The rule of law

- Matlabi promotes disdain for the rule of law. It diminishes trust so essential for well-functioning institutions and for everyday social interactions.
- A matlabi culture produces a matlabi person who regards everyone else as matlabi and hence adjusts her behaviour accordingly. Imagine a matlabi doctor, teacher, autodriver, doodhwala, and lawyer.
- Such a persons since deal with them every day as trust declines and we carry the "tenson" of distrust when we go for a health check-up and apply for a job or a driving licence.
- The common good and the public interest for these values now do not drive social behaviour as they did in another age. They have no place in our new India.

Main storming - GS - I

TEACHING – LEARNING PROCESS

- Teaching-learning has been considered a core activity in all policy related documents
- But surprisingly, it is an area which lacks research and development
- The method used for the process is not effective in colleges and universities

**DIFFERENT LEVELS**

- There are several conventional methods of teaching in a classroom
  - ✓ Lecturing
  - ✓ Discussion and debate
  - ✓ Cooperative teaching
  - ✓ Group work
  - ✓ Problem based teaching
  - ✓ Case study
  - ✓ Lab based projects
- Lecturing is the most common among them
- At undergraduate level, teachers focus on content and inform the students about the overall concepts and important areas
- According to teachers, they use this method because students are used to lecturing as they come fresh from the schools
- It is assumed that the students learn better through lecturing method
- The large number of students in a single class do not allow individual focussing to a single teacher assigned to them
- Moreover, the students come from different backgrounds
- At postgraduate level, lecturing is a dominant method but it is more interactive than undergraduate levels because the students are more informed
- Teachers put more active efforts in teaching what students want to know
- Students at all levels prefer interactive teaching

**TEACHING IN DIFFERENT DISCIPLINES**

- There are two kinds of disciplines – Practical oriented and Theory based
- In practical oriented subjects, teachers usually discuss the theory of the experiment before performing the actual experiment
- In a theory based class, the teacher focuses on explaining the concepts

**CONCLUSION**

- Teaching sector needs more focus and interactive teaching
- Number of classrooms should be increased and students should be divided rationally
- The number of teachers should be increased
- It is a core activity of building nation. So it should be given the importance it deserves

Main storming - GS - I

CASTE AND ACCESS TO PUBLIC SERVICES

EPW

**Concerns about various government programmes in India**

- Scheduled Castes (SCs) and Scheduled Tribes (STs) are worse off in terms of deprivation.
- It is strengthened by the caste identity.
- Vulnerable to discriminatory practices based on group identity.
- The exclusionary nature of social relations in regard to marginalized.
- It restricts their access to opportunities, and pushes them into the morass of a socially excluded life.

**ICDS programme**

- It is a package of healthcare, nutrition and education services.
- A network of anganwadi centres (AWCs) at the community level has been the focal point for the delivery of a variety of services to children below six years and women between 15 and 45 years.
- But over the years, analyzing data from various sources it has shown low impact which is often attributed to the poor quality of service delivery.

- There is a need of special efforts to ensure fair inclusion and non-discrimination of potential beneficiaries from marginalised groups.

### **Issues with ICDS**

#### **Locational Disadvantage and Accessibility**

- The inadequate number of AWCs located in the habitations of excluded groups.
- Lack of access by all eligible beneficiaries.
- Most of the centres are located in upper class localities which prevents lower class from accessing them.
- e.g. Despite a higher concentration of the SC population, only in about one-third of such villages are the AWCs located near the SC localities whereas in 56% villages they are in upper caste localities.
- The distance between households and the AWC is reported to be another problem.
- The locational inequality, thus, puts the SC beneficiaries into a more disadvantaged position.

#### **Institutional Deficiencies and Differential Access**

- A majority of AWCs do not comply with the number of days and hours of functioning, basic facilities and essential materials, mode of service delivery and other performances.
- Many lack adequate safe space to facilitate participation of children in outdoor activities.
- Despite the major function of providing supplementary cooked food to children, 53% do not have space for storage of food materials, 64% do not have proper kitchen facilities and 24% do not have drinking water facilities.
- A significant proportion lacks other essentials like medical kits, and play and teaching– learning materials.

#### **Problems with functioning**

- In a substantial proportion of the AWCs, the selection of AWWs has not adhered to the ICDS recruitment rule.
- The absenteeism of the AWWs remains another concern.
- The opening of AWCs at irregular times also leads to lack of interest by the children to go regularly to them.

### **The Implementation Gap**

- Following the Supreme Court order of 2004, the ICDS was made universal in 2005 but the present data points towards failure of the AWCs to register all children in this age group.
- There is poor attendance of children at these centres.
- e.g. in about one-fifth of the AWCs, average attendance is less than 10 children whereas in another one fourth, it ranges between 11 and 15 children.
- A little over one-fourth of the AWWs face difficulties in registering upper caste children as many of the parents prefer sending their children to nearby play/nursery schools.

### **Caste-based Exclusionary Behaviours**

- In many situations, caste-based exclusionary behaviours of service providers and upper caste community members deter many SC eligible beneficiaries from accessing public services.
- At the AWC level, the SC children are routinely “segregated” from other upper caste children.
- The discriminatory behaviours are also reported during distribution of food.

### **Performance of ICDS**

- Overall, the utilisation of services shows that the proportion of beneficiaries in children below three years is higher than among the three to six year group.
- Utilisation of services by pregnant women and lactating mothers across social groups indicate that a higher proportion of SC households are beneficiaries of the services like supplementary nutrition, health check-ups, iron and folic acid (IFA) supplementation and the Janani Suraksha Yojana (JSY) entitlements.
- A relatively higher proportion of SC adolescent girls also benefits from ICDS services like nutrition and health education and IFA supplementation.
- The data shows a higher percentage of upper caste women receive services like supplementary foods for more number of days during pregnancy. The SC women have less access to them.
- The results reveal that the registration and attendance rates, and utilization of nutritional and health services vary between SC and upper caste AWWs.

**Way ahead**

- Public institutions involved in the delivery of services are expected to address the needs of all sections of society.
- The dominant socio cultural norms should not weaken the institutional values and interfere with the delivery of public services.
- Despite specific norms and guidelines for the implementation of national flagship programme like the ICDS, it has not been able to provide equal opportunities to all eligible beneficiaries to utilize them.
- In addition to the shortcomings in the implementation of government programmes, exclusionary practices in the delivery of public services need special attention.
- These flagship programmes have a definite social orientation and explicitly recognise the socially excluded groups like the SC, ST, religious minorities and other similar groups as priority beneficiaries. The concern of social exclusion in the utilization of services therefore needs to be addressed on a priority basis in the course of delivery of various services.

**Main storming - GS - I**

**RELIGION AND SCHEDULED CASTE STATUS**

**EPW**

**Context**

- There is an urgent need to review the relationship of religion and caste as assumed in the acts that deal with the question of the membership of SCs.

**What is the issue about?**

- In April, 2016 Supreme Court upheld the claim of Mohammad Sadique to be a member of a Scheduled Caste (SC).
- The judgment is significant because it exposes the conflict between the premise of the relevant acts and the rulings of the apex court on the question of the membership of an SC.
- The judgment is also significant for its disturbing implications for the principle of equality as enshrined in the Constitution.

**Why did the dispute arise?**

- The acts—The Constitution (SCs) Order 1950 and the two amendments to this order introduced in 1956 and

1990—specify that no person other than a Hindu, Sikh or Buddhist can be a member of an SC.

- A Muslim is thus not eligible for the membership of an SC. This was the reason behind the dispute that involved Sadique.

**How did the case progress?**

- The high court did not accept Sadique’s plea. In a judgment delivered in April 2015, court opined that Sadique was born a Muslim.
- Therefore, he needed first “to prove that caste system was prevalent amongst Muslim and he...belonged to Doom caste.”
- His Doom identity could not be accepted merely on the basis of a caste certificate.
- The court could not award him SC status even after he had converted to Sikhism.
- It ruled that the conversion from one religion to another would disentitle the person to carry his caste with him.

**In SC**

- The bench ruled that it was not “essential for anyone to change one’s name after embracing a different faith. So the fact that his family had not converted and he had not changed his name did not lead to disposal of case.
- In the light of the observations made by the high court, SC sought to examine the following issues:
- first, whether it was necessary for a person to be born a Hindu, Sikh or Buddhist to be eligible for the membership of an SC; and, second, whether one’s caste was lost in the course of conversion.
- The judges opined that birth was not a necessary precondition; even those who became Hindus,
- Sikhs or Buddhists through conversion could be considered for the membership of SCs and that one’s caste was not lost even in the event of conversion.
- Hence, the judges upheld the claim of Sadique to be a member of an SC.

**Why did court uphold the claim?**

- Two criteria for the membership were given
- The person must be from a community deemed under Article 341 of the Constitution to be an SC;

- Second, she/he must be either a Hindu, Sikh or Buddhist.

### Regulation in India

- The Constitution (SCs) Order 1950 restricted the membership of an SC, to which were linked the benefits of reservation, to those who were Hindus.
- Subsequently, the two amendments, carried out respectively in 1956 and 1990, have made, along with the Hindus, the Sikhs and the Buddhists also eligible for the membership.
- Muslims and Christians are denied the membership of an SC precisely because it is assumed that Islam and Christianity do not recognize caste and hence cannot cause caste disabilities.

### Previous judgements

- Sadique's case was not the first occasion when the Supreme Court, while adjudicating on the question of the membership of an SC.
- In many cases, the Supreme Court has held the view that caste is not affected by religion.
- In its judgments, it has pronounced that caste does not go away with conversion to Islam or Christianity.
- The court has accepted that disabilities of a caste could arise unconnected with religion or continue despite a change of religion.

### What can be implications of this judgement?

- The judgment, by upholding Sadique's claim, has thrown open the door of membership to fresh applicants. In the process, it sends a disturbing message to Muslim Dhobis,
- Doms, Julahas, Mochis, etc, who face similar social disabilities as the Hindu
- Dhobis, Doms, Julahas, Mochis, etc, do, but are denied the same legal status.
- It seems to convey that like their Hindu counterparts, they could get the SC status provided they agree to convert to Hinduism, Sikhism or Buddhism.

### Conclusion

- There is an urgent need to review the relationship of religion and caste as assumed in the acts that deal with the question of the membership of SCs.

- The present union government does not seem inclined to do so as it has said that SC would not be given to those who convert.

- It has argued that Granting Scheduled Caste status to those belonging to minority communities will encourage conversion and weaken the Hindu religion. There is also no such provision in the Constitution.

- But the Supreme Court must take note of the problem, if not to ensure social justice, then, at least to address the dichotomies in its own judgments.

**Main storming - GS - I**

**DO NOT FEAR**

### Issue

- Women and Child Development Minister has opened up her official mailbox to complaints from those who have been trolled online.

### Background

- The controversy arose over a tasteless remark by Salman Khan. A woman who tweeted critically of him angered a fan, who trolled her.

### Issues with internet

- Vituperation and invective are native to the internet, spewed by people who take advantage of the electronic cloak of anonymity or pseudonymity which the medium confers. Fortunately, the medium also provides an array of filters and block buttons designed to keep abusive people out of one's hair.

### How twitter and social media have changed life?

- Social media in general, and Twitter in particular, are the new bellwethers of change, wresting the initiative from formal politics and media and holding up a mirror to the hive mind.
- It's also a battlefield dominated by sophisticated cold warriors, adept in the arts of electronic countermeasures.
- They have shrunk the digital divide and social media has become a more accurate representation of what India thinks.

### Conclusion

- Social media wont be effective medium if users have the impression that Big Brother is watching, with the specific intention of meddling.

- With the government fishing for other ways to interfere with online chatter, which is often critical or satirical, it must teach people about that block button.

**Main storming - GS - I**

**NOT FOR MUSLIMS ALONE**

### **Aligarh Muslim University (AMU)**

- Aligarh Muslim University (AMU) is one of the most prominent universities in the country.
- It has an eminent history, which is intricately linked with the freedom struggle and the formulation of the Indian education system.
- It finds mention in the Constitution and falls directly within the power of the Centre, not the state government.

### **Controversy**

- There is an increasing demand that AMU be treated as a separate educational institution for Muslims alone.
- There are demands that the AMU be treated as a religious minority institution and its Muslim character be protected.
- There are two broad questions that lie at the heart of the debate. One, what is a university for and can a university have a religious character. Two, what was the nature of AMU when it was founded?

### **Status of world universities**

- Some of the oldest universities in the world, be it Oxford, Cambridge, Padua or Salamanca, had religious origins. In many ways, it is in these universities that the rebellion and dissent against the old religious world order was incubated and proclaimed.
- Along the way, some of the old religious schools, patronised either by kings or the church, transformed themselves into the world famous universities. However, they continued to carry some of the quaint rituals and remnants of their religious origins but such rituals didn't change the character of the university.

### **Difference between religious educational institution and university**

- A religious educational institution by its very nature is exclusive. A university, on the other hand, is inclusive.

- University is neither a madrasa nor a Sanskrit tola nor a convent school. It receives students from all walks of life.
- In the 20th and 21st century, a university is the crucible of the modern, progressive world, and by definition cannot have a religious character.

### **Status of AMU**

- AMU not only finds mention in the Constitution of India — Entry 63, List I of the Seventh Schedule — that provides it with a unique identity but is also accorded special benefits as a national public university.
- AMU remains a national public university as per the Constitution itself.
- The word "Muslim" in AMU's name cannot be taken to be an indicator as to the nature of the university, just as the Banaras Hindu University cannot be said to have a "Hindu" character.
- The fact that a lot, but not all, of a university's students came from the Muslim community is a strange parameter to decide the character of any university.

### **How was AMU founded?**

- Sir Syed Ahmad Khan wanted a university in the true sense of the word. He did not want a religious educational institution. He wanted an educational institution on the Oxbridge model.
- There was a reason why the educational institution, which began as the Madrasatul Uloom Musalmanane-Hind did not retain that name. Sir Syed wanted to create a non-sectarian educational institution. Sir Syed wanted the AMU to be like Oxford and Cambridge, which were non-sectarian despite originating as religious educational institutions.
- In fact, even 14 years after the establishment of the MAO College in 1875, Hindus outnumbered Muslims in college-level enrollment. This was also the reason why the first generation at the AMU went to such great lengths to get the Aligarh Muslim University Act passed by the government in 1920.
- The stature of the AMU throughout India has been always based on its educational achievements, and not on its sectarian character.

### **Conclusion**

- The people who have the best interests of the AMU in their mind should, therefore, opt to make the AMU a plural and representative university where religion

is reduced to an ever insignificant role and which strives to live up to the constitutional objective of social justice.

**Main storming - GS - I**

**POLICE, POWER, PATRIARCHY**

**Context**

- Police departments are home to deep-seated gender bias and stereotyping. Even women cops are masculinised, completing a vicious circle.

**What are the complaints?**

- Misbehaviour with complainants by policemen has reached pathological levels and it becomes worse when the complainants are women or belong to the weaker sections of the society.
- It has been revealed that disrespectful attitude towards women complainants, as well as female colleagues and subordinates, is a by product of patriarchal prejudices nurtured by policemen.

**Effect**

- Such prejudices have led to a progressive masculinisation of the police force. In other words, there is mindless violence and an attitude of dominance through aggression.
- Such mindset spawns a culture that converts the police department into a patriarchal fief.
- Such an attitude explains the humiliation rape/molestation victims have to undergo at the hands of investigative officers at police stations as well as in the courts by cross examiners, who confront them with utterly unpleasant questions.

**Women vs men workforce**

- Most women constables and SIs voluntarily opt for office work, day duties, certain types of “soft” investigation and non-field assignments. This can be partly understood given the variety of domestic responsibilities they have to shoulder.
- ‘A multiplicity of factors lead to women internalising prejudices.’
- Such is the stranglehold of patriarchal norms that mahilla thanas start becoming clones of other police stations: Women SOs in order to prove themselves

as more efficient, start modelling themselves on the lines of their male counterparts.

- The desire to portray a macho image makes them misbehave with the complainants in a manner similar to their male counterparts.
- Eventually, the police becomes synonymous with masculinity and women cops undergo a process of masculinisation, completing a vicious cycle.

**Way ahead**

- The discourteous attitude of the department needs to change.
- It needs to become gender sensitive.

**Main storming - GS - I**

**SAFEGUARDING EDUCATIONAL RIGHTS**

**EPW**

**Rights of India’s minorities:**

- Despite the Constitution clearly affirms the cultural, linguistic and educational rights of minorities, it has been a subject of much contestation.
- The right to “establish and administer education institutions” as stated in the Article 30(1) follows the more overarching provisions aimed at protecting the “cultural and educational rights” of minorities as stated in the Article 29(1)(2).
- Who are minorities? “ANY section of the citizens residing in the territory of India or any part thereof having a distinct language, script or culture of its own shall have the right to conserve the same.”
- Under Fundamental Rights, Article 15(1) clearly prohibits the state from discriminating against citizens on the grounds of religion, race, caste or class as a way to ensure equality.

**Current situation:**

- The gap between the normative ideals outlined by the framers of the Constitution and their substantive implementation enunciates the slip between the promise and reality.
- Today, the minority question is debated from a narrow majoritarian and populist perspective.
- The media in its sensationalised and emotive framing, it has only ended up complicating the issue at hand.

**Question today?**

- Whether minorities, especially, the Muslim minority have a right to establish and run educational institutions and universities.
- The Aligarh Muslim University (AMU) and Jamia Millia Islamia (JMI) stare into a politically motivated and manufactured crisis even as they near a century of serving the community and the nation at large.
- Both shared the vision of modernisation and development of the Muslim community by pursuing progressive ideas of scientific temper and education.

**Historical Perspective:**

- Founded in 1875 as Mohammadan Anglo Oriental College by Sir Syed Ahmad Khan, it was rechristened as AMU in 1920.
- Subsequently, JMI was born in the same year, 1920, after having parted ways with AMU.
- JMI was a result of the strong nationalist commitments of prominent freedom fighters and visionaries like Maulana Mehmud Hasan, Maulana Mohamed Ali, Hakim Ajmal Khan, Mukhtar Ahmad Ansari and Abdul Majid Khwaja.
- Jamia became a deemed university in 1962 and a central university in December 1988 by a special act of Parliament.
- In 2011, NCMEI granted it a “minority status, saying, “Jamia was founded by the Muslims for the benefit of Muslims.”

**The Aligarh Case:**

- In the case of the AMU, Attorney General Mukul Rohatgi opposed the minority status of the university on the ground that, “As the executive government at the Centre, we can’t be seen as setting up a minority institution in a secular state.”
- Ministry of Law and Justice was reported as having advised the government to withdraw its support to the National Commission for Minority Educational Institutions (NCMEI) order with regard to JMI.
- This attempt dubiously made in the name of secularism, in fact, weakens the very fabric of secularism.
- Secularism must be read in conjunction with Article 30(1) of the Constitution which gives minorities the right to establish and administer educational institutions.

**How Minority status was granted?**

- The Section 11(f) of the NCMEI Act confers jurisdiction on the commission to determine the status of any institution as a minority educational institution and to declare the same.
- Meanwhile, the Section 2(g) of the NCMEI Act, requires the following to be ascertained for grant of minority status certificate to a minority educational institution on religious basis:
  - ✓ the educational institution was established by a member/members of the religious minority community;
  - ✓ the educational institution was established for the benefit of the minority community;
  - ✓ the educational institution is being administered by the minority community.

**Current Impasse:**

- Therefore, while the AMU’s minority status issue is sub judice (legal), the government is advised not to go with the narrow and sectarian outlook that deprives the minorities of its fundamental rights.
- To say that it came into existence by an act of Parliament would be a travesty of reality. An act of Parliament only legalises an institution already in existence, but cannot give birth to a new one.
- The present government must go with and strengthen the AMU Amendment Act, passed by Parliament in 1981 which rightly accepted that AMU was a minority institution set up by Muslims.

**Supreme court precedents:**

- A bevy of Supreme Court cases on this subject must not be lost sight of while interpreting the minorities’ rights to “establish and administer educational institutions.”
- Judgments in number of cases (Ex. N Ammad vs Manager, Emjay High School (1998)) have made it amply clear that the apex court has time and again upheld the right of the minorities to establish and run institutions under Article 30(1).
- All based on the assertion that;
  - ✓ when the government declares an educational institution as a minority institution, it merely recognises a factual position that the institution was established and is being administered by a minority community;

- ✓ it is a public and legal acceptance of its minority character; and
- ✓ it is built on the presupposition that it must have necessarily existed antecedent to such a declaration.

**Conclusion:**

- The government at the centre needs to defend the spirit of the Constitution and uphold the wisdom and sagacity of the framers of the Constitution.
- The ethno-racial nationalist escalations that splintered Europe along racial, ethnic and linguistic lines could in another variant threaten India.
- As our diversity and cultural pluralism stand threatened, constitutionalism perhaps provides the only solution.
- At the time of the British rule, the nationalists happily accommodated and provided safeguards to minorities, but that secularism is falling in the deep and dark communalism.
- Minorities deserve their due and preserving their cultural and educational rights must be seen as a benchmark to judging the success of a secular democracy like India.
- The rights of minorities have to emerge from a more consensual, communitarian and reciprocal dialogue between communities and peoples.

**Main storming - GS - I**

<b>ETHNIC TENSION IN MIZORAM</b>	<b>EPW</b>
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**Ethnic Tension in Mizoram: What happened?**

- The recent tussle between the Mizo and Chakma communities is on the question of indigeneity.
- A disagreement is brewing over claims as to who is indigenous between the ethnic Mizo and the minority Chakma community.
- The claim of the Mizo to being the only indigenous community, which relegates the Chakma community to a non-indigenous status, is refuted by various Chakma organisations.
- The recent debate over indigeneity sparked off with the Mizo Student Association (MZO) protesting over the inclusion of 38 Chakma and three non-Mizo

students under Category I of the State Technical Entrance Exams (STEE).

- Under the Selection of Candidates for Higher Technical Courses Rules, 1999, seat reservations for Category I are 85% and the remaining 15% is divided between the two categories, II and III.
- Category I says: "local permanent residents of the state," and further defines "indigenous people of the State and have been residing permanently in the State of Mizoram."
- The MZO view: Category I is exclusively reserved for the indigenous Mizo community and the inclusion of Chakma under it is an encroachment on the privileges.

**Demographics of Mizoram:**

- Mizoram's population, according to the 2011 Census, is 10,91,014 making it the second lowest populous state in the country.
- Of all the states in the country, it also has the highest tribal population, 94.4% of the total population (2011 Census).
- These tribes constitute the Mizo and other minority tribes such as the Chakma and the Bru.
- On 20 February 1987, it was formally upgraded to the 23rd state under the union of India.

**Mizo-Chakma Tussle – The History:**

- The first encounter between the Chakma and the Lushai was recorded in 1871 when the Chakma queen joined hands with the British to suppress the Lushai chiefs.
- Another instance is the entry of the Chakma into Lushai Hills under the Labour Transport Corps in World War II, with a large number of them staying back without returning back.
- Apart from this, the settlement of the Chakma was done on the basis of temporary residential permission given by the British.
- In subsequent years to come, Chakma villages sprouted up in Lushai Hills, but mostly under the close watch of the British.
- The policies adopted by the British then not only differentiated the two communities on ethnic lines, but distinguished them as indigenous and foreigner/settler.

- The policy of the British has had longlasting imprint on the contemporary politics in Mizoram, which now determines the Mizo perception of the Chakma as “foreigners” or “settlers.”
- The partition of British India into India and Pakistan, and the breakaway of Bangladesh from Pakistan have aggravated the problem further.
- The Chakma, who comprised the majority ethnic communities in the Chittagong Hill Tracts, suffered marginalisation under both, the Pakistan and the Bangladesh regimes. This forced them to enter into the Indian side of the border.
- The increasing population of Chakma is seen as an outcome of demographic invasion from Bangladesh, adding fuel to the existing tensions.

**The Current Crisis:**

- As for Mizoram, the current ethnic tensions are a clear manifestation of the increasing presence of ethnicity in the political space.
- Evident in the case of the North East, the politics of indigeneity is strongly related to the control over resources, particularly land and economic opportunities.
- As for the MZP, only indigenous Mizo communities are entitled to benefits under Category I.
- The government promise of amending the law has caused widespread resentment from Chakma organisations that see such a move of the government as “unconstitutional.”
- What is of interest here are the claims of two officially recognised ST communities claiming to be indigenous.
- In India, despite the government refusal to grant indigenous status to its ST population, tribals consider themselves to be indigenous to the land they inhabit.
- It is, therefore, not surprising to see Chakma organisations claim their indigeneity on the basis of their ST status.
- While the Mizo–Chakma indigenous claims reopened the debate on the question of indigeneity, the issue is far more complex than this.

**Postscript:**

- The stand-off continues with the latest stay order issued by the Gauhati High Court on 24 June 2016, in response to the public interest litigation filed by

the Mizoram Chakma Students’ Union against the Mizoram (Selection of Candidates for Higher Technical Courses) Rules, 2016.

- The stay order has also halted seat allotment under the new rules for the recently announced examination results (Government of Mizoram 2016).
- So far, while the Chakma student bodies hail the high court order, the Mizo student bodies are still silent on the matter.
- However, the confrontation between the two student bodies has made the state prone to ethnic violence.
- The Chakma have been getting seats under Category I, with their numbers gradually rising from 2010 onwards. This increase is what alarmed the MZP.
- It is then clearly observable that the struggle for resources, however limited they may be, is a precursor to the eruption over the issue of indigenous status in Mizoram.

**Main storming - GS - I**



**Issue:**

- Regarding the conditions of the Persons with Disabilities in the wake of recent protest by them after an official announcement of change in their nomenclature.

**New nomenclature:**

- India’s 2.68 crore persons with disabilities who constitute 2.21% of the total population (rights organisations put the estimate at 5%) got a new nomenclature.
- Henceforth, they were to be described as divyang (divine-bodied) rather than the hitherto viklang (disabled).

**Access to education/health services/job market:**

- “The employment of persons with disabilities (PWD) has been “far less” than the specified 3% reservation in all categories of government jobs in the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act” – Minister for Social Justice

**BILATERAL RELATIONS BETWEEN INDIA AND CHINA**

- This state of affairs ties in with the oft-repeated complaint by disability rights activists that the disabled are either not recruited at all or are expected to be grateful for employment in low-paying, lower grade jobs.

**Private sector:**

- The private sector has shown an increasing willingness to employ the disabled though it is nowhere close to what is needed.

**Supreme Court's rulings:**

- In a recent ruling, the Supreme Court said that there is hardly any representation of disabled persons in the higher governmental hierarchy even though certain posts have been identified as suitable for them.
- The apex court's ruling quashed the central government's confinement of reservation to Group C and D posts, the distinction that had been made between posts to be filled through direct recruitment and through promotion.
- This ruling clears the way for promotions for the disabled in government employment.

**ILO's report:**

- The rural and women disabled bears the brunt of low access to education and health services as well as vocational training and the labour market.
- It points out that "lower labour market participation is one of the main pathways through which disability leads to poverty.
- Other problems for Persons with Disabilities (PWD):
- Overall recruitment is hampered by socio-cultural prejudices against the disabled.
- Among those employed, the group that is most favoured is the one with loco motor disabilities and within that the ones with milder forms of it.
- An unduly heavy dependence on the courts to enforce the guaranteed reservation and the identification of jobs as suitable for PWDs based.

**Way Forward:**

- Ensure increased sensitivity to the disabled in government policies and society's attitudes at large.

- The great Himalayan Divide between India and China was in evidence the Chinese refusal to support India's case for entry into the Nuclear Suppliers Group. While non-entry into the Group is not the end of the world, for India lives to fight another day, of concern is what the Chinese stance implies for the bilateral relationship between the two Asian giants. This is a relationship that has been assiduously tended over the years since the mid-seventies when ambassadorial relations between the two countries were restored.

**The border issue**

- The year being 1986 an Indian border patrol re-establish a post in the Sumdorong Chu area in the north-eastern corner of the Tawang district of Arunachal Pradesh found it had been pre-empted by a Chinese military already set up camp at the same location.
- Tension between the two sides escalated in the period , stretching through 1987, as each side accused the other of jockeying for positions, with virtual cheek-to-cheek confrontation ensuing.
- The grant of statehood to Arunachal Pradesh in early 1987 infuriated the Chinese and raised the temperature further.
- The border issue did not become the arbiter of relations in other fields, which for the first time since 1962 were allowed to grow on a relatively independent trajectory.

**Nuclear Suppliers Group (NSG)**

- India conducted nuclear weapon tests in 1998 and claimed it is a nuclear weapons state, but its entry to the NPT as a nuclear weapon power would be problematic, given the treaty's exclusion of new weapon states after 1967.
- The NSG as a nuclear weapon state — in the same category as the permanent members of the UN Security Council — that would trigger an outcry among other nuclear-capable States, including Pakistan, for an equivalent status.
- However, without NPT membership — either in the weapon or non-weapon category, which in any case

India would reject — New Delhi would be unable to formally join the NSG.

**Bilateral relations**

- The relationship with China as an organic continuum, evolving slowly over the last three decades, a relationship where experience foreshadows hope, counselling pragmatism and careful deliberation.
- Geopolitical rivalry and calibrated cooperation, seemingly antithetical, coexist within the framework of our relationship with China.
- The latter has pinned its colours to the Pakistani mast as recent developments have demonstrated. It is suspicious about our friendship with the United States, our closeness to Japan, and our naval cooperation in the East and South China Seas with these countries.
- Enhance strategic and defence cooperation with these countries, as also fulfilling the promise and potential of the India-U.S. civilian nuclear cooperation agreement in an expeditious manner, should be a part of this process.
- At the same time, existing dialogue mechanisms and trade and economic linkages with China should continue to be maintained at an even pace.

**Main storming - GS - II**

**PAUSE FOR A REALITY CHECK**

- India’s abortive bid for membership of the Nuclear Suppliers Group (NSG) highlights the perils of high visibility and volatility in diplomatic negotiations. Indian diplomacy in the past was careful to operate “under the radar”, but there has been a tendency, of late, to depart from this time-honoured practice. Added to this are attempts seen at times to impart a “spin” to developments. The frenzied campaign for NSG membership and the failed bid come within this purview.
- Prime Minister Narendra Modi visits to the United Arab Emirates, Saudi Arabia, Iran, Afghanistan and Qatar helped strengthen relations with these countries, especially in the area of economics and trade. Each one of these countries has also been desirous of partnering India in development-related activities, recognising India’s current importance in Asia and the region.

**Security and strategic plans**

- The West Asia have their own security and strategic construct. India is not visualised — nor does India see itself — as a “net provider of security” in the region and, consequently, India does not figure prominently in these countries’ security and strategic plans.
- Certain limits to intelligence and counter-terrorism cooperation, as serious differences exist between many of these countries and India on what constitutes terrorism and who can be described as a terrorist.
- The India-Saudi Arabia joint statement talks of the two countries’ responsibilities to promote peace, security and stability in the region, it conveys different meanings for the two countries.
- Saudi Arabia, locked in a near existential conflict with Iran — with which it has ideological, doctrinal and hegemonistic issues — Iran is the main enemy.
- For India, Iran is a friend, and the threat of terrorism emanates from Pakistan, which remains intent on employing terror as a strategic instrumentality to destroy India.

**Regional connectivity**

- The India-Iran joint statement to the importance of regional connectivity linked to the development is being mistakenly viewed by some people as a declaration of strategic intent.
- Chabahar port was solely intended to be an alternate trade and transit route to Afghanistan and conceived as such at the turn of the century. It aimed to circumvent Pakistan’s embargo on movement of goods from India to Afghanistan with no strategic overtones.
- The transit corridor involving Chabahar to Zaranj to Delaram was to be complemented by another International North-South Transit Corridor from the Iranian port of Bandar Abbas into Central Asia.
- The Chabahar port has, however, reduced its economic value and utility, with China’s One Belt One Road (OBOR) initiative — to which both Pakistan and Iran subscribe — threatening to outflank it.
- The establishment of Chabahar port gives India a strategic advantage vis-à-vis China is equally misleading. Comparison with Gwadar port makes this obvious.

- China's investment in Gwadar port dwarfs what India proposes to invest in Chabahar. Moreover, China's relations with Iran are today on an upswing.
- Iran has openly welcomed both China's OBOR initiative and Maritime Silk Road initiative, and sees major economic benefits to itself once they are completed.

### Future security architecture

- India's investment in Afghanistan has been substantial including the Rs.1,700 crore Salma dam in the strategically vital Herat province.
- The new Afghan Parliament building; and the 218-km long Zaranj-Delaram Highway in western Afghanistan — but it faces the prospect of losing out on all that it has invested.
- Afghan leaders now seem to be leaning towards the China-dominated Shanghai Cooperation Organisation and give it a key role in a future security architecture.
- The National Unity Government might even offer an olive branch to the Taliban and involve Taliban members in a future Afghan government.
- Tehrik-e-Taliban Pakistan, the Haqqani network and the Islamic State (IS) to further enlarge their presence inside Afghanistan. A Talibanised Afghanistan could well become a staging post for launching attacks against India.
- A strategic reversal for India. In the new order of things, India faces the danger of being relegated to a "bit player", with little or no influence.
- India has been kept out of the newly created Quadrilateral Coordination Group which consists of the U.S., China, Pakistan and Afghanistan to discuss Afghanistan's future.

**Main storming - GS - II**

**HARMONISING RTE WITH MINORITY SCHOOLS**

- The Kerala High Court, in a remarkable verdict, ruled that Section 16 of the Right of Children to Free and Compulsory Education Act, 2009 (RTE Act), that mandates schools to not detain any child before she completes elementary education, is applicable to minority educational institutions as well. The Supreme Court had exempted minority schools from the purview of the RTE Act. The High Court located this obligation not in the Act but under Article 21

of the Indian Constitution, which guarantees right to life and liberty. It ruled that no-detention policy (NDP) is in the "best interest" of the child and could independently be considered a fundamental right.

### Right to Education

- Article 21A recognises the right of all children aged between 6 and 14 to free and compulsory elementary education.
- The RTE Act operationalises this right by elucidating supporting rights, identifying the duty-bearers and establishing administrative structures to enforce these rights.
- The generic scope of right to education seems to conflict with the specific contexts of the rights of minorities to establish and administer educational institutions of their choice under Article 30.
- Freedom to 'administer' a school cannot include 'mal-administering' it. Regulations for maintaining academic standards, ensuring proper infrastructure, health and sanitation, etc. could be imposed on minority schools as well.
- A government-aided minority school cannot discriminate against students on grounds of religion, race, caste, language in the matters of their admission (Article 29(2)).
- The 25 per cent quota in Section 12(1)(c), the RTE Act also has provisions on infrastructural norms, pupil-teacher ratio, and prohibition on screening tests and capitation fee and ban on corporal punishment.

### Rights of Minorities

- The RTE Act on minority schools through the Article 21 route, it simultaneously forces a rethink on the role of judicial precedents.
- The overall position of law unclear arising from an erroneous opinion by the highest court. Besides fairness, certainty and stability are essential values underpinning the rule of law.
- A number of studies have documented the effects of detention on the psyche of young children. The issue is the obligation of the superior court in laying down a clear binding law for all subordinate courts.
- A 'constitutionally-permissible balance' between right to education and minority rights requires an interpretation that makes them mutually reinforcing rather than irreconcilable.

- Establishing and administering educational institutions for the welfare of minorities and protection against imposition of majority language or culture aspects of educational rights of minorities; and
- Appreciates the special case for guaranteeing right to elementary education universally and equitably.

**Main storming - GS - II**

**AT HOME IN NEW DELHI**

- Prime Minister Narendra Modi an expansion of his Council of Ministers. The total strength of the Union Council of Ministers has been capped at 82. Every expansion of the Council of Ministers is a part of the political messaging of the government and this was no different. Prime Minister in firm control of his Ministry — of someone conscious of the authority he wields with a clear majority in the Lok Sabha, and equally, someone who is no longer a stranger to New Delhi and therefore in need of guidance to negotiate his way.

**Deft political balance**

- The council of ministers and asserted that expansion marks a firm departure from the usual routine of frequent changes based on caste, religion and other political considerations, though the list reveals a deft political balance.
- A firm endorsement of developmental politics that the prime minister champions and that the selection was based on the new ministers' professional expertise, experience at both the Centre and states and the "youth factor."
- A clear "selection framework" saying "doers and performers" must be brought in to deliver on his vision of development and good governance and take forward his central priority of 'gaon, garib and kisan (village, the poor and the farmer)'.
- The expansion also focuses on more representation for backward castes and Dalits.

**Minimum Government, Maximum Governance**

- Mr. Modi has clearly traded the promise of a lean Ministry in the "minimum government, maximum governance" credo for electoral considerations by expanding the Ministry.
- The emphasis is on bringing in more Ministers to give an edge to the Uttar Pradesh, Punjab and Gujarat

Assembly election campaigns in the months ahead, and careful arithmetic in inducting Dalit, OBC and tribal leaders is evident.

- Induction of Dalit Ministers is an effort to right their under-representation in the Ministry and to take the edge off the BSP and Aam Aadmi Party challenge in U.P. and Punjab, respectively. But this flabbiness is restricted to the junior levels of the Ministry.
- At the top, by taking away the Information and Broadcasting portfolio from Arun Jaitley and by replacing Smriti Irani in the HRD Ministry by promoting Prakash Javadekar, Mr. Modi has made clear that he does not perceive shortcomings in his government's agenda or performance, but is impatient with cacophony.
- This has been a highly controlled exercise, one that will consolidate his grip on power, a prospect that will worry his political rivals as well as some within his own party, a cadre-based organisation on which he has firmly stamped his authority.

**Main storming - GS - II**

**WHAT WE MUST LEARN FROM AFRICA**

- The recent experience of Africans in India will be on his hosts' minds and could well feature in the columns of newspapers and questions from independent media. Our Prime Minister is no stranger to tough questioning, and we can expect him to fend off the expected piquancy with the 'steely coolth' that is his signature style. The Ministry of External Affairs is bound to have briefed him diligently, with its own suggestions ranging from 'expression of unambiguous disapproval', 'sharing of deep and sincere regret', 'contextualising the episodes — and they are only episodes, — against the ages'-old tradition of mutual respect', 'aberrant incidents', 'the infernal presence of drug cartels', and of 'the most active pursuing of investigation into the happenings'.

**Diplomatic focus**

- The head of a diverse and frequently divergent family and in that role becomes something of an interpreter of India, a sociologist, an anthropologist — indeed, a philosopher. And frankness, introspection, open-ness to criticism are attributes of reflection.
- From Abraham Lincoln's 1863 proclamation enjoining his fellow citizens to repent for "our national perverseness and disobedience to God" during the

Civil War and asking forgiveness for the sins that led to so many deaths.

- Economic ties, commodity trade, investment, maritime and civil aviation ties will 'dominate' his meetings with business hosts now indistinguishable, globally, from government hosts.
- Trade exchange rather than an exchange of ideas and money dividends, not valuations, will take the bulk of his time.
- Security from the grim reality of Islamic State terror will have to be and will be at the core of dialogues. The winds of the day as we are it is human nature and diplomatic practice to focus on the pleasant, on 'areas of convergence'.

### **New bilateral agreement**

- Security collaboration is going to be at the head of the agenda, there is no chance of disarmament being even mentioned, let alone discussed.
- Prime Minister Modi to recall that South Africa, under the newly-installed government of Nelson Mandela joined the Nuclear Non-Proliferation Treaty (NPT), and seven weeks later the country signed a Comprehensive Safeguards Agreement with the International Atomic Energy Agency (IAEA).
- Had Mandela and Sisulu, not Jacob Zuma and Cyril Ramaphosa, been his hosts, our Prime Minister could have expected to be asked in Pretoria: is there anything that India and Pakistan can do next year,
- The 70th anniversary of their founding, to startle the world by a new bilateral agreement on nuclear arms limitation.

### **The death penalty**

- The death penalty now belongs to the past, the first two having abolished it by law and the third stopped it de facto. With 385 persons, as on date, on its active death row, India is behind these three countries and Asia as a whole is behind Africa.
- The Continental Conference on the Abolition of the Death Penalty in Africa in 2014 recognised the trend towards abolition and asked African countries to support the abolition of the death penalty in Africa.
- The main justifications advanced for retaining the death penalty is that it acts as a deterrence against terror.

- Making martyrs of terrorists, it makes role models of them for 'the cause'. And does the death penalty have any value against men who are not just prepared to, but want to die for their cause? What abolitionist Africa feels on this is important for us to know.
- The second is the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (commonly known as the United Nations Convention against Torture).

### **Main storming - GS - II**

## **TO BE EQUAL BEFORE THE LAW**

- On June 30, the United Nations Human Rights Council passed a resolution creating a post of an independent expert on sexual orientation and gender identity. This expert, once officially appointed, will be tasked with the job of studying and reporting annually on the nature, the cause, and the extent of discrimination faced by lesbian, gay, bisexual and transgender (LGBT) persons around the world. In many ways, the establishment of the new post exemplifies a growing global trend towards addressing the egregious human rights violations suffered by LGBT persons. But to us, in India, it must come as a matter of grave shame that our country, in an act utterly unbecoming of a modern progressive state, chose to abstain from voting altogether to appoint the expert.

### **Sovereign rights**

- The issue of LGBT rights in India is a matter being considered by the Supreme Court under a batch of curative petitions filed by various institutions and organisations...
- The Supreme Court is presently seized of cases challenging the constitutionality of the law that criminalises homosexuality. But, it's also worth bearing in mind that this fact.
- The issue is sub judice, has scarcely stopped India from voting to embrace a series of amendments that weaken the larger resolution adopted to appoint an independent expert.
- The expert's mission would ensure, at all costs, respect for the sovereign right of every country to implement its own national laws — in India's case, this is a direct reference to Section 377 of the Indian Penal Code, which makes even consensual homosexual activity a crime.

- Therefore, any report of the newly appointed expert would have to give sufficient weight to the fact that India's laws proscribe, and even criminalise, homosexuality.

**Make ethical choices**

- Over four years later, the Supreme Court reversed a bench of two judges, through a judgment delivered by Justice G.S. Singhvi, doggedly refused to see the LGBT community as equal partners in our citizenry.
- The court restored Section 377 to its archaic ingloriousness, granting validity, in the process, to the state's ability to criminalise acts based on perceived moral grounds.
- Fundamental right of a person to be treated with equal concern, and of the right that such persons have to be allowed to freely make ethical choices on how they seek to live their lives.
- Section 377, plainly read, punishes with imprisonment for life or for a term of up to 10 years any person who voluntarily has "carnal intercourse against the order of nature with any man, woman or animal".
- Fundamental iniquity in Section 377 is, in fact, evident even from the notes of its drafter Lord Macaulay, who had specifically aimed to enforce Victorian morality through the criminal justice system.

**Main storming - GS - II**

<b>CHOOSING RBI GOVERNOR</b>	<b>EPW</b>
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- THE INDECISION REGARDING Rajan's extension and his subsequent decision not to seek a second term raised many questions
- The questions about criteria used for selecting RBI Governor raised by the policy makers, the parliament and the media should have been raised long ago

**RBI Governor's TERM LENGTH AND SEBI'S Chairman PERFORMANCE**

- The term length of RBI Governor is 3 years which is not enough to bring any big change
- The SEBI Chairman has a term of three years which is extendable up to 1 or 2 years
- Despite the 3 year term and uncertainty about the term extension of chairman, SEBI has performed quite well

**THE QUALIFICATIONS**

- Someone with a doctorate degree in economics and a good track record has a good basis to be selected
- Those with monetary policy background can do the work better
- Crucial domain knowledge about RBI which can only be acquired by spending time within it or in related official positions should be possessed by the selected candidate
- Even without a doctorate degree, Rajan has good knowledge of his work

**CONCLUSION**

- Spending a few years as executive director of India in IMF should not be regarded as a qualification for the post of the governor as it has been done in the past
- People with adequate domain knowledge and experience in particular with Indian context should be given preference

**Main storming - GS - II**

<b>OF CRICKET, POWER AND POLITICS</b>	<b>EPW</b>
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**Will the Lodha Committee's recommendations lead to a wider change in sports management?**

- The Lodha committee was set up by the Supreme Court to recommend reforms in the Board of Control for Cricket in India (BCCI).
- Committee was set not of making cosmetic changes but those that are fundamental for laying proper foundations on which BCCI could function in a professional and transparent manner bringing cricket back to its pristine form and restoring the confidence of cricketers and lovers of the game alike.

**Important recommendations made by the committee:**

- Constitute one cricket body for each state: One association of each state will be a full member and have right to vote. One unit should represent one state.
- CEO-run organisation: Committee suggested the restructuring of the BCCI's administrative set-up, proposing the position of a CEO accountable to a nine-

member apex council. An apex council for the BCCI comprising 9 members, of which 5 should be elected, 2 should be representatives of players association, and one woman. CEO to be assisted by 6 professional managers and the team of CEO and managers will be accountable to the apex council. And the president's powers have also been curbed: he no longer has an additional vote at meetings, nor does he have a say in team selection.

- **Under RTI:** To ensure transparency in its functioning, the panel had said that it is important to bring the body under the purview of the Right to Information Act.
- **Ethics officer:** The committee recommended the institution of the office of an Ethics Officer, who would be responsible for resolving issues related to the conflict of interest. Ethics officer would be a former High Court judge.
- **Electoral officer:** The committee had also suggested the appointment of an Electoral Officer to conduct the Board elections. The electoral officer would oversee the entire election process relating to the office-bearers namely, preparation of voters list, publication, dispute about eligibility of the office-bearers.
- **Ombudsman:** It had also proposed an Ombudsman for dealing with internal conflicts. Ombudsman can take cognisance of complaints suo moto, or received complaint or referred complaint by the apex council. It also suggested that a person cannot be a BCCI office-bearer and a state association office-bearer at the same time.

### SC judgement implications

- The 70-year cap on the age of officials and the ceiling of nine years for an office-bearer will come into play immediately and will enable replacement of those aged above 70 by the not-so-familiar new faces of a number of cricket associations.
- The court's decision which laid down the eligibility criteria for office-bearers states that ministers and bureaucrats will henceforth not be allowed to hold BCCI positions.
- But parliamentarians and legislators can still be part of the cricket ecosystem. In other words, powerful politicians can still control the state of affairs through either their minions or the respective families.
- By accepting the suggestion that a nominee of the Comptroller and Auditor General of India should be

in the BCCI to clamp down on monetary irregularities, the court will probably be able to minimise the financial skulduggery.

### Issues left unaddressed

- There is another aspect that could have been addressed— the role of businesspersons. While ministers and bureaucrats have had their wings clipped, businesspersons can still be in control.
- By driving the ball into Parliament on whether the BCCI should come under the ambit of the Right to Information (RTI) Act, it has possibly left a loophole that remains unplugged.

### Way ahead

- If the Lodha panel's recommendations work, the template could be enlarged to or customised for other sports.
- The National Sports Development Bill 2013, which has been pending for long needs to be considered.
- The bill promised to free sports from the clutches of politicians and bureaucrats, but has been largely ignored by the political alliance now in power at the centre.

**Main storming - GS - II**

**OF LIFE AND CHOICE**

**EPW**

- The Supreme Court and the Delhi High Court passed orders in two separate cases that are landmarks as far as women's right to legal abortion in India is concerned.
- The apex court allowed a 21-year-old woman to abort her 24-week-old foetus although the Medical Termination of
- Pregnancy (MTP) Act, 1971 does not sanction abortion beyond 20 weeks.
- In the other case, the high court has given permission to a 16-year-old to abort her 26-week-old foetus if a panel of doctors agrees that it is safe to do so.

### Why was draft Medical Termination of Pregnancy (Amendment) Bill, 2014 tabled?

- The demand for extending the 20-week limit has been a long pending one. The medical technology has moved far beyond the state it was in when the 1971 law was passed.

- A number of abnormalities and risks can be detected only after the 18th week of pregnancy. The draft bill takes many of the post-1971 developments into account.
- For example, it allows abortion between 20 weeks and 24 weeks if the mother or foetus is at risk and puts no ceiling on termination in the presence of life-threatening foetal abnormalities.
- It takes note of allegations by the woman concerned that the pregnancy has been caused by rape in permitting the termination of pregnancy.

**How will new bill address the issues?**

- In India the MTP Act had a smooth legislative sailing. Ironically, this was not because the objective was women’s right to choose abortion. It was the “need” to control population growth.
- The court’s orders are centred on medical opinion rather than the woman’s choice which is a good decision
- It hinges on the assessment of doctors about the safety of the mother or the child.

**Conclusion**

- The court has termed the existing law “inadequate” and asked for an amendment to prevent the prosecution of doctors if they were found to have terminated a pregnancy beyond the stipulated period in good faith to save the life of a rape victim or to prevent grave physical and mental injury to her.
- The issues against women who become pregnant outside marriage in Indian society and the lack of freedom women generally face in making decisions that affect their lives and bodies, unsafe and illegal abortions need to be addressed with care.
- The government must begin engaging with the concerns of various stakeholders who have sent their comments to the draft bill and address these effectively.

**Main storming - GS - II**

**REGULATING SERVICE-ORIENTED PROFESSIONS**

**EPW**

**SC’s recent judgement**

- Recently Supreme Court made observations that cover an important aspect of not merely the legal profession but all “service-oriented professions”—a regulatory mechanism and its effective implementation.

- The court observed that there is “an urgent need to review the provisions of the Advocates Act dealing with regulatory mechanism for the legal profession ... being the most important component of the justice delivery system, the regulatory mechanism must continue to perform its significant role and should not be seen to be wanting in taking prompt action against any malpractice.”
- It has also referred to a long list of its rulings which have been pronounced on various sections of the Advocates Act.

**Amendments to rules under the Advocates Act, 1961**

- The lawyers resort to naming and shaming the judges, sit-in protest within the court-room and disrupting court proceedings.
- The High Court has, in order to punish such advocates, decided to penalise lawyers for attempting to ‘browbeat’ judges or giving complaints to superiors about judges, leading to lifelong debarment from legal practice.
- As an interim measure courts can debar lawyers even before an inquiry.
- The following are misconducts enumerated in the rules:
  - an advocate who is found to have accepted money in the name of a judge or on the pretext of influencing him;
  - an advocate who browbeats and/or abuses a judge or judicial officer;
  - an advocate who is found to have sent or spread unfounded and unsubstantiated allegations/petitions against a judicial officer or a judge to the superior officer;
  - an advocate who actively participates in a procession inside the court campus and/or is involved in gherao inside the court hall or holds placard inside the court hall;
  - an advocate who appears in the court under the influence of liquor.

**Reaction of lawyers**

- These lawyers are protesting the amendments.
- This is not the first time that lawyers have been aggrieved by the framing of Rules under Section 34

of the Advocates Act. In 2002, the Kerala High Court framed such Rules, they were challenged in the apex court by the BCI which contended that it “seriously impinges upon and usurps the powers of adjudication and punishment conferred on the Bar Councils under the Act as also the principles of natural justice.

- The Supreme Court, however, in its ruling in 2004 said that the Kerala High Court’s act was not unconstitutional.

### Court’s observations

- Concerns about professional conduct in general.
- There is an “urgent need” to review the regulatory mechanism for other service-oriented professions also.

### Way ahead

- There must be separate regulators for the service-oriented professions rather than self regulatory bodies because the latter are neither keen nor quick to act against their own members.
- Though this will be an uphill task but still steps need to be taken in this regard.

Main storming - GS - II

**SECURING WOMEN’S RIGHT TO FREE SPEECH ON SOCIAL MEDIA**

EPW

### Present situation

- Growing concern over the targeted misogyny widespread in social media.
- Events such as stalking, abusing, hacking accounts and blackmailing.
- Social media websites, such as Twitter and Facebook have long been accused of not taking enough action to shut down events of organised bullying or harassment against women.

### Protection under Information Technology Act

- The “freedom of speech” does not include the right to bully, intimidate, or harass others in a public setting, and preventing them from speaking. However, while putting in place mechanisms to address such harassment online, it is entirely possible to overstep the boundaries and introduce a law that is harmful to free speech. That is exactly what Section 66A of

the Information Technology Act, 2000 was, until it was eventually struck down by the Supreme Court (Shreya Singhal v Union of India 2015).

- Section 66A ostensibly intended to deal with messages of a “grossly offensive” or “menacing character,” or circulation of false information with the intent to cause “annoyance, inconvenience, danger, obstruction, insult, injury.” But due to its poor draft it proved to be a cause of abuse.
- There were many instances where Section 66A was used simply to stifle dissent and debate in a manner that could not have been done were any of these instances related to offline speech.

### Why did court strike it down?

- It was considered to be an invasion of the right to freedom of speech and expression protected under the Constitution.
- There is inherent vagueness of the terms used, the absence of clear definitions, and the absence of any procedural restrictions that can prevent its abuse.

### Issues with Criminal Law (Amendment) Act

- Among the many new provisions introduced into the Indian Penal Code (IPC) by the Criminal Law (Amendment) Act,
- 2013, the offences of sexual harassment (Section 354A), voyeurism (Section 354C), and stalking (Section 354D) were introduced, intending to cover some of the harmful behaviour women experience from men on the internet.
- Sexual harassment and voyeurism are punishable with a term in prison between three and seven years, whereas stalking is punishable with a prison term between three and five years.
- Section 509 of the IPC makes it an offence to “insult the modesty of a woman.”
- But whether these provisions are being used, and have been applied to punish those indulging in such behavior is yet to be seen.

### What is the problem?

- The problem, therefore, lies not with the law itself, but rather in the difficulties women face in putting the law enforcement machinery into action against perpetrators.

- The police cyber cells do not always have the resources or the ability to identify and book the perpetrators.

### **Burden of Enforcement**

- The criminal justice system may perhaps be more effective to place the burden of enforcement on social media websites and hold them liable for failing to respond to complaints by women of harassment or abusive behaviour.
- The corporations actually responsible for running the big websites are located outside India. This is an issue that has cropped up repeatedly in other contexts as well, such as defamation and advertisements for sex-selective abortion.
- It leaves women's right to free speech and participation in public debate at the hands of unaccountable private entities.
- It leaves us in a position where the right to freedom of speech has to be sought on the basis that it is profitable to do so, and not on the grounds that it is fundamental to a human being's existence as all such human rights are.

### **Conclusions**

- The free speech should not depend on the moral fibre of entities that are happy to censor content to suit "local needs" of undemocratic regimes in the interest of profit.
- The cyber cell is, however, a start in the right direction and can be made more effective. It could form the basis for the government engaging with prominent social media websites to put in place effective mechanisms for women to report and address abusive behaviour aimed at them.
- It could also encourage more women to report abuse, harassment or stalking to police authorities and help them follow up on the complaints and take action.

### **How can it succeed?**

- It should define its role as one of implementation of the legal framework already in place.
- This may range from something as simple as getting social media services to take remedial action when women complain of harassment, to ensuring that the police machinery is set in motion when it is required.

### **Context**

- After China returned with a vengeance in the last two decades, in Africa to corner natural resources and cash in on economic opportunity, Now, Prime Minister's four-nation tour shows just how serious India is about making up relationship with Africa.

### **History with Africa**

- Even though Kenya has a large Indian diaspora, and vibrant business ties with India, it hasn't had a prime minister visit since 1981. Prime Minister Manmohan Singh did visit Tanzania, also home to a large Indian community, in 2011 — but the last Indian PM to go there was I.K. Gujral, in 1997.

### **What is at stake in Africa?**

- Discoveries in Mozambique's Rovuma Basin, for example, have the potential to make the country the third-largest exporter of natural gas in the world — a critical source of energy for India.
- In Kenya, Tanzania and South Africa's growing economies, Indian private sector firms have made firm bases from which to expand their presence across the continent.
- Indian companies have also invested in mining operations.
- From pharmaceuticals to telecom, the Indian presence in Africa is steadily growing.

### **Trade relations**

- In 2014, China's trade with Africa was at \$200 billion, while trade between India and Africa was at \$ 70 billion.
- The series of Africa-India summits hosted in New Delhi over recent years have signaled a long-term commitment.
- Way ahead
- Ensuring Indian businesses get the backup they need to compete with their Chinese counterparts will be essential to turning this diplomatic momentum into tangible gains.

**Main storming - GS - II**
**CONSIDER IT SERIOUSLY**
**Issue**

- Contrary to media reports, the issue of Muslim law reform has never been referred to the Law Commission so far.
- Issues pertaining to a Uniform Civil Code.

**Story of two reports**

- The two reports of the 18th Law Commission recommended certain amendments to the Special Marriage Act of 1954 to rid it of its discriminatory provisions and called for a central law for compulsory registration of all marriages in compliance with the Supreme Court directions in this regard.
- Neither of these examined, or reported on, a Uniform Civil Code.
- The two “hurdles” in the way of the present Commission in examining the feasibility of a Uniform Civil Code are: The Shariat Act of 1937 and a Bombay High Court judgment, given by the late M.C. Chagla, that gave the Muslims “freedom to opt for the 1937 Act”.

**How has the debate progressed?**

- In the Sarla Mudgal case of 1995 dealing with the issue of bigamy by non-Muslims after a “conversion” to Islam, a Supreme Court judge had advised the government to request the Law Commission to prepare, in consultation with the National Commission for Minorities, a comprehensive report on these matters.
- However, the advice remained confined to the pages of law reports.
- In the spirit of the Constitution
- As per Article 44 of the Constitution, the state shall “endeavour to secure for the citizens a Uniform Civil Code throughout the territory of India”.
- The direction, notably, is not for Parliament to enact such a code straight away but for all organs of the state to make efforts to “secure” uniformity in civil laws.

- The apex court of the country has repeatedly reminded the government of this policy directive but has always respected its non-justiciable nature and refrained from issuing any direction. Hopefully, the Law Commission too will keep in mind the true nature and implications of Article 44 while answering the present government’s request.

**Main storming - GS - II**
**WASHINGTON’S ‘MAJOR  
DEFENCE PARTNER’**
**EPW**
**Joint Statement: The US and India —  
Enduring Global Partners:**

- Stated Washington’s recognition of New Delhi as “Major Defence Partner.”
- What does it mean? It is supposed to facilitate the United States’ (US) “technology sharing with India to a level commensurate with that of its closest allies and partners,”
- Including “licence-free access to a wide range of dual-use technologies,” “support of India’s Make in India initiative, and to support the development of robust defence industries and their integration into the global supply chain...”

**So, what are the strings attached?**

- Of course, Major Defence Partner status does not come without any strings attached.
- The key words over here are the transfer of technology “at a level commensurate with that of its [the US’s] closest allies and partners.”
- A senior Obama administration official said — “That is a very unique status. India is the only other country that enjoys that status outside [US] formal treaty allies.”
- But the Chair of US–India Policy Studies at the Centre for Strategic and International Studies, said that access to advanced defence technology will depend on the “specific operations India may be willing to undertake in the future to contribute to regional security.”

**Deception through respected think tanks:**

- “Troubles, They Come in Battalions: The Manifold Travails of the Indian Air Force,” authored by Ashley Tellis, who was “involved in negotiating the civil nuclear agreement with India.”

- He says India's "air superiority over its rapidly modernising rivals, China and Pakistan," is threatened, and so it must "expand its investments in advanced munitions, combat support aircraft etc,—while being realistic about its domestic capacity to produce combat air craft."
- Put simply, the two-front war—the one the Indian Masters of War are equipping the Indian armed forces for—can be won, if armament imports from the US are given priority.
- As we read on we can see through Tellis' brain in girding on the Indian Masters of War to expand their military modernisation programme and integrate it with the Pentagon's plans. Of course, only then will the process bring in big money.
- Two-Front war: The Indian military has already joined forces with the US and Japanese militaries in ostensibly safeguarding "freedom of navigation and overflight" in the South and East China seas and adjoining parts of the Asia-Pacific.
- It is no longer just the pretext of being fully prepared to possibly wage a "two-front war" simultaneously against China and Pakistan, but even opening up other fronts.

### Recent happenings:

- In April this year, close to US Defence Secretary Ashton Carter's trip to India, Lockheed Martin (US defense tech company) offered to site a production facility for F-16 fighter aircraft in India, and so did Boeing, for its F/A-18 "Super Hornet."
- Boeing announced that this facility might eventually be the "sole producer of AH64 fuselages globally."
- A few days later: Defence production was further opened up to foreign direct investment (FDI), 49% by the "automatic route" (no government approval required), and further up to 100% with the government's approval, but with no caluse on the transfer of technology.
- The PM while commenting on such opening up to FDI, claimed that the decision "makes India the most open economy in the world for FDI."
- But as Gautam Navlakha argues in this issue in a Perspectives piece ("A Hard Look at National Security"), New Delhi has surely moved further away from "maintaining strategic autonomy and an independent foreign policy."

### What happened in Jammu and Kashmir:

- Armed resistance in Jammu and Kashmir began in 1989–90, after 40 years of seeking a peaceful political resolution had come to nought. Militancy had ebbed armed resistance in Jammu and Kashmir (J&K) began in by 2007–08 and mass agitations took over.
- Decline of armed militancy was seen as a defeat of the movement rather than a new form of mass agitation politics, dubbed as "agitational terrorism."
- The subsequent voter turnouts during elections were interpreted as people's endorsement for union with India and proof of marginalisation of "azaadi" or independence movement.
- We have witnessed bloody crackdowns, when large numbers came out unarmed and were met with brute force resulting in mass casualties.

### Government had 'nothing' to offer:

- In 2008, there was a discernible shift away from guns and towards unarmed protests. Today that has swung decisively back towards armed militancy.
- Instilling fear is paramount in counter-insurgency. If funerals of militants attract masses of people and they gather in large numbers at encounter sites, it is a mark of defiance by a people who have become fearless.
- The offer of autonomy is no more relevant because New Delhi has worked hard for 69 years to erode it.
- The current finance minister of J&K said last year that the centre's fiscal policies towards J&K were "coercive federalism."
- We are told that history cannot be rolled back to return to the pre-1953 situation in J&K. It is an admission that there is nothing that the Government of India has to offer.

### Burhan Wani & his story:

- Burhan Wani and his comrades represent the new phase of indigenous militancy.
- This generation that grew up under military suppression, witnessed the crushing of the unarmed mass uprisings of 2008–13 - began to drift towards militancy.

- Burhan Wani was only 22 when he was killed, having joined the ranks of Hizbul Mujahideen at age 16 in 2010.
- It was his reaching out with images and messages through the social media which made him popular and inspired many.
- His killing is compounded by the brutal crackdown which followed to control the swelling crowds of grief-stricken, enraged people. Assurances of using "non-lethal means" have now become a cruel joke.
- Sending 11,000 more soldiers, in addition to 6,00,000 already deployed for restoring "normalcy" means that no lessons have been learnt.

**There can be no military solution to the Kashmir dispute:**

- Scholars who write on strategic matters and a few generals who have served in J&K insist that there can be no military solution to the Kashmir dispute.
- Local people may appreciate the army for their social work, but they consider the soldiers as belonging to an "occupation army," and support "azaadi."
- Law and order situation may well come "under control," but it will not last long if we remain in denial about the popular demand for "azaadi" from India.
- To confuse imposition of authority at gunpoint with people's consent to their subjugation as a mark of endorsement is to disregard the prevailing alienation.
- The spread of Hindutva has accelerated the erosion of Indian secularism. Blaming Pakistan, Islamist propaganda and characterising militants as terrorists do not convince as well.

**Democratic solution?**

- The one solution we have shied away from is a democratic one which allows us to ascertain the wishes of the people of J&K through a referendum, the promise of which can arrest the escalation of armed conflict.
- The wait for politics without bloodshed has got agonisingly long as the politics of bloodshed takes over.

**Issue:**

- Regarding the jihadist activities in Bangladesh.
- Independent Bangladesh:
- Bangladesh was carved out from Pakistan in 1971 under Sheikh Mujibur Rahman.
- Ever since, two ideologies confronts each other in Bangladesh.
- The Secular and linguistic nationalism is being supported by Sheikh Haasina's Awami League.
- The radical Islamism is being supported by Kalidiah Zia's Bangladesh Nationalist Party (BNP) and Pakistani backed Jamaat-e-Islami party.

**War crime trials and its impact:**

- Awami League has strated war crime trials against killers and collaborators of 1971.
- Senior leaders of Jamaat and BNP is being executed.
- Having failed to unseat Hasina, the BNP-Jamaat combine launched a six-month street agitation, fire-bombing buses, derailing trains and attacking secular figures.
- There was a surge in jihadi activities—attacks on bloggers, writers, publishers and even a professor who sought to popularise Baul music.

**Bangladesh and Pakistan:**

- The relationship is at an all time low after Pak announced to take the war crime trial issue to the UN.
- Two Pakistani diplomats and some non-diplomats have been expelled on charges of funding jihadi groups with fake currency.

**Islamist radical forces in Bangladesh:**

- In Bangladesh, the Islamist radical forces are now regrouped and reorganised into two main groups—one connected with the IS and the other to al-Qaeda in the Indian Subcontinent (AQIS).
- These groups are well trained and tech savvy.

- Traditional Islamist groups like Jamaat ulMujahideen Bangladesh and HUJI have made place to the two new organisations .

**Way ahead:**

- These new generation of radical islamists pose a serious challenge to the present Bangladeshi Government.
- The Awami League has good relation with India. The rise of Islamist forces in Bangladesh is a matter of grave concern to India as India shares its boundary with Bangladesh.
- India should assist Bangladesh diplomatically in crushing the new tide of jihadist forces.

**Main storming - GS - II**

**“SHOULD INDIA BE A MEMBER OF SHARIFF’S POSSE”**

**EPW**

**Issue:**

- Regarding India’s foreign policy with China and U.S.A

**India-US:**

- Recently India and US have signed Joint strategic vision document on Asia-Pacific and the Indian ocean region.
- It aims at “safeguarding maritime security and ensuring freedom of navigation and over-flight throughout the region, especially in the South China Sea.”

**Malabar Exercise:**

- To ensure ‘freedom of navigation’ the navies of India-US- Japan conducted the war games in the South China and East China seas.

**‘Pivot to Asia’ strategy:**

- It is the strategy of US towards Asia.
- The strategy has since encompassed a
  - ✓ greater concentration of US military assets in the region,
  - ✓ an extension of defence ties,
  - ✓ a step-up of military-hardware exports and training programmes for its military partners,

- ✓ more frequent visits by US warships, and, of course, more war games.

- India’s ‘Act East’ policy and USA’s ‘Pivot to Asia’ policy have convergence at some point.

- India has concurred, “in principle,” with the US on a Logistics Exchange Memorandum of Agreement which will give the latter access to Indian ports and military bases.

**India’s motive in South China Sea:**

- To have a secured sea lanes.
- Freedom of Navigation on the seas.

**Japan-China:**

- Disputed island is Senkaku/Dyayou island. Controlled by Japan. But claimed by China.
- The UN convention on Law of Seas (UNCLOS) assigns the “high seas” in the form of “exclusive economic zones”.
- China’s maritime reach under UNCLOS is not even one-fifth that of Japan’s.

**Main storming - GS - III**

**A FILLIP TO GROWTH, AND MAYBE INFLATION**

- The Govt of India to raise salaries and pensions for more than one crore government employees and pensioners by implementing the Seventh Pay Commission’s recommendations will impart a fillip to consumption demand and economic growth. The Centre as well as the Reserve Bank of India showing that robust private consumption is a key driver of current economic momentum, additional money in the hands of the government staff and retired personnel is bound to fuel a healthy demand for a variety of goods and services.

**Pay Commission’s**

- The Seventh Pay Commission which will have bearing on the remuneration of nearly 50 lakh central government employees and 58 lakh pensioners.
- The Pay Commission had recommended 23.55 per cent overall hike in salaries, allowances and pension involving an additional burden of Rs 1.02 lakh crore or nearly 0.7 per cent of the GDP.

- The panel recommended a 14.27 per cent increase in basic pay, the lowest in 70 years. The entry level pay has been recommended to be raised to Rs 18,000 per month from current Rs 7,000
- The previous 6th Pay Commission had recommended a 20 per cent hike which the government doubled while implementing it in 2008.
- The additional payout from the government toward the enhanced pay, allowances and pensions projected to exceed Rs.1.14 lakh crore over the course of the current fiscal year ending in March 2017, the multiplier effect is bound to be significant.

### Monetary policy statement

- There are, however, some risks from the increased salary and pension outgo.
- The RBI had flagged the upside risks to the inflation outlook posed by several factors including the implementation of the Seventh Pay Commission's recommendations.
- A higher house rent allowance would have immediately stoked retail inflation, which is already at a 21-month high.
- The impact on government finances, particularly the effort at fiscal consolidation.
- Finance Minister is confident that the budget deficit will be contained within the 3.5 per cent of GDP target this financial year.

**Main storming - GS - III**

**DON'T MERGE LOSS-MAKING BANKS,  
PRIVATISE THEM**

- The government, being owner of public sector banks (PSBs) has been paying utmost attention to the banking situation and initiating various actions such as strengthening the selection process of the top management, setting up a stressed assets fund and recovery tribunal, and legislating a bankruptcy code. The Reserve Bank of India (RBI) has also initiated major policy steps to help PSBs to maintain robust books.

### The performance of commercial banks

- Globally, world economies are recovering slower than expected, and oil prices are beginning to rise again.
- Domestically, though India is a bright spot in the world economy, growth is below its potential.

### Banking Sector Reforms

- The government has announced that State Bank of India (SBI) and its associates would be merged.
- Earlier, in 2009, the Rakesh Mohan-led Committee on Financial Sector Assessment had proposed that the RBI should create a conducive environment for mergers and amalgamations.
- The merger of PSBs had been recommended even earlier in 1998 by the M. Narasimham-led Committee on Banking Sector Reforms. Still earlier, restructuring of Indian banks through merger and acquisitions had also been recommended by other committees since 1972.
- Thus, issues related to consolidating the Indian banking sector have been debated and discussed for many years and merger has been a preferred recommendation consistently.

### International recognition

- In India, many banks in the past were merged with other banks. Illustratively, New Bank of India and Punjab National Bank, both PSBs, were merged in 1993. Similarly, State Bank of Saurashtra and State Bank of Indore had merged with the SBI in 2008 and 2010, respectively.
- The reasons for merger are economies of scale and scope, revenue enhancement, value maximisation, efficiency gains, cost savings, diversification of customers and assets, and also that large banks help in international recognition.
- Mergers, in general, are a challenge and have to be carefully crafted. It is important to consider the strengths and weaknesses of eligible PSBs before binding them together.
- Mergers can be successful in similar institutions with a similar culture but cannot be extensively adopted because they lead to job cuts, branch closures and, in some cases, lowering of quality and quantity of services.

### Policy of social control

- The objectives of social banking under which private sector banks were nationalised in 1969 and 1980 was to ensure banking penetration in rural areas and to avoid a nexus between industry and banking.

- In the past two years, the Central government has been successful in ensuring a bank account in every household under the Prime Minister's Jan-Dhan Yojana.
- The advancement in technology is already making possible safe banking transaction through mobile phones.
- In a digital India, and with widespread availability of credit rating, bank accounts, Aadhaar information and mobile phones, technology can help in eliminating human intervention in sanctioning and extending credit to the borrower.
- Small banks and payment banks are expected to penetrate deep into rural India, and therefore the need for a brick-and-mortar commercial bank branch is diminishing.
- The Organisation for Economic Cooperation and Development (OECD) and International Monetary Fund (IMF) have pushed for a globally acceptable definition of FDI, according to which 10 per cent or more of foreign equity constitutes the "controlling share" in an enterprise. But not all countries have adopted the OECD-IMF definition.
- In India all investments other than those through the stock market are reported as FDI. India, therefore, does not make any distinction between the "controlling share" and the others as far as FDI is concerned.
- This implies that data on FDI for India do not allow us to make the distinction between long-term investments and portfolio investments.

**Main storming - GS - III**

**IS FDI REALLY A GIFT HORSE?**

- The Government of India has announced yet another set of "radical changes" in foreign direct investment (FDI) policies. In November 2015 introduced changes in 15 major sectors, and latest announcement covers nine sectors. However, the two sets of policy changes remains the same, to ease entry of foreign investors in India. The intent and objective of the Government of India to attract and promote foreign direct investment in order to supplement domestic capital, technology and skills, for accelerated economic growth. Foreign Direct Investment, as distinguished from portfolio investment, has the connotation of establishing a 'lasting interest' in an enterprise that is resident in an economy other than that of the investor."

**Global acceptance**

- Foreign investment was defined as portfolio investment, and this component was considered "footloose". As regards the threshold for identifying whether an enterprise was foreign-controlled or otherwise, most countries adopted their own definitions.
- The Reserve Bank of India (RBI) identifying "foreign-controlled rupee companies", which were companies having foreign shareholding of 25 per cent or more of total equity or where 40 per cent share is held by investors from a single country.

**Foreign exchange drain**

- India has seen a steep increase in FDI inflows totalling over \$55 billion in 2015-16. The world of high finance, FDI is not a gift horse —there are at least two sets of costs that host countries have to bear.
- The direct cost stemming from outflows on account of operation of foreign companies.
- The RBI has reported that between 2009-10 and 2014-15, outflows due to repatriations, dividends and payments for technology have together constituted a major foreign exchange drain — nearly one-half of the equity inflows during this period.
- During the same period, subsidiaries of foreign companies operating in India ran negative trade balances in almost all manufacturing sub-sectors.
- Apart from the direct costs, foreign investors are able to extract indirect benefits from their host economies by using bilateral investment promotion and protection agreements (BIPA).
- In recent years, India has faced a number of disputes with foreign investors, which arose because the latter was able to invoke the investor-state dispute settlement (ISDS) mechanism included in the BIPAs that allows disputes to be taken to private international arbitration panels.

**Main storming - GS - III**

**HEEDING THE 24X7 POTENTIAL**

- A new model law that would allow malls, cinema halls, restaurants, shops, banks and other such workplaces to be open around the 24/7 basis in a year. The

model law, which will now be sent to all States, would enable women to work during the night in shops and establishments with mandatory cab services and other workplace facilities for them. Removing regulatory barriers to employ more people in various areas of economic activity is a national priority, and the Centre's Model Shops and Establishments (Regulation of Employment and Conditions of Service) Bill, 2016 to enable operation of such services all 365 days of the year, and round-the-clock.

### **New model law**

- A robust annual growth in services such as trade, hotels, transport and communications. Creating a healthy environment for the growth of consumer-focussed services will catalyse it further.
- The States to either adopt fully or in a modified form, is to be welcomed for specifying labour issues such as working hours, overtime, casual and earned leave, protection for women including transport access for those opting to work night shifts, and workplace facilities.
- It is all too evident that in the existing regulatory regime, many of these aspects are impressively inked on paper, but with poor outcomes in practice. Workers are left without effective mechanisms of redress.
- In the model law, protections are to be enforced by a cadre of Chief Facilitators and Facilitators. This is a moment to strike a blow for the rights of workers, and State governments must show as much concern for labour welfare as the facilitation of business.

### **The licensing bureaucracy**

- The law covers all premises — barring factories — with work related to printing, banking, insurance; stocks and shares brokerage; theatres and “any other public amusement” which is currently not covered under the Factories Act 1948.
- All such units that employ 10 or more workers will come under this Act. For the first time, workers' right will be protected for those working in godowns, warehouses or workplace related to packaging activities.
- E-commerce companies under the labour law rulebooks.
- Major innovation is the elimination of the licensing bureaucracy, and therefore a lot of corruption.

- A simplified, online common registration procedure for the businesses covered by the Act should definitely be part of State law; this would be a big leap in ease of doing business.

### **Accelerate economic activity**

- State governments looking to accelerate economic activity and generate higher revenues should adopt the law immediately.
- To need urgent reform in all States are provision of reliable public transport and strong law enforcement.
- Even in big cities with organised bus, rail and feeder networks, these systems are not reliable at night.
- The new sharing economy has been filling the gap with app-based commercial taxi services operating 24x7, but a decision to promote retail services round-the-clock requires a good, affordable public transport backbone with security arrangements to ensure safe travel.
- To support employees of shops and establishments is health care. It should be mandatory for employers to cover their medical expenses through standalone or group insurance policies, since private health insurance is generally unaffordable to such workers.

### **Main storming - GS - III**

### **SUNNY TIMES FOR SOLAR**

- The World Bank announced \$ 1 billion in support of India's ambitious solar generation plans, its largest financing of solar projects for any country in the world. The projects now under preparation include solar rooftop technology, infrastructure for solar parks, bringing innovative solar and hybrid technologies to the market, and transmission lines for solar-rich States. The commitment includes an agreement for a \$ 625 million grid-connected rooftop solar programme for financing the installation of at least 40 megawatts of solar photovoltaic installations.

### **Clean energy pathway**

- The billion-dollar programme to support Indian initiatives for expanded solar generation are significant steps in the global transition to a clean energy pathway.
- While the cost of solar power has been declining, one of the biggest obstacles to a scale-up in developing countries has been the high cost of finance for photovoltaic projects.

- The agreement will help develop financing instruments, reduce hedging costs and currency risks, and enable technology transfer.
- India has raised its ambitions five-fold since the time it launched the National Solar Mission, and the target now is an installed capacity of 100 gigawatts by 2022 out of a total of 175 GW from all renewables.
- India's efforts have also suffered a setback, with the adverse WTO ruling against the stipulation of a prescribed level of domestic content for solar projects.
- Developing a strong solar manufacturing industry is essential for sustained economic growth, and to connect those who never had the boon of electricity.
- The World Bank financial partner for the International Solar Alliance that aims to collaborate on increasing solar energy use around the world, with the goal of mobilising \$1 trillion in investments by 2030. The Alliance, consisting of 121 countries, is led by India.

**Main storming - GS - III**

**FREE BASICS, NOW THROUGH THE BACKDOOR**

- Over the last one year, Indians have engaged in a passionate debate on the concept of Net neutrality, whereby all content should be treated equally on the Internet. The problem of content discrimination on the Internet got most associated with Free Basics, an application by Facebook which provided its own content and that of its partners free to consumers, while all other content remained paid for. This opened the door for a forked Internet; one channel of free content but mediated through a corporate body, extracting value from the arrangement in various ways, and the other paid for.

**Linkage to solar-rich States**

- The World Bank for large-scale and rooftop solar deployments, innovative and hybrid technologies, and storage and transmission lines presents an opportunity for India to go the German way and achieve energie wende, or energy transition.
- The \$625-million grid-connected rooftop solar fund could help strengthen State-level programmes for net metering.
- A transparent regime that enables individuals and communities to plug into the grid without bureaucratic hurdles would unlock small-scale private investment. There are several pointers from
- Germany's experience as a leading solar- and wind-powered nation to prepare for a major ramping up of these green sources.
- The strength and reliability of a power grid capable of handling more power than is available are fundamental to induct higher levels of renewable power.
- The World Bank programme promises to provide the necessary linkage to solar-rich States.

**Free Basics equally**

- A new consultation paper proposes models that will get Free Basics back, though in a slightly altered, and perhaps disingenuous, way.
- In agreeing to ban Free Basics everyone thought that the regulator agreed differential pricing to be an inappropriate practice, for consumers, including poor consumers, as also for the larger society.
- Indeed, the regulatory order eloquently argued that "price-based differentiation would make certain content more attractive to consumers resulting in altering a consumer's online behaviour (and)... the knowledge and outlook of those users would be shaped only by the information made available through those select offerings".
- The real problem was that Free Basics had an exclusive agreement with just one telco to do so. It would accordingly be fine if Free Basics entered into a similar agreement with all telcos.
- The problem people had with Free Basics is now sought to be 'solved' by making Free Basics equally available across all telcos, and not just one network as earlier.
- The regulator seems to be drawing an interesting line — services provided by telcos are under a public

**Led by India**

- India's plans to virtually triple the share of renewable energy by 2030 will both transform the country's energy supply and have far-reaching global implications in the fight against climate change,
- India had become a leader in implementing the promises made in Paris for COP21 and the efforts against global warming.

goods framework, but those rendered by the Internet companies subject only to free-market principles.

- Actual impact on individuals and societies of non-Net-neutral practices by either is exactly the same.

### Uniquely regulation-free zone

- A problematic trend that has been called “Internet exceptionalism”, whereby the Internet is considered to be some kind of uniquely regulation-free zone.
- The problem is, Internet activists advocating Net neutrality are often themselves guilty of it. The ‘Save the Internet’ campaign, by far the most active group in the Net neutrality struggles.
- Declared in its first submission on the issue to the regulator last year that “no new regulatory framework in the telecom sector is required for Internet services and apps — and no such regulation should come into effect in future either”.
- Internet activists are now faced with a piquant situation when the regulator, as they themselves urged it to do earlier, is making a distinction between regulating the telcos and regulating “Internet services and apps”.
- People getting a non-Net-neutral Internet now through an Internet platform instead of a telco one. This group’s new submission now argues that whether Net neutrality violation is done by telcos or by an Internet platform it should be banned, apparently reversing their earlier stand.

#### Main storming - GS - III

### FIXING THE PULSES DEFICIT

- The economy’s revival is still a work in progress, higher food prices, especially of pulses, are affecting nutritional intake across India. The government is counting on a good monsoon season to spur growth and cool down the prices of essential food items. The government’s move to raise the minimum support price for pulses is expected to help push up their output and thereby contain food inflation. While a good monsoon would increase output, it does not necessarily mean that food prices will come down, especially those of pulses. Monsoon rains between 2005-06 and 2008-09 were normal or above normal, yet the retail cost of pulses rose at an alarming pace in three of the four years.

### Current dal prices

- The Centre has already undertaken some measures to deal with the current uptick in dal prices: creating a buffer stock, imposing stock limits, and offering tur dal at Rs.120 a kg through mobile vans.
- The approximately 5 million tonnes of pulses India procures from 46 countries. But imports cannot be a sustainable solution.
- Farm policy mandarins need to wake up to the reality that demand for pulses is rising even in parts of the world where it hasn’t been a staple diet.
- The Food and Agriculture Organisation of the United Nations, which has incidentally designated 2016 as the year of pulses to highlight their importance in curbing malnutrition.

### FDI in food processing

- As population increases and incomes rise, pushing up demand for high-protein foods like pulses, the weaker sections may be forced to simply cut back on consumption.
- A country where per capita pulse intake has already fallen by more than a third over the past 55 years.
- Farmers, for instance, prefer to sow wheat and paddy instead of pulses.
- Since the Centre may not have the resources to procure dal on the same scale as wheat and paddy, it needs to think beyond the usual template.
- The Govt allowed 100 per cent FDI in food processing, dismantling the Agricultural Produce Marketing Committee laws that cripple free trade for farmers could pave the way for them to deal directly with large traders and retailers.

#### Main storming - GS - III

### THE ABC OF RADICALISATION

- The attack on Dhaka’s Holey Artisan Bakery targeting mainly foreigners, comes in the wake of violence by a section of Bangladeshi Islamists who have adopted extremist methods to target civil society members, religious minorities (Hindus, Christians, Buddhists, and Bahais). Various Islamist organisations such as Ahle Hadith, Jamatul Mujahideen Bangladesh, Hefazat-e-Islam and are usually poor madrasa students. Its areas of operation are generally in northern Bangladesh and it has so far targeted freethinkers, bloggers and gay rights activists.

**South Asia Region**

- The Dhaka attackers were mostly from privileged backgrounds is not surprising at all. There is enough data available in various academic studies to show that more educated, and relatively better off, people are more likely to take to terrorism than their poorer compatriots.
- A stark warning to Indian law enforcement agencies that, of late, they might be searching mostly in the wrong places for potential terrorists — in poor Muslim ghettos and among the weakest of them.
- The South Asia region has had innumerable insurgencies, only few have produced suicide terrorism, the highest form of sacrifice for the aggrieved mind.
- The Liberation Tigers of Tamil Eelam (LTTE) of Sri Lanka produced almost 200 suicide bombers. Many recruits were beneficiaries of secular education.
- Suicide attackers were a few Christians, no Muslims, and the rest were Hindus. Religion was not a mobilising factor — an extreme sense of grievance against the Sri Lankan establishment was.
- In contrast, the Kashmir militancy did not witness suicide attacks until 1999, however, a vast majority of the suicide terrorists were from across the border.

**Security and political establishment**

- In both Sri Lanka and Kashmir it was a generation of educated youth who began armed movements in response to their perceived grievances.
- The more educated are more susceptible to disappointment with the prevailing situation. And their outrage would be far higher too, compared to their contemporaries who are less educated.
- A reality very visible within Indian insurgencies too, but our security and political establishment is not willing to accept that fact.
- Grievances of an educated and relatively better off person are the root cause of such a perverted response, then there is more pressure on you to initiate steps to address those grievances.
- In the Kashmir Valley local militants, primarily from four districts of South Kashmir — Pulwama, Anantnag, Kulgam and Shopian — are mostly from middle class families and have had a good education.

**Secularism and sexual freedom**

- The Eurocentric model of secular nationalism and neoliberalism implemented by the Bangladeshi elite signifies an ultimate acceptance of the proposition that the way forward to progress and development is the Western path.
- Islamists argue that ‘progress’ and ‘development’ can be made without borrowing ideas from outside the Islamic tradition, and without taking refuge in any ‘man-made’ laws, ideologies and systems.
- Like many Islamist groups, the anti-Western critique of Bangladeshi Islamists is more of a culturalist and politico-ideological one as they never deny the acceptance of Western science and technology for the material benefits of the Muslim population.
- Some Islamists use arms and modern technology not for benefiting the people but to kill those who according to them follow and prescribe jahiliya (the ignorant path of non-Islam).
- While Islamists accept modernisation, they certainly negate the cultural and political baggage of Western modernity like secularism, nationalism and liberalism.
- Thus, Islamists definitely differentiate between ‘modernisation’ and ‘westernisation’. The former entails technological, scientific and socio-economic development while the latter signifies un-Islamic systems that are based on secularism and sexual freedom.

**Main storming - GS - III**

**ECONOMIC LIBERALISATION AND THE WORKING POOR**

**EPW**

- In India , we still do not have full currency convertibility but the economy is substantially open to capital flows
- The same economic policies are followed by all the governments till economy remains within the vortex of global capital flows because not pursuing them would bring financial crises

**BEFORE LIBERALISATION**

- The traditional petty production includes peasant agriculture , craftsmen , fishermen , handloom weavers and other such producers
- In agriculture , there were tariff and quantitative restrictions

- There were remunerative prices and public procurement
- Research and development was done for this sector by the government
- They were provided with subsidised inputs including credits
- The big corporate capital, whether domestic or foreign had no direct access to this sector

**AFTER LIBERALISATION**

- The focus changed towards the exclusive promotion of the interests of the globalised capital
- There is a rise in the input prices including credit and the institutional credit is drying up
- Public extension network is dismantled and the marketing functions of the commodity boards have been removed
- There is a cutback in public investment and there is direct access of corporate capital and agribusiness to the peasantry
- Peasants are abandoning agriculture and going to cities for doing temporary jobs
- After the liberalisation, the per capita food grain output remained stagnant
- Besides high GDP, poverty is increasing

**A VICIOUS CIRCLE**

- The absence of proper employment over the period of liberalisation has resulted in the growth of hunger and therefore contributed to income deflation
- The commodities which surplus earners consume lead to rapid innovation and technological change increasing the labour productivity
- Until and unless the employment growth rate associated with output growth rate exceeds the rate of growth of labour supply, the economy will fall into a vicious circle of growing inequalities
- Disguised unemployment is high in India

**CONCLUSION**

- All countries in the world are having stagnant growth rates

- Many of them are thinking to depreciate their currencies which will not change their situation
- Innovations and external indebtedness are a big cause for this situation in the world

**Main storming - GS - III**

<b>ESTIMATES OF HIGH GDP GROWTH FOR 2015-16</b>	<b>EPW</b>
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- The GDP at market prices has been accelerating in its growth in the last four years
- The authorities seem to have shown haste in applying new concepts, in using new resources of data and in failing to distil the growth results juxtaposed against the repetitive and substantial revisions that the data sources have impelled

**SPECIAL FEATURES OF RECENT GROWTH**

- Although both GVA and GDP are growing in real terms, their nominal growth rates have been falling
- The real growth in GVA exceeding the nominal growth was prevented from happening because of the sizeable contribution of indirect taxes
- There has been a sharp rise in government collection of indirect taxes followed by reduced subsidies

**FLAW OF GDP MARKET PRICES**

- Distributional shares of labour are capable of being analytically address through GDP at fixed cost, not by GDP at market price
- It included indirect taxes net of subsidies in the calculation

**CONCLUSION**

- The data needs an audit because of the considerable differences between the initial and final figures
- The method of calculation is also questionable
- Moreover, it is to be taken into account that the calculations do not show the qualitative aspects of the growth

<b>Main storming - GS - III</b>
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<b>MAKING REFORMS WORK FOR THE COMMON PEOPLE</b>	<b>EPW</b>
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- The 1991 reforms surely marked a major watershed in India's economic history
- P.V Narasimha Rao , the then Prime Minister heading a minority government established necessary political coalitions in support of the reforms
- The unity of purpose among the political class and senior bureaucracy provided the base for the reforms
- The next necessary condition which was fulfilled was the significant amount of academic and intellectual churning

**MAJOR ACHIEVEMENTS**

- The growth rate India has registered a considerable growth after the reforms
- Integration of Indian economy more deeply with the global economy
- The share of trade in GDP increased four times
- Import tariffs have been brought down
- Exports of goods and services have increased multiple times
- India is able to get cheaper inputs and inflows of FDI , FII and technology
- This has enhanced the investment capability and raised productivity levels in the economy

**THE PRO RICH PERCEPTION**

- The government did not accept the second tranche of the Asian Development Bank's industrial structural adjustment loan that required the completion of a slew of deeper structural reforms including changes in the labour market and privatization of public sector enterprises
- The government was extremely reluctant to privatise even the loss making public sector enterprises
- The liberalising and privatising reform are seen as a burden on the poor and therefore are not favourable for political interests

- The two major reasons of the present image of reforms are
- The growing income inequalities
- Large scale corruption at every level

**CHANGING THE PERCEPTION**

- The people in abject poverty should be provided with basic facilities such as health and education
- Railways should be modernised
- There should be development of the intercity transportation
- There should be modernisation of agriculture by raising yields and increasing productivity
- The subsidies should reach the poor segment of the society
- Direct taxes should be simplified and rationalised
- Inequity in direct taxes system should be cured
- Public sector services should be improved
- The poor should also have access to private sector services
- The judicial system should get rid of the burden

**CONCLUSION**

- Delivery of public services should be efficient and subsidies should be effectively targeted
- Necessary administrative and judicial reforms should be undertaken
- Policies should be focussed on the non tradable sectors like education and direct tax collection
- India needs an inclusive and sustainable growth which improve the living standards of all the sections of the society

<b>Main storming - GS - III</b>
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<b>NO ROOM FOR COMPLACENCY</b>	<b>EPW</b>
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- The intervention currency of RBI was British Pound in the fixed exchange era
- Even after collapsing of the fixed exchange system in 1971 , RBI continued to maintain the parity with pound with some minor changes

**SHANKAR IAS ACADEMY**

- In September 1975, the rupee's exchange rate was linked to a secret basket of currencies due to the increasing trade but the pound continued as the intervention currency
- So, the exchange rate was changed daily or intraday by the RBI
- RBI depreciated the rupee in nominal terms from late 1983 to June 1991

**JULY 1991 TO MARCH 1993**

- In the first week of July 1991, a two step devaluation of the rupee was engineered
  - ✓ The subsidies for exports were discontinued
  - ✓ The intervention currency was changed to dollar
- Introduction of a Liberalised Rate Management System ( LERMS ), which introduced a dual exchange rate in March 1993
  - ✓ 60% of the receipts of foreign exchange from exports could be sold in the market at the market rate
  - ✓ 40% had to be surrendered to the RBI at the official rate
- Foreign currency purchased by RBI was sold to importers of oil and few other commodities. So, rupee was at discount in the market
- In March 1993, this system was abolished and a single market determined rate was made applicable to all the transactions
- The capital account was also liberalised allowing foreign portfolio investment in the equity market

**AFTER MARCH 1993**

- A surplus on current account in the early years of this century the deficit on both trade and current account in other years were modest until 2006-07
- The policy seems to have been to
  - ✓ intervene in the market to the extent necessary to maintain the rupee at a targeted level
  - ✓ sterilise the resultant money supply by selling government securities
- In February 2004, when the RBI exhausted the stock of securities in the books, it formulated a

market stabilisation scheme to create artificial short dated securities for sterilisation purposes

- This process continued in 2007-08 but the capital inflows were so large that the rupee appreciated sharply in the second half of the year
- It fell in 2008-09 after the financial crises and capital outflows and has moved erratically since then but with a strong bias towards appreciation

**AFTER 2007-08**

- Oil is our single largest import but the sharp fall in oil price has not led to an improvement in the trade balance over the last two years
- The contribution of manufacturing sector to GDP has been stagnant for a long time
- The current account balance can be looked at from three different perspectives :

**1) GAP BETWEEN SAVINGS AND INVESTMENTS**

- Savings/investments are not a given but influenced by the exchange rate
- An appreciated currency increases consumption of imported goods and services and reduces corporate profitability leading to the reduction in the personal, corporate and government savings

**2) OUTPUT LOSS ON THE EXTERNAL ACCOUNT**

- Deficit is reported in GDP terms because it represents a corresponding deficit of domestic output
- The secondary income or the remittances received from abroad are about 5% of GDP which is obviously not a part of the domestic output
- Another problem is the conventional way of reporting the deficit, in absolute terms or as a percentage of GDP, is that it does not highlight the number as a percentage of income

**3) IMPACT ON THE INTERNATIONAL INVESTMENT POSITION (IIP)**

- over the last seven odd years, the net negative IIP has gone up to seven times
- there are persistent deficits in the current account
- reserves are not built by retained earnings but by a build up of external liabilities

**CONCLUSION**

- Inflation targeting is the single agenda of RBI
- But the need today is to target the exchange rate
- We cannot take so huge amounts of external liabilities

**Main storming - GS - III**

<b>POLITICS OF GROWTH</b>	<b>EPW</b>
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- India is a diverse country with many languages, castes, religions and traditions
- The growth of the economy, people and the nation in the past 25 years is a journey to travel
- The fallout of Union budget presented in July 1991, further pursuance of industrial delicensing, an altered trade policy and devaluation of Indian rupee on July 1 are all the reforms which need to be discussed

**POSITIVE OUTCOMES**

- GDP has grown 6.3 times in comparison to its size in 1991
- The condition of foreign exchange reserves, current account deficit and centre's outstanding liabilities has improved
- Import tariffs are low and we have access to more consumables like mobile phones, television etc
- Remittances from abroad have grown
- Poverty and mortality rates have declined
- Literacy has improved
- Number of private hospitals and institutions has increased and many more people can afford them now
- Emergence of new sectors like IT sector
- Democratisation of markets for corporate sector and businessmen

**NEGATIVE OUTCOMES**

- Uneven growth
- Social and economic inequalities have increased
- Privatization of natural resources like land and water

- The growth has led to an exclusion of a large section of the population
- Minimizing rent seeking and transparent and accountable provision of public goods in line with democratically expressed preferences have not been achieved in India

**NATURE OF GROWTH**

- The growth is not sustainable
- The poor are not only poor but also deprived of basic amenities
- This is jobless growth
- The growth is accompanied by high and growing inequalities

**CONCLUSION**

- There is need to consult to all stakeholders
- Centre state relations should be improved and states should be given more freedom
- New agenda is about regulating labour and deregulating capital
- The growth should be sustainable and inclusive

**Main storming - GS - III**

<b>THE STATE IN BUSINESS AND THE BUSINESS OF REGULATION</b>	<b>EPW</b>
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- The issue of the conflict of interest that arises where the state is a market participant as well as a regulator is very old.
- The state, by being uniquely placed to influence the outcome of a law, is in a position to unduly favour itself as a business participant at the cost of its competitors and counter parties.
- It is manifested through the creation of different regulatory standards for public sector units (PSUs) and non-PSUs.

**Global Phenomenon**

- The conflict of interest between the state's role as a business participant and a regulator are found across the world.
- Instances of such conflict of interest are being resolved in favour of the government in most of the cases.

**State of Indian PSUs**

- The Indian PSUs, like government owned entities around the world, have conventionally resisted corporate governance reforms.
- Eg For example, in 2006, when Clause 49 dealing with corporate governance was introduced in the Listing Agreement and for a long time thereafter, the Indian PSUs resisted the applicability of Clause 49 to themselves.
- Even today, companies owned and controlled by the central and state governments continue to enjoy exemptions from several corporate governance-related provisions under the Companies Act, 2013 and its predecessor legislation.
- Instances of the state using its legislative powers to benefit itself over its competitors and counterparties are not restricted to the realm of corporate governance but to other areas also.

**Guidelines given by OECD**

- (i) There should be a clear separation between the state’s ownership function and other state functions that may influence the conditions for SOEs, particularly with regard to market regulation.
- (ii) SOEs should not be exempt from the application of general laws and regulations.
- (iii) SOEs should face competitive conditions regarding access to finance. Their relations with state-owned banks, state owned financial institutions and other state-owned companies should be based on purely commercial grounds.

**Implications for Indian PSUs:**

- (i) The holdings of the government would require to be held in a separate entity independent of the government (though wholly owned and controlled by it). This would ensure legal separation of the regulatory function from the ownership function.
- (ii) All the exemptions granted to PSUs from the Companies Act, 2013 and other laws, would require to be withdrawn.
- (iii) Statutory corporations would require to be converted into companies to ensure that they comply with the same\ rules as are applicable to companies not owned and controlled by the state.

**Solutions**

- A solution to the problem of preferential treatment of PSUs must, therefore, aim to secure the credible commitment of the state to:
  - (i) comply with the same rules as are applicable to non-state owned entities; and
  - (ii) take or allow the taking of enforcement measures for noncompliance by state-owned entities.
- The solution is, therefore, to secure the credible commitment of the state to subject its corporations to the same standards as are applicable to non-state owned entities.
- The concept of regulatory dualism would be useful to secure the credible commitment of the state to abide by the same rules as are applicable to non-state entities.
- It involves the creation of a voluntary parallel system without amending the standards applicable to established firms. By doing this, it overcomes the political economy problem of resistance to reform
- There should be voluntary standards for compliance by PSUs.
- Alongside this, individual PSUs should set voluntary standards for themselves to overcome the political economy problem of resistance to legislative reform of PSUs.

**Main storming - GS - III**

**A DEATH KNELL FOR THE NATIONAL MILITARY**

**EPW**

**Introduction**

- The civil–military relations in the country are in crisis. The government’s policies are aggravating the situation, alienating the armed forces by lowering their status and salaries in comparison to other arms of the state. Neo-liberal forces are using the crisis as an opportunity to introduce military transformation that would splinter the national military and replace patriotism with profiteering.

**Issues faced**

- The expectations of the military on pay and pension.
- The latest Seventh Pay Commission award has further enraged the armed forces community.

The government has conveniently ignored the longstanding grievance of the armed forces on the issue of “non-functional upgradation” (NFU).

- The reshuffling of the order-of-precedence in the government has aggravated the feeling of alienation among the armed forces.

### **Tendency for Neo-liberal Solutions**

- The neo-liberalism either uses a crisis or manufactures it to soften the public for radical free-market reforms.
- Shaping the discourse on the armed forces revenue budget.
- Discussion on internal reforms in the fiscal management of the revenue budget of the MoD.
- Setting up of a strategic command, synergising the army’s offensive capabilities, and outsourcing many administrative and logistic functions.
- Retaining the core combat role for the state soldiers and privatizing the other functions.
- SC’s upholding the army’s “command and exit” policy, while making provisions for additional vacancies for the support arms and services.

### **Accelerating Military Reforms**

- The government appointed an 11-member committee under the stewardship of retired Lt Gen D B Shekatkar to suggest pruning of “non-operational flab” of the three services, a euphemism for privatisation and corporatisation of the Indian armed forces.
- Effort to rectify the “teeth to tail ratio” of the army by “downsizing” the 13 lakh strong standing army.
- Cutting down on high pension bill of the country.
- Class biases against the opportunities for upward mobility that state-care provides to the marginalised are becoming more pronounced.

### **Bailing Out Bourgeoisie**

- There are two big reasons for privatizing the defence support services.
- First, to bail out the debt-ridden Indian capitalists.
- Second, to facilitate the entry of multinational PMCs from the United States (US) and the United Kingdom to Indian shores.

- The Logistic Support Agreement (LSA) that India has signed with the US will pave the way for foreign PMCs to establish their roots in India.

### **Conclusion**

- There is a need for informed debate on issues of national securities and concerns.
- The armed forces are the bedrock of statehood and they need to avoid wasteful expenditure.
- However, to hand over many of their roles and missions to corporations is the ultimate assault on the very idea of the nation state. There is a need to understand that privatisation of defence and nationalism cannot coexist.

**Main storming - GS - III**

**REVIEWING INDIA'S NATIONAL MISSION ON ELECTRIC VEHICLES**

**EPW**

### **National Electric Mobility Mission Plan (NEMMP)**

- In January 2013, the Government of India introduced an ambitious National
- Electric Mobility Mission Plan (NEMMP) through the Department of
- Heavy Industry (DHI) to revamp the electric vehicle (EV) segment further. This plan has identified a demand potential of 60–70 lakh EVs on the road by 2020.
- This target is classified into the two-wheeler (2W), three-wheeler (3W), four-wheeler (4W), buses, and light commercial vehicle (LCV) segments.

### **Performance of the mission**

- After the introduction of NEMMP, many modern and noise-free Hero e-bikes and Yo e-bikes were expected on the road.
- However, multiple news reports suggest that the introduction of NEMMP has been counterproductive.
- Sales of 2W EVs have dropped by more than 80% and this led to the shutdown of 75% of 2W EV manufacturers.
- The implementation of NEMMP has failed to create a positive impact on EV sales because of the withdrawal of the 2010 subsidy scheme and delays in the release of new NEMMP subsidies.

**FAME, India**

- In July 2014, the new government formulated a ₹14,000 crore demand-side incentive plan under NEMMP to meet the proposed targets.
- Since April 2015, these incentives are being provided in the form of discounts on EVs under a detailed scheme titled “FAME, India” (Faster Adoption and Manufacturing of Hybrid & Electric Vehicles in India), which is based on NEMMP.

**What are the discounts under FAME?**

- The discount amount is about one-third of the difference between the price of an EV and a comparable petrol vehicle. An estimated expenditure budget of ₹795 crore has been allocated for two years (2015–17) by DHI.
- According to the scheme, these discounts will be reimbursed to the dealer in 60–90 days. DHI is flexible in the disbursement of the subsidies, if sales exceed targets.
- The higher amounts of subsidies for battery electric buses may be given as compared to the amounts mentioned in the FAME document.

**Battery Electric Vehicles vs Hybrid Electric Vehicles**

- The NEMMP targets are further classified into Battery Electric Vehicles (BEVs) and Hybrid Electric Vehicles (HEVs) segments.

**HEV**

- An HEV has a conventional internal combustion engine propulsion system plus an electric propulsion system consisting of a battery and a motor.
- This makes HEVs heavy and expensive.
- The HEV segment, at best, can be expected to have a small share in the form of buses or LCVs.

**BEV**

- It has only the electric propulsion system consisting of a battery and an electric motor that propels the vehicle.
- Future 2W and 4W EV segments can expect to be dominated by BEVs.

**Challenges**

- The challenges faced by this sector not only lie with NEMMP but also with technology, infrastructure, and associated costs.
- The lower limits of these subsidy ranges provided in the “FAME, India” scheme (₹1,800 per 2W EV and ₹11,000 per 4W EV) are too low to attract potential consumers.
- NEMMP has set a huge target to deploy 48 lakh 2W EVs and 15 lakh 4W EVs by 2020.
- However, accomplishing these targets, based on current valuations in NEMMP, may not be possible because the current expenditure estimates do not match subsidy calculations.
- The present allocation of ₹14,000 crore will not be sufficient to achieve the sales targets of various EV segments identified in the plan.

**Solutions**

- First the government needs to re-estimate the NEMMP targets to bring them in sync with more accurate expenditure estimates.
- Second, the time frame of the plan should be extended to enable the creation of a sustainable EV industry.

**Assessment of BEVs for EV Mission**

- BEVs are zero emission vehicles.
- They curb noise pollution by being much quieter than conventional vehicles.
- They also have low maintenance requirements.
- Their fuel economy seems to be on the higher side as compared to fuel-based vehicles.
- They can assist in energy security with lower reliance on fossil fuels in the future as India is increasing its renewable energy share in electricity generation.

**Challenges in BEV sales**

- BEV sales are inherently plagued by challenges in three areas—technology, infrastructure and costs.

**Battery Technology**

- The best battery technology, which delivers high energy and high power, uses lithium. India has a scarcity of lithium and will have to rely on expensive imports to sustain a growing BEV industry.

- Current battery technology is not mature enough to allow BEVs to compete with fossil fuel-based vehicles.
- The energy storage capacity (kWh/kg) of batteries is 100 times less than that of petrol or diesel. Hence, BEVs provide low range per charge.
- The speed and acceleration is lower than conventional fuel-based vehicles because of the low power capacity (kW/kg) of batteries.

### What can be done?

- The installation of supercapacitors along with the battery in BEVs can solve many problems and ensure better reliability and longevity of existing batteries.
- The low-cost, advanced battery capacitor hybrid technologies can revolutionise the BEV industry in the future.
- Alternate battery technologies, such as room temperature sodium-ion batteries and magnesium-ion batteries should be explored extensively through R&D.

### About supercapacitors

- Supercapacitors are a type of electrochemical capacitors that use a physical process to store energy, unlike other electrochemical batteries, which use a chemical reaction.
- They have very high-power capacity; they can charge and discharge very quickly unlike other batteries, thereby making them indispensable for faster BEVs.
- However, they are an expensive technology. In the future, they can be made with graphite (carbon), which can be manufactured from organic wastes like coconut shell, hemp, etc, to make them cheaper.

### Infrastructure for Charging

- Lead acid batteries take eight hours and lithium-ion batteries take one to five hours to charge, which is much longer than the time needed to refuel a vehicle.
- India is also battling with issues of infrequent and insufficient power supply.
- Solution- The government has to set up additional power generation infrastructure in order to make EVs more attractive.
- Upcoming smart grids in India can play a significant role in improving the charging infrastructure.

- Smart grids can help in optimising electricity needs at peaking demand hours for utility purpose and for BEV charging.
- They can provide information on grid network, empty slots for charging, usage and cost statistics.

### Cost of EVs

- The prices of BEVs are a major concern for prospective customers.

### Future benefits

- Incentives such as discounts, low-cost finance, tax credits, etc, can make BEVs more viable, thereby promoting higher adoption of EV technology.
- As their market penetration increases, their cost will reduce simultaneously because of synergy between economies of scale and developments in technology.

### Other Policies

- The government, nongovernmental organisations, and policy think tanks should create awareness programmes to inform society about the potential benefits of EVs.
- The government can regulate polluting vehicles with stricter Bharat Stage emission standards and through policies like the National Auto Fuel Policy.
- Furthermore, “gamification” of sustainability, thereby incentivizing consumers for the greater use of EV, may achieve better EV adoption.
- Providing opportunities for technology demonstration and municipal rollouts of EVs may attract more consumers.
- In India, policies such as the Atal Mission for Rejuvenation and Urban Transformation,
- National Heritage City Development and Augmentation Yojana and Smart City
- Mission can support the adoption of BEVs by converging targets of these different schemes with NEMMP to create synergistic alliances.
- The “Make in India” programme can be a sound guiding principle to enable domestic manufacturing and export of EVs and related components.
- NEMMP should progress in synergy with various national policies, such as the National Urban

Transport Policy, National Action Plan on Climate Change, National Solar Mission, National Mission on Sustainable Habitat and National Mission for Enhanced Energy Efficiency.

**Conclusion**

- On the policy side, the NEMMP objectives can be accomplished with re-estimated targets and time frames, strong and innovative policy frameworks and appropriate schemes and regulations.
- A systematic and sustainable action plan is essential to create an environment conducive for EV manufacturing and usage.

**Main storming - GS - III**

**BAD HABITS RETURN TO HAUNT**

**Issue**

- Brexit, NSG, the Emergency: three unrelated events combining overrecently, show the primacy of personal factors in decision-making, and the subjection of instruments to those in power.
- Brexit shows the great, sudden ways of change in the world, and their effects on us; Seoul/Tashkent underlines how tough it is to secure our international interests, especially in face of China's power and purposes; above all, the June 25, 1975 Emergency, and how easily it was imposed, warns us of our internal vulnerabilities.

**NSG bid**

- It demonstrated that China is not helpful to us.
- China's build-up of Pakistan's nuclear, and general, military capabilities is aimed directly at us

**What does it signify?**

- Seeking positive relations is a sensible policy, but it does not- must not- exclude the fundamental reality demanding determination of policy as a whole.
- Two neighbours have major claims on our territory, if these ever erupt in major conflict, nobody will help us.

**The Emergency**

- It reflected a failure of the modern practices, total respect for institutions, due process of executive action as well as law, objective pursuit of national interest transcending personal or group advantage and the use of state power for state purposes.

**Can India perform better in world scenario?**

- The present initiatives in our international interactions could lead us away from the internally-obsessed backwater of our obscurantist tendencies, making us a major force in the shaping of a new world.
- We must function efficiently -and think modernly.
- But our domestic scene shows an alarming disconnect from our global challenges and opportunities.

**Present situation**

- Bad habits are blatantly returning, undermining stability, progress, all hopes of being a part, and not a victim, of the modern world. All institutions- the executive elected or permanent, legislatures, judiciary, not least our Fourth Estate, have distorted themselves.
- The instruments of state are too dysfunctional even to provide basic needs, even law- and-order, leave alone schooling, health-services, transport, even water, while those supposedly controlling these instruments misuse them for personal or group benefit.
- Our State Chief Ministers behave like dictators, powerful connections literally get away with murder, mafia-like groups flout law, imposing whims by violence.

**Conclusion**

- There lay before India, in darkness and confusion, a labyrinth of contradictory paths. Revolutionary methods appeared , but not revolutionary intentions
- Though, enlightenment values failed to adjust to change; here, they never extended beyond a thin crust, which has been becoming increasingly irrelevant to our rising political forces and processes, but they underpinned both our democracy and our modernity.

**Main storming - GS - III**

**THE FDI ILLUSION**

**Does defence need 100% FDI?**

- The successful induction of the first two Tejas light combat aircraft (LCA) on July 1 into the IAF, pending final operational clearance, provides the appropriate backdrop to the recent announcement of the government to allow 100 per cent FDI in the defence sector.

**What cripples India’s indigenous defence industry?**

- The Tejas success, which is to be commended, is illustrative of the mindset that has crippled India’s indigenous defence industry for decades.
- It took 31 years for the first two aircraft to be inducted, albeit in a sub-optimal manner, and it merits notice that both the engine and the primary radar are imported.
- It raises questions like Could the Tejas have been completed sooner had the 100 per cent FDI route been adopted earlier?
- The army is reportedly facing a massive shortage, including that of ammunition and bullet-proof vests. Consequently, India is one of the largest importers of military inventory.

**Flaws with the defence system**

- Indian defence leadership is clueless about how best to invest such a large sum of money over a decade with foreign participation and add tangible capacity to the military in a sustainable manner.
- India needs holistic institutional integrity and multi-ministry competence that can envisage a national systems-engineering equivalent.

**What needs to be done?**

- The holy grail of indigenisation can be attained only if the vast resources of the Defence Research and Development Organisation and Defence PSUs are dis-aggregated and re-cast on the lines of successful models that exist in countries such as Israel.
- India needs to mobilise young entrepreneurial Indians to undertake cutting-edge defence research.
- Concurrently, with defence budgets likely to shrink in real terms, there is an urgent need to create a cadre, within the ministry of defence, equipped for such onerous responsibilities.

**Main storming - GS - III**

**ENDING IMPUNITY UNDER AFSPA**

**Background**

- Supreme Court has ruled that the armed forces cannot escape investigation for excesses in the course of the discharge of their duty even in “disturbed areas”.

**SC ruling**

- While hearing petitions demanding an inquiry into 1,528 deaths in counter-insurgency operations and related incidents in Manipur, the court has said the provisions of the Armed Forces (Special Powers) Act and the purported immunity it offers to the use of force “even to the extent of causing death” are not invincible.
- The legal protection has to yield to larger principles of human rights, and no allegation of the use of excessive or retaliatory force can be ignored without a thorough inquiry.
- This is a requirement both of democracy and for the preservation of the rule of law.

**What does the ruling signify?**

- It has special meaning in the present context, with a growing body of opinion that AFSPA should be repealed or amended.

**How should the investigations progress?**

- The court has acknowledged that additional powers have been given to the armed forces to deal with terrorism effectively. However, it also made clear that this cannot be an excuse for extrajudicial killings — whenever such allegations surface, they have to be investigated, regardless of whether the person concerned is a dreaded criminal, terrorist or insurgent.
- The court has reminded the authorities of the circumstances in which the use of force, even to the point of causing death, is immune from prosecution and the Army’s own list of do’s and don’ts while operating in a disturbed area.
- It has rejected the notion that every person bearing arms in a disturbed area is ipso facto an “enemy”.

**Conclusion**

- This debate has given momentum to the demand for the repeal of AFSPA as a necessary step to end impunity.

**Main storming - GS - III**

**ECONOMIC DEFORM**

**Context**

- Reforms in agriculture

**Issues**

- The past year or so has witnessed regression, with stockholding limits on sugar and pulses, export restriction on onions, and controls on prices and royalty fees on Bt cotton seeds bringing back memories of the inspector raj of the 1970s.
- Recent decision of fertiliser companies to slash retail prices of di-ammonium phosphate (DAP), muriate of potash and complex nutrients by Rs 2,500-5,000 per tonne.

**Effect of slashing the prices**

- It goes against the Competition Act, which does not allow companies to meet and agree on market prices either with each other or with government officials.

**What is debate all about?**

- The Centre as it is paying a subsidy to companies on every bag that they are selling to farmers so, It has every right to ensure that the latter are not being overcharged. But here, companies are not being accused of charging high maximum retail prices; rather they are being told to “agree” to reduce them when the scope for it is limited.
- Also the whole benefit of fall in fertiliser prices across the world has been taken by the centre.

**Way ahead**

- What is really required in fertilisers is total price decontrol and free imports extending to urea as well.
- It can be coupled with a flat per-hectare subsidy payable directly to all farmers against their purchases of up to a certain number of bags annually.
- Such a regime will be equitable and also conducive for balanced fertilisation, as against the current distorted pricing-cum-subsidy policy that encourages overuse of urea and makes farmers worse off in the long run.

**Main storming - GS - III**

**A LAW UNTO ITSELF**

**Context**

- The recent order of the Supreme Court on the applicability of the Armed Forces’ Special Powers Act (AFSPA) and the immunity it confers to the actions of military personnel is a landmark in the rights discourse in the country.

**SC ruling**

- The court has taken seriously, the gross human rights violations that have occurred under the mantle of the AFSPA.

**Significance of the decision**

- It is extremely significant that the court does not agree with the argument that a law and order situation, or sustained disturbance in any area, gives rise to a situation of “war”.
- It categorically states that any military intervention under the proclamation that a particular area is “disturbed” must be to supplement and help restore civil authority, and not to supplant the same completely by military administration.
- It signifies that military deployment under the guise of the Disturbed Areas Act and immunity under the AFSPA often become so intertwined with notions of order that they become permanent features of governance themselves, and not the means to an end.
- Second, for perhaps the first time, the Supreme Court looks into the inquiries conducted, or lack thereof, in specific cases of deaths caused by the armed forces or the state police under the AFSPA.
- Third, the Supreme Court in the present case has reiterated that there is a difference in the manner in which a person who violates an order in force in a disturbed area should be treated as compared to an enemy combatant belonging to a hostile country.
- Finally, the court also holds that in such cases, where the use of force is excessive or the encounter itself not genuine, there is nothing which precludes a criminal investigation and inquiry under ordinary criminal law.

**Debate around section 6**

- It is Section 6 of the AFSPA which precludes any prosecution, suit or legal proceeding against personnel of the security forces.
- The court holds that if the deaths of civilians are unjustified, there is no question of blanket immunity as under Section 6 and that there cannot be impunity where loss of human life is concerned.

**What does the ruling signify?**

- One, the “order situation in Manipur is, at best, an internal disturbance. There is no threat to the security of the country or a part thereof either by war or an external aggression or an armed rebellion”;

- Two, “for tackling the internal disturbance, the armed forces of the Union can be deployed in aid of the civil power. The armed forces do not supplant the civil administration but only supplement it”;
- Three, “the deployment of the armed forces is intended to restore normalcy and it would be extremely odd if normalcy were not restored within some reasonable period, certainly not an indefinite period or an indeterminate period”.
- Some 1,000 villages in eight districts of Gujarat are suffering from acute drinking water crisis.
- The Bundelkhand districts across Madhya Pradesh and Uttar Pradesh continue to reel under the drought.
- Almost 50 per cent of its water sources have dried up.
- In Pune, Maharashtra, the Government is relying on water tankers to meet the increasing demand for water.

### Way ahead

- The order has shone a much needed light on the dark underbelly of the operation of the AFSPA in several parts of the country and the effects it has had on governance and civil liberties.
- It is a welcome step in extending the rule of law and fundamental rights to an area where there has been much need for it for decades.
- There are reports on industrial shutdowns due to shortage of water.
- Textile industries and dyeing factories are shutting down production due to water shortage.

### Effects of water scarcity

- The shortfall of water across the States has led to crop failure, mass forced migration, suicide, death, closing down of health care facilities and industry.
- It has also seriously affected the health of women and children.

**Main storming - GS - III**

**ROLE OF WATER RESOURCES  
MANAGEMENT IN ECONOMIC  
DEVELOPMENT**

Yojana

### Present status of problem

- The World Economic Forum’s Global Risk Report 2016 has recognised water crises as the third risk in a list of top ten risks in terms of impact.
- According to a recent World Bank report climate change will increase water-related shocks on top of already demanding trends in water use.
- Around 4 billion people or two-thirds of the world’s population faces severe water shortage for at least one month every year.
- By 2030, the world will have to confront a water supply shortage of 40 per cent.
- It involves undertaking comprehensive, consistent and constant campaigns to re-establish the relationship between people and water.
- It will require action on many fronts as short and long term measures.
- These range from creating assets such as water banks, reducing demand, stretching the water drop by its multiple use and the use of innovation and technology.

### Water management

### Steps for water management

- Form drought mitigation committees in the villages:
- These will take care of, and monitor, drought requirements and management.
- Elicit commitment to prevent suicide
- Arrange for tanker water supply where there is drinking water scarcity:
- Involve villagers to ensure that the water is safe and provided to all in the village.
- Arrange for water and fodder for livestock in livestock camps:

### India’s Current Water Crisis

- A snapshot of the 2016 water crisis in India is given below:
- One third of India’s districts are affected by severe drought, affecting some 33 crore people in 256 districts in 10 States.
- In March 2016, only 24 per cent water was left in 91 key reservoirs.
- Since January 2015, around 1,000 farmers have killed themselves due to acute drought and debt in Karnataka.

- These will provide essential requirements for livestock and prevent distress sale.

### **Implementation of the Right to Food (RTF)**

- Assess the functioning of the public distribution system (PDS) and other programmes under the RTF and ensure availability of food.
- Restore/rehabilitate/ create water conservation structures
- New rainwater conservation structures such as ponds, etc should be constructed.

### **Long Term measures**

- Long term measures are required for the development of water assets.
- These will require detailed planning and funds.
- The primary source of water must be captured either for direct use, or for recharge of groundwater aquifers and surface water bodies.
- Community efforts coupled with appropriate agricultural practices should be used.

### **Artificial ground water Recharge**

- It is done by natural processes and artificially directing rainwater into underground aquifers.
- Rainwater harvesting and artificial groundwater recharge serves dual purposes:
  - ✓ Absorbing excess water and releasing it when required.
  - ✓ Will help in alleviating water scarcity, reduce flooding and improving water quality.

### **What is artificial recharge?**

- Artificial groundwater recharge is the infiltration of surface water into shallow aquifers to
  - ✓ increase the quantity of water in the subsurface, and
  - ✓ improve its quality by natural attenuation processes.
- It can be practiced in river valleys and sedimentary plains by infiltrating river or lake water into shallow sand and gravel layers.

### **Advantages of artificial infiltration of surface water**

- Natural processes reduce the contamination of infiltrated river water.
- A balance is struck between the river and the aquifer, allowing for water availability throughout the year.
- This will enable a continuous water supply over the entire year.
- It is better protected against pollution than surface water, and the delimitation of water protection zones makes it safer.

### **Water Conservation: Sectoral Approaches**

#### **Agriculture**

- Options for increasing water use efficiency in agriculture include:
  - ✓ Promote agricultural crops which can grow in available water
  - ✓ Adopting Micro irrigation (MI): Drip and sprinkler irrigation helps reduce water consumption and can result in savings between 40-80 per cent of water.
  - ✓ Irrigation methods such as irrigation scheduling, tillage, mulching and fertilisation can increase the transpiration component of evapotranspiration which results in higher utilisation of water by crops, enhancing their productivity.
  - ✓ Land and Water Management Practices:
    - These include integrated practices such as soil-water conservation, adequate land preparation for crop establishment, rainwater harvesting, efficient recycling of agricultural wastewater, conservation tillage to increase water infiltration, reduce run off and improve soil moisture storage.
    - ✓ Laser Levelling:
      - This technique removes unevenness of the soil surface, having significant impact on the germination, stand and yield of crops. It can save around 20-30 per cent of water and enhance outputs by at minimum 10 per cent.
      - ✓ System of Rice Intensification (SRI):
        - SRI is well known for reducing water requirement by around 29 percent and the growth duration by 8-12 days, resulting in increased water productivity of rice.

**Industry**

**a) Increasing Water Efficiency**

- Some of the methods that can reduce water footprint include, change in technology from water cooling to air cooling, replacing of water intensive equipment and fixtures, waste water recycling and reuse into industrial process, and rainwater harvesting and its use.

**b) Supply Chain Water Management**

- These methods include: developing training materials that would inform the design and sourcing team about water related impacts of producing fashion and raw materials; identifying possibilities of saving water at company owned facilities; working with stakeholders such as local and regional Governments; NGOs etc.

**c) Water Offset**

- Adoption of water offset would typically involve planting trees or investing in efficiency measures in far off lands.

**Conclusion**

- It is possible to reverse the trend and make India a water rich country.
- It does not really matter how much rain India gets unless our efforts are made to harness it for immediate and future use.

**Main storming - GS - III**

<b>INTERLINKING OF RIVERS AND EFFICIENT WATER MANAGEMENT</b>	<b>Yojana</b>
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**Interlinking of Rivers and efficient Water Management**

- India is endowed with plenty of water and land resources. India's land area is about 2.5 per cent of the world, water resources is 4 per cent of global availability and the population is about 17 per cent of the World.

**Availability of water**

- According to the standard definition; for water availability from 1 000m<sup>3</sup> /per capita 1 year to 1700 m<sup>3</sup>/ capita 1 year, shortage will be local.

- Below 1000m<sup>3</sup>/per capita/year, water supply begins to hamper health, economic development and human well being. At less than 500m<sup>3</sup> l per capita year, water supply becomes a primary constraint to life and countries experience absolute scarcity.

**Assessing India's water resources**

- River basins are the basic hydrological unit for assessment of water resources of the country.
- The entire country has been divided into 20 basins; comprising of 12 major basins having a catchment area of 20,000 km<sup>2</sup> and the remaining 8 basins are medium and small.
- The assessed gross available water and utilizable water are as follows:
  - River flow (surface water) + ground water = 195.29 +43.20 = 238.49 MHM
  - The assessed utilizable water = 69.00 + 39.56= 108.60 MHm
  - The utilizable water resource per capita per year varies from 3020 m<sup>3</sup> in Narmada basin and about 180 m<sup>3</sup> in Sabarnathi basin.
  - Out of 20 basins, basins had more than 1700 m<sup>3</sup> l supply utilizable water resources, while 9 basins had between 1 000-1700 m<sup>3</sup>, 5 basins between 500-1000 m<sup>3</sup> and 2 basins had less than 500 m<sup>3</sup> in the year 1991.

**Interlinking of rivers**

- a) Diversion of West Flowing Rivers to East
- b) Himalayan River Development
- Project to find out the feasibility for all links to connect Brahmaputra – Ganga to other West and Southern rivers of the country to solve the water crisis.

**Efficient Water Management:**

- The following are the new irrigation strategies – water management practices which can be followed / introduced to overcome the scarcity of water in the country.
- Systems of rice intensification (SRI method) should be followed in paddy cultivation to save water of about 40-50 per cent and to increase the yield by about ¾ tons/Ha.
- Provide drainage especially in canal l tank irrigation and reuse the drained water, if it is suitable, for irrigation.

- Conjunctive use of surface and ground water.
- Using sprinkler irrigation in canals and tank command areas for all closely spaced crops except rice.
- Introducing drip irrigation in well irrigated areas for all row crops - cotton, sugarcane, banana, coconut and vegetables, etc.
- Irrigation based on water I fertilizer production function curves.
- Training farmers and extension officers in water management.
- Conducting seminars/workshops in villages to bring awareness among all farmers for safe water and to increase yield.
- Demonstrations and workshops may be organized in villages and in the farmer's field to use water judiciously.
- Extension offices in water management should be created in the block level as in the case of agronomy, plant protections, etc.

**Main storming - GS - III**

**WATER SCARCITY AND PUBLIC INVESTMENT IN IRRIGATION**

Yojana

**Effects of water scarcity**

- Rainfall deficit, together with high temperature not only have adverse effect on agricultural productivity and food
- security, but also impinges upon livelihood of a sizeable population dependent on agriculture in the country.

**Proposals for investment**

- This asks for making investments focusing on minor and micro irrigation systems, adopt technological and other interventions that yield higher returns and also improve water use efficiency.
- This would necessitate a change in the fiscal policy instruments related to water viz. investments and subsidies on the use of canal water and groundwater, among others.

**Inter-state Differentials in Investments in Irrigation**

- In the Indian context investments on agriculture R&D, major-medium irrigation systems, and various

input subsidies contributed the maximum during the seventies and the eighties.

- These investments, in conjunction with adoption of HYVs during the green revolution period, significantly helped accelerate private investment, attain higher crop yields and change the country from chronic food deficit to food secure.
- A big push in investment in irrigation was given during the 2000s to trigger agricultural growth that had been at its minimal for long.
- A major portion of expenditure (81 per cent) went towards investment in medium schemes and nearly 13 per cent towards minor irrigation works, 1 per cent in command area development and 5 per cent in flood control and some into subsidies on account of canal irrigation.
- However, there has been a decline in the share in total investment and expenditure (capital plus revenue) invariably in each state.

**Interstate variations**

- A relatively lesser preference of the states towards the development of irrigation explains stagnation in areas irrigated by canals and continuous deceleration in agricultural productivity.
- Richer states viz. Andhra Pradesh, Gujarat, Karnataka and Maharashtra tend to spend more than Rs.2000 per ha on irrigation compared to low income and agriculturally dominant states such as Bihar, Madhya Pradesh, Uttar Pradesh, Rajasthan and Odisha.

**India's irrigation potentials**

- As per official estimates, irrigation potential in the country is 139.9 million hectares.
- The maximum contribution to irrigated area is of tubewells at 61.7 per cent, followed by canals at 26.3 per cent; other sources at 9.3 per cent and tanks at 2.59 per cent respectively.

**Utilizing minor irrigation projects**

- The ratio of irrigation potential created from minor irrigation is much higher than that from medium and large irrigation projects.
- So, minor irrigation projects should be given priority by the policy makers, more so as these structures play a significant role in recharging of wells, drought mitigation and flood control.

- This would necessitate scaling up investment in rural energy and also some policy controls and checks to avoid excessive withdrawal of ground water.

### Way forward

- The states should also strategize fiscal policy by reallocating resources from major-medium irrigation to minor and micro irrigation, wherever feasible.
- Accelerating investments in micro irrigation systems, comprising drip and sprinkler irrigation has greater potential to improve water use efficiency.
- Reallocation of public expenditure from subsidies towards investment.
- Rationalisation in the distribution of subsidy.
- To install meters to measure power consumption, and also canal waters, and then incentivize farmers to save their consumption by rewarding them with monetary value.
- Increased water conservation and technologies along with promotion of cultivation of less water intensive crops and drought resistant varieties.

**Main storming - GS - III**

**WATER SCARCITY AFFECTING THE VULNERABLE**

Yojana

### Causes of water stress

- The spread of water intensive Green Revolution agriculture,
- The rapidly rising population and changing lifestyles
- Intense competition among users-agriculture, industry and domestic sector
- Diversion of river waters for intensive irrigation and urban industrial use

### Severity of problem

- On an average, a rural woman walks more than 14000 km a year just to fetch water.
- Women spend most of their time, collecting water with little time for other productive work. This impacts on the education of the girl child.
- In many rural areas, women still have to walk a distance of about 2.5 kms to reach up to the source of water.

### How can the problem be addressed?

- Rejuvenating the water systems needs a fundamental shift in the agriculture paradigm

### Why did Marathwada drought occur?

- Marathwada lies in the rain shadow of the Western Ghats and receives an average of 600-700 mm of rainfall.
- Given the hard rock bed of the Deccan Trap, only 10 per cent of this water goes into the ground to recharge wells.
- Sugarcane requires 1,200 mm of water, which is 20 times more than the annual recharge. When 20 times more water is withdrawn from the ground than available, a water famine is inevitable, even when the rainfall is normal.
- Bt cotton hybrids are not suited to regions like Vidarbha and Marathwada. They need more water and, therefore, fail more frequently when assured irrigation is not available

### Native seeds and organic farming

- These are the answer to drought and climate change, to farmers ' suicides and to the agrarian distress.
- They are also the answer to hunger and malnutrition.
- Measures to mitigate the women-water burden
  1. Restore the conventional methods of water conservation like Baolis, Jhods, Ponds, Tankas.
  2. Introduce rainwater harvesting.
  3. Change the cropping pattern of agriculture. Instead of growing water intensive crops like Green Revolution paddy and sugarcane, introduce crops like millet, ragi, which consume less water.
  4. In cities, instead of Public Private Partnership (Privatisation of water) Public-Public partnership (Public and Government) is an alternative for water crisis.
  5. Proper water conservation measures should be used. People should be made aware and trained on the techniques of water conservation.
  6. Government schemes should be implemented properly.

7. Involve Panchayati Raj Institutions (PRJs) and NGOs in the management of rural water supply.
8. Women should have community control over water so that they can manage water as a common resource for the sustainability of the eco-system, their families and villages. They should be trained as water managers for the better utilization of water.
9. Future programmes/projects should be designed, keeping in view the women as water users.

**Principles underpinning water democracy:**

1. Water is nature's gift. We receive water freely from nature. We owe it to nature to use this gift in accordance with our sustenance needs, to keep it clean and in adequate quantity.
2. Water is essential to life. Water is the source of life for all species. All species and ecosystems have a right to their share of water on the planet.
3. Life is interconnected through water. Water connects all beings and all parts of the planets through the water cycle.
4. Water must be free for sustenance needs.
5. Water is limited and can be exhausted. Water is limited and exhaustible if used non sustainably.
6. Water must be conserved. Everyone has a duty to conserve water and use water sustainably within ecological limits.
7. Water is a common resource It cannot be owned as private property and sold as a commodity.
8. No one holds a right to destroy water.
9. Water cannot be substituted. It cannot be treated as a commodity.

**Main storming - GS - III**

**FLOOD MANAGEMENT: NEED FOR STORAGE DAMS**

Yojana

- In India, in the distribution of the available fresh water resources in the country, there are great variations in space and time i.e., between different parts of the country and in different periods in a year.

- Challenges faced by the water sector in the country
- Challenge to feed a growing population;
- Challenge to meet their growing aspirations for a better life; challenge to control the floods and droughts occurring every year devastating lives and habitats; and
- Challenge to ensure sustainable growth process balancing a delicate environmental and ecological system.

**Problems of drought and flood**

- Over 80 to 90 per cent of the run-off in the Indian rivers occurs in the four monsoon months of June to September resulting in creating regions of harmful abundance of water during the monsoons and acute scarcity in summer.
- Due to its vastness, diverse relief features and geographical locations, different regions of the country have varied climates and rainfall patterns.
- It is not therefore, uncommon to find one part of the country under the grip of severe floods, while another part is suffering under the effects of drought.
- Thus, the main characteristic of India's water resources is its uneven distribution in space and time leading to endemic and sporadic problems of water shortages and excesses.

**Flood Control and Management: Past Attempts**

- National Flood Management Programme was launched in 1954.
- A number of National and State level committees were set up subsequently to study the issues related to flood control.
- In 1976, a Rashtreeya Barh Ayog (RBA) was set up by the Government of India to review and evaluate the flood protection measures undertaken since 1954 and to evolve a comprehensive approach to the problem of floods.
- Major recommendations made by RBA include flood plain zoning and management to regulate man made activities.
- Centre had set up Regional Task Forces in 1996 to review the impact of the recommendations of the RBA and to suggest short term and long term measures.

- The National Commission for Water Resources, in 1999 suggested the urgent need to enact Flood Plain Zoning Act to prevent human interventions in the flood plains.
- The National Water Policy, 2012, suggested that reservoir operation procedures should be evolved and implemented in such a manner so as to have flood cushion and to reduce trapping of sediments during flood season.

### Flood Damage Mitigation Works

- It includes structural measures such as storage dams to absorb and regulate the flood flows; and construction of embankments to confine the flows, thereby preventing spilling.
- Works of channel improvement and improving the drainage conditions in the area are other steps.

### Flood Control and Moderation by Storage Dams

- To maintain a low reservoir level during high flow months and use the storage capacity to absorb the incoming flood peaks.
- Projects providing flood Control Benefits
- Construction of embankments
- Improvement of river channels
- Construction of storage reservoirs

### Indian River Linking (IRL)

- Project which envisages construction of storage dams and a network of canal systems across the country to divert the flood waters of the Brahmaputra and other major rivers to water deficit areas for equitable distribution and optimum utilisation of water, is an important available option to reduce the miseries of floods and droughts.

### Conclusion

- Apart from storage dams, the country also has to focus its strategy to have efficient management of flood plains, flood proofing including disaster preparedness and response planning including flood forecasting and warning and other non structural measures such as disaster relief, flood insurance etc. to mitigate the miseries caused by floods.

### What is climate?

- Climate of a region represents the long term (more than thirty years) average of weather.
- Climate may be defined as “average weather” or more as the statistical description in terms of mean and variability of relevant weather variables over a period of time.

### What is climate change?

- Climate change (CC) refers to a statistically significant change in either the mean state of the climate or its statistical properties (such as standard deviations, the occurrence of extremes, etc.), persisting for an extended period particularly decades or longer.

### Causes of climate change

#### External forcing

- ✓ Earth’s orbit and tilt of its rotational axis are changing slowly. Changes in these cycles cause very slow and long-term climate change.
- ✓ Changes in the axial precession which is the gradual shift in orientation of Earth’s axis of rotation relative to fixed stars which cause difference between seasons.

#### Internal forcing mechanisms

- ✓ Great volcanic eruptions release huge amounts of gases, ash and aerosols and impact climate by reducing solar radiation reaching Earth.
- ✓ GHG emissions due to combustion of fossil fuels to generate electricity, heating, and transport.

### Greenhouse Effect

- It is increase in the temperature of the earth due to absorption of a part of the long-wave radiation emitted by the Earth’s surface.
- This effect is known as the greenhouse effect and the gases causing this are called greenhouse gases (GHGs).

- The principle greenhouse gases present in the atmosphere include carbon dioxide (CO<sub>2</sub>), nitrous oxide
- (NO<sub>2</sub>), methane (CH<sub>4</sub>), water vapour, chlorofluorocarbons (CFCs) and ozone (O<sub>3</sub>).

### Evidence of Climate Change

- The Fifth Assessment Report of IPCC (2015) has produced many evidences which clearly show that global warming is indeed happening.
- Earth's surface in each of the last three decades has been successively warmer compared to any preceding decade since 1850.

### Downscaling

- Global Climate Models (GCMs) which simulate the global climate are among the best available tools to compute the global climatic variables.
- But these models, so far, are unable to reproduce well the details of regional climate conditions at temporal and spatial scales of relevance to hydrological studies.
- So an appropriate method is needed to estimate the smaller-scale information by using the large scale data. Downscaling tries to obtain smallscale (often station level) variables by using larger (GCM) scale variables.
- So, downscaling techniques are commonly used to address the scale mismatch between coarse resolution GCM output and the regional or local catchment scales required for climate change impact assessment and hydrological modeling.

### Categories of downscaling procedures

#### a) dynamical downscaling (DO) techniques,

- These involve the extraction of regional scale information from large scale GCM data based on the modeling of regional climate processes, and

#### b) statistical (or empirical) downscaling (SO) procedures

- These make use of the empirical relationships between observed (or analyzed) large-scale atmospheric variables and observed (or analyzed) small scale (or stations) data.

### Climate Change: Adaptation and Mitigation

- Adaptation to climate change refers to adjustment in natural or human systems in response to actual

or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities.

### Types of Adaptation

- Anticipatory or proactive adaptation
- It takes place before impacts of climate change are observed.
- Autonomous or spontaneous adaptation
- It is adaptation that is not in response to climatic inputs but is triggered by changes in natural systems and by market or welfare changes in human systems.

### Mitigation

- IPCC defines mitigation as: "An anthropogenic intervention to reduce the sources or enhance the sinks of greenhouse gases (GHG)."
- Mitigation is any action taken to permanently eliminate or reduce the long-term risk and hazards of climate change to human life and property.

### Techniques of climate change mitigation

- Practices advocated to conserve soil carbon-reduced tillage, more vegetative cover, greater use of perennial crops - also control erosion and control climate change.
- Afforestation or Reforestation which help to reduce small floods and enhance water conservation.
- In water-limited areas, afforestation involving species with high water demand can significantly reduce streamflow. This may reduce water to other ecosystems elements and affect recharge.
- Management of both structural and non-structural water-resource systems
  1. Improve hydro-meteorological network for better monitoring.
  2. Update basin wise water availability in the current situation.
  3. Determining extent of current climatic/ hydro-meteorological variability and future projections in variability due to climate change including the impact on rainfall frequency and intensity.
  4. Generate reliable downscaling of GCM projections to regional and basin level.
  5. Assess impact of CC on surface and ground water availability and their interaction (with specific emphasis on coastal areas).

6. Assess impact of CC on Land-Use/ Land-Cover and their coupled impact on water resources.
7. Assess impact of CC on rainfall Intensity-Duration-Frequency relationships in urban areas.
8. Assess impact on magnitudeduration- frequency of drought (agricultural, meteorological and hydrological).
9. Assess impact on sediment loads and management implications.
10. Review hydrological planning design, and operating standards in view of changed scenario.
11. To cope up with enhanced scarcity and variability in the water sector, develop adequate infrastructure.
12. Develop databases and tool-boxes and practice Integrated Water Resources Management (IWRM).

**Main storming - GS - III**

**LOOKING BACK AND LOOKING AHEAD AT THE LIBERALISATION PROCESS**

**EPW**

**1991 Balance of Payment Crisis:**

- By 1991, India still had a fixed exchange rate system, where the rupee was pegged to the value of a basket of currencies of major trading partners.
- India started having balance of payments problems since 1985, and by the end of 1990, the state of India was in a serious economic crisis.
- The government was close to default, its central bank had refused new credit and foreign exchange reserves had reduced to the point that India could barely finance two weeks' worth of imports.
- It had to pledge 20 tonnes of gold to Union Bank of Switzerland and 47 tonnes to Bank of England as part of a bailout deal with the International Monetary Fund (IMF).
- Most of the economic reforms were forced upon India as a part of the IMF bailout.

**1991 Economic Liberalisation:**

- In response, Prime Minister Narasimha Rao, along with his finance minister Manmohan Singh, initiated the economic liberalisation of 1991.

- The reforms did away with the Licence Raj, reduced tariffs and interest rates and ended many public monopolies, allowing automatic approval of foreign direct investment in many sectors.
- Since then, the overall thrust of liberalisation has remained the same, although no government has tried to take on powerful lobbies such as trade unions and farmers, on contentious issues such as reforming labour laws and reducing agricultural subsidies.
- By the turn of the 21st century, India had progressed towards a free-market economy, with a substantial reduction in state control of the economy and increased financial liberalisation.

**Preceded events:**

- A series of dramatic events preceded this: Vishwanath Pratap Singh's government fell, the one headed by Chandra Shekhar was unstable and short-lived, and Rajiv Gandhi was assassinated as the general elections were under way.
- Nonresident Indians had withdrawn their deposits.
- The country's gold stocks had been mortgaged to raise foreign currency whose reserves had plummeted.
- There was danger of the government defaulting on its external financial obligations as it prepared to go to the International Monetary Fund (IMF) for contingency funding.
- Many have contended that the economic liberalisation process would never have taken place had it not been for this unprecedented crisis.

**Contrasting perspectives on liberalisation:**

1. Many of the reforms were "home-grown" and not thrust upon an unwilling government by the IMF and the World Bank as the "price" to be paid for their support. And the set of policies started in 1991 were continued by successive regimes.
2. Over this period the Indian state has acted in the interests of global financial capital and domestic corporate oligarchies, in the process impoverishing the working poor.
3. As public services have been increasingly privatised, the liberalisation process has been accompanied by growing hunger and under-nourishment among the masses.

4. Reforms exacerbated both regional disparities as well as income inequalities. Rather than minimising the role of the state as prescribed by the so-called Washington consensus, the development state must have implemented structural reforms.
5. Current regimes have facilitated big business interests by trampling on people's rights. The triad of neo-liberal globalisation, global capitalism and inclusive development has come to constitute the new order of things in the Indian economy. Also the triad has reference points to bring in further transformation of Indian society and its economy.
6. While the country's central bank has recently adopted inflation targeting as its single-point agenda, this could bias policymakers towards an overvalued rupee to keep import costs and prices low.
7. Many are dissatisfied with both the progress and the outcome of reforms and why the proposition "there is no alternative" has become synonymous with terms like liberalisation, globalisation, financialisation and modern-day imperialism.

**Main storming - GS - III**

**CONCENTRATION, COLLUSION AND CORRUPTION IN INDIA BANKS** | EPW

**Bad bank debts – A picture:**

- Outstanding bad bank loans suggest that metastatic corruption may be affecting India's financial sector. The demand and supply of egregious behaviour might have worked itself out in creating the bad debt situation in Indian banking.
- Bad debts amount to anywhere between \$75 billion and \$150 billion. Of these, wilful defaults account for anywhere between \$15 billion and \$30 billion (~20%).
- Apparently, the other 80% of bad loans are not wilful defaults, implying that the economics of doing business in India are so bad that the businesses are unable to repay debts.
- The proportion of bad debts in the Indian banking system is at least between 5% and 10% of India's GDP.

- India's macroeconomic picture is not at all that robust for businesses to be doing well. The Indian economy has been stagnating for the last two years.

**Concentration-of-Debt Crisis:**

- A recent news item states that the top-12 corporate houses have borrowed loans that total about \$150 billion. And about a fifth of loans (\$30 billion) to these groups are bad loans.
- RBI database shows that total lending, to all borrowers, in the Indian economy has been around \$1,030 billion (\$1.03 trillion).
- The 12 large corporate houses of India that have borrowed more than 15% of all borrowings in India. This is an absurd and unconscionable concentration of borrowings in India.
- Also, recent news states that, explicit and specific financial malfeasance cases of about \$5 billion are currently being investigated by CBI.
- These potential loan scams have happened under the eyes and the ears of the RBI, as well as the government, and the regulatory abilities of both have been found to be severely compromised.

**Size of Bad Debt Crisis:**

- For an economy that is worth \$1.5 trillion, the unrecoverable bad debts are around 12% of the size of the economy.
- India's fiscal deficit is around 6% of its GDP, and the sums equivalent to bank bad debts could fund two years' worth of fiscal deficits.

**The Relationship Charted:**

- Here the relationship between the rate of interest and the extent of corporate leverage for well over a decade-long period has been analyzed.
- The comparison was between the interest rate charged by the RBI over 11 years (2003–04 to 2013–14), and the average debt-to-equity ratio of several thousand firms, for each year.
- The interest rates have risen from 5.7% in 2003–04 to 8.5% in 2013–14. The rise has been steady. Simultaneously, the average debt to equity ratio of the firms has risen from 8.5 times debt-to-equity in 2003–04 to 12.7 times debt-to-equity in 2013–14.

- Indian businesses, across the board, are financed by banks that are, in turn, financed by taxes, given that India's banks are primarily state owned. Hence, for all practical purposes, India's private corporate sector businesses are disguised public sector enterprises.

**Crisis of Indian Firm Behaviour:**

- If the rate of interest, or the cost of money, were to go up, individuals' and firms' borrowings would go down. This is the standard relationship. Indian firms have overturned the basic economic relationship.
- As interest rates, reflecting the price of money to be borrowed, have gone up in India, corporate indebtedness levels have significantly increased. But, so have the level of bad debts in India's banking system.
- Let us further speculate on business behaviour in the corporate finance sphere and the possible causes of the horrendous bad debts situation in the Indian banking sector.

**Monetary Policy – First reason:**

- As interest rates have been consistently going up, firms have had higher costs and lower profits, leading to a decline in the internal funds retained and available for investment.
- To keep growing and needing funds, firms have kept borrowing at higher rates, and debt-to-equity ratios have gone up. The ability of firms to repay loans has worsened and led to banks' bad debts.
- For the hundreds of thousands of small businesses that borrow money, for the millions of small and marginal farmers, the level of high interest rates has meant that the quality of life has been compromised for a generation or more.

**Supervision Failure – Second reason:**

- Low quality firms would possess internal information about possible performance declines, hide these facts, and seek to borrow more at higher interest rates, knowing that they would eventually default.
- Increases in such borrowers would eventually increase the size of the bad loans portfolio.
- RBI has been lax in its audit and supervision of banks' credit appraisal and lending processes, as patently

unworthy firms have been given more loans.

- The Basel financial regulatory requirements will have been breached as such loan amounts increased.
- The entire credit evaluation and banking supervision process of India's bank will be found to be flawed, for having allowed patently un-creditworthy borrowers to be lent large sums.
- Commercial banks in India have been clueless and incompetent, with diffused accountability and control mechanisms.
- Prima facie, it seems that there has been catastrophic banking supervision failure in India. This merits deep and detailed independent appraisal.

**Collusion – Third Reason:**

- The third reason is based on the political economy of financial sector corruption.
- A close relationship between lenders and businessmen could easily facilitate collusion. The collusive activity as a result of which banks keep lending, (even if the project is of dubious value) is easily carried out.
- Now, whether such collusive and corrupt activities have happened or not is an empirical issue that only a full-fledged, independent and powerful "Commission of Inquiry into Bank Lending" can establish.
- If such corrupt and collusive practices were found to have been engendered in the last decade, a specifically-mandated Special Investigation Team with the requisite police powers, could charge the relevant persons under extant statutes.
- A further collusion hypothesis suggests that there could have been franchise bidding by top bankers to land the top jobs in India's banks. These senior bankers would provide the unworthy customers large amounts as loans.
- The collusion contingencies, benefiting only a few at the expense of the numerous many, were to have occurred, then it would require a criminal investigation, and judicial assessment of evidence, to ascertain the nature of the scam carried out.

**Conclusions:**

- Fundamental events have occurred in India's financial sector.

- First, if there has been a mega scam, perpetrated over quite a long time, as opposed to mere shambolic incompetence, then India's public is owed a duty of care by government that such a scam, or scams, will be investigated, perpetrators prosecuted.
- Second, while RBI's monetary policy rigidity and its extreme fondness for high interest rates is one thing, its incompetence in banking and financial supervision is something that ought not to be condoned.
- Third, the ability of the government to signal its credible commitment to investors and consumers that India is a lawabiding and law enforcing nation will be compromised if absolutely nothing is being done, as it seems at present.
- After India's international and institutional credibility was completely shot to pieces, it will be a very long haul before investors are convinced of India's institutional vitality and economic viability.

**Main storming - GS - III**

**"E-PLATFORM FOR NATIONAL AGRICULTURAL MARKETING"**

**EPW**

**Issue:**

- Regarding the problems in agriculture marketing and solutions.

**Problems in Agriculture marketing:**

- Except Agricultural produce marketing (regulation) act, no major reforms took place in the agri market.
- Poor market infrastructure.
- Inadequate and deteriorated facilities.
- Excessive intermediation.

**Attempt to reform market:**

- Removal of (Licensing Requirements, Stock Limits and Movement Restrictions) on Specified Foodstuffs Order, 2002 and 2003.
- The prohibition on futures trading in agricultural commodities was removed in 2003.
- Appointment of K.M.Sahni committee to formulate a model law on agricultural marketing in consultation with the states.

- The model act called the State Agricultural Produce Marketing (Development and Regulation) Act, 2003, was then shared with all the states for implementation.

**Market models in Karnataka:**

- Introduced automation of auction process in mandis (primary agricultural markets where producers sell their agricultural produce).
- The plan involves creation of transparent, integrated e-trading mechanism coupled with facilities for grading and standardisation to facilitate seamless trading across mandis (APMCs).
- The unified online agricultural market initiative was launched.
- Price discovery is competitive, transparent and efficient.
- It eliminates middlemen and cartelisation.

**Adopting Karnataka model:**

- Andhra Pradesh, Telangana, Maharashtra and Gujarat have already started adopting the Karnataka model.
- The centre has created Agritech Infrastructure fund for the promotion of National agri market.
- The scheme entails setting up of a common e-platform in 585 selected wholesale regulated markets across the country.
- Further, electronic trading platform for National Agriculture Market (e-NAM) has also launched.

**Advantages of e-NAM:**

- (i) improvement in competitiveness and efficiency in agricultural markets,
- (ii) elimination of traders' cartels and price manipulations by local trading groups, and
- (iii) lower price spread between producers and consumers as well as surplus and deficit states.
- (iv) e-NAM is expected to promote market-driven diversification and reduce dependence of farmers in these states on MSP and public procurement.

**Dis-advantages:**

- The e-NAM does not address the following factors. They are

- (i) establishment of private markets with treatment at par with APMC. Even under e-NAM, market committee will continue to hold its monopoly power in terms of offering a platform for sale/purchase;
- (ii) removal of legal barriers to entry of organised and modern capital and investments into agricultural marketing.
- (iii) rationalisation of market fee, commission charges, cess and taxes and development charges.

**Way forward:**

- The full benefit from linking agricultural markets in the country and putting them on electronic platform will come when a single trading licence is valid across the country and when a farmer gets the option to sell her/his produce in any market throughout the country.

