

UPSC

MAIN STORMING

OCTOBER (1.10.16 to 10.10.16))



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MAIN STORMING

OCTOBER
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Main storming - GS - I

BEFORE HE BECAME MAHATMA

Gandhi scholars generally see his political work in South Africa (1893-1914) as but a prelude to the remarkable role he played in reshaping the politics of the Indian freedom struggle.

However, by sighting Gandhi's quotes and letters, he is being attacked for being a racist and embracer of caste system.

The accusations

- A statue of Mahatma Gandhi will be removed from a university campus in Ghana after professors launched a petition claiming the revered Indian independence leader and thinker was racist.
- The petition states "it is better to stand up for our dignity than to kowtow to the wishes of a burgeoning Eurasian super power", and quotes passages written by Gandhi which say Indians are "infinitely superior" to black Africans.
- Opponents of the statue in Ghana quoted several of Gandhi's early writings in which he referred to black South Africans as "kaffirs" – a highly offensive racist slur – and complained that the South African government wanted to "drag down" Indians to the same level as people he called "half-heathen natives".
- Gandhi has also been frequently criticised in his homeland. In 2014 the novelist Arundhati Roy accused him of perpetuating a discriminatory caste system.

The Half truth

- While analysing any quotes / excerpts one should be aware of the context and era of the quote. The meaning is supposed to vary with time and place.
- For instance, in the work *The Prince* (1513), the Florentine philosopher Niccolò Machiavelli advises the ruler of Florence, Lorenzo de' Medici- to know when not to be virtuous.
- He has been criticized for this throughout the history as the teacher of evil and as a separator of ethics and politics
- But the catch here is that, at that time virtue signified either a life devoted to reflection in the Platonic sense, or a life lived in accordance with the tenets of Christian morality
- Lorenzo de' Medici, destined in Machiavelli's view to unite a fragmented and conquered Italy, needed a different set of virtues. He had to possess pagan virtues of honour, valour, and courage. Virtue held different implications in the public sphere compared to the private sphere.

Similarly, the case of Gandhi has to be understood

- When Gandhi arrived in South-Africa, dominant linguistic conventions sanctioned the use of derogatory terms for non-whites.
- Gandhi entered South Africa as an inexperienced and brief-less lawyer to assist a case involving two prominent Memon traders.

**FROM PLATE TO PLOUGH-RURAL
CHANGE CHALLENGE**

- At that time of his life, a 24-year-old Gandhi believed that the British Empire would ensure the freedom of its subjects in an oppressive settler colony.
- He supported the British in the Boer war (1899-1902), and raised a unit of stretcher bearers to accompany troops to the front. He expected the British to reciprocate by protecting Indians.
- His hope was belied, and Gandhi the imperial patriot was transformed into Gandhi the leader who touched the hearts and minds of millions.
- He learnt the grammar of anti-colonial nationalism in exile, and amidst oppression, much as Irish immigrants became Fenians on American soil.

The African Anger

- There was a time when African freedom movements drew upon Gandhi. There was a time when Indian leaders were committed to solidarity with other postcolonial countries.
- Today as Indian industrialists/entrepreneurs compete with China to appropriate land and resources in Sub-Saharan Africa, we see the rise of resentment against the new colonisers. Therefore, Gandhi, who inspired Nelson Mandela, Julius Nyerere, and Kwame Nkrumah, is now unacceptable to many Africans.
- Arguably, a reinvented nationalism that has swept the world as 'hatred of the other' revisits the past to identify those who belong, and those who do not.
- In parts of Africa, Gandhi is clearly perceived as someone who came in from the outside, and began to mobilise an otherwise disparate community of Indians: indentured labour, Memon and Bohra merchants locally called Arabs, and other Indians against discriminatory laws.

Eradicating poverty is the top-most target in a set of 17 goals adopted by the UN last September as a part of its sustainable development agenda.

In this context, the Rural Development Report (RDR) 2016 of the International Fund for Agricultural Development is timely.

Relevance of the report

- The report tries to understand the role of rural transformation in eradicating poverty and securing food and nutritional security within the context of economy-wide structural transformation in several countries.
- It is based on an empirical analysis of 60 countries drawn from various regions.
- There are 16 countries from Latin America and the Caribbean; seven from the Near East, North Africa, Europe and Central Asia; 15 from East and Southern Africa; and 13 from West and Central Africa.

Lessons from the report

- It notes that economies of almost all the 60 countries are undergoing some sort of structural transformation.
- The transformation is reflected in rising productivities in agriculture and the urban economy as well as in the changing character of the economy — the preponderance of agriculture making way for the dominance of industry and services, greater integration with global trade and investments and growing urbanisation.
- Rural areas cannot remain insulated from this economy-wide change
- They are also transformed with rising agricultural productivity, increasing commercialisation and marketable surpluses, diversification to high-value agriculture and off-farm employment through the development of agri-value chains.

- Rural transformation on its own may not be effective in reducing poverty unless it is inclusive.
- Agricultural development is a key element of such inclusiveness since a majority of the working force in most countries at low to moderate levels of rural transformation is still engaged in agriculture.
- In the building of these value chains by mainstream small holders — say, through farmer producer companies — India can create large off-farm rural employment and augment incomes of farmers and others living in rural areas. This would require large investments both by the private and public sector.

Main storming - GS - I

TRIPLE TALAQ

Highlights for India

- The RDR 2016 tells us that India's poverty reduction was slow during 1988-2005, but during 2005-12, it accelerated dramatically — almost three times faster than during the earlier period.
- Compared to China and Vietnam, which have experienced fast structural and rural transformation, India's story is of slow transformation.
- Research reveals that the relative price scenario changed significantly (by more than 50 per cent) in favour of agriculture in the wake of rising global prices. This boosted private investments in agriculture by more than 50 per cent which led to:
 - Agri-GDP growth touching 4.1 per cent
 - Net surplus of agri-trade touching \$25 billion in 2013-14
 - Real farm wages rose by seven per cent per annum

Way ahead and Conclusion

- A good price incentive can trigger investments in agriculture, leading to productivity gains, increases in real farm wages and fall in poverty.
- To make the rural transformation more inclusive, India will have to focus on
 - Raising productivity in agriculture through higher R&D (seeds) and irrigation
 - Build value chains for high value agri-products like livestock and horticulture, which account for more than half the value of agriculture (cereals account for less than 20 per cent).

- In an affidavit, submitted by the Union Law Ministry in response to a clutch of petitions challenging polygamy and triple talaq.
- The Centre asked the Supreme Court to abolish 'triple talaq' and polygamy, calling them unconstitutional customs hurting gender equality and women's dignity.

Triple Talaq

- The Muslim husband may initiate the divorce by pronouncing the word talaq, the formula of repudiation, three times. The first two times the talaq is pronounced, it may be withdrawn. But the third time it is pronounced, the divorce is irrevocable.

The Muslim Personal laws (MPL) in India

- Under the Muslim Personal Law (Shariat) Application Act, 1937, marriage, divorce, succession, adoption and other 'personal' legal matters are governed by Islamic law, rather than a uniform civil code, within the Muslim community. MPL is blamed for being the source of perpetuating crimes against women.

Shah Bano case in 1985

- Shah Bano, a 62-year-old Muslim mother of five from Indore, Madhya Pradesh, was divorced by her husband in 1978.
- She filed a criminal suit in the Supreme Court of India, in which she won the right to alimony (maintenance) from her husband.
- However, she was subsequently denied the alimony when the Indian Parliament

reversed the judgement under pressure from Islamic orthodoxy.

- The judgement in favour of the woman in this case evoked criticisms among Muslims some of whom cited Qur'an to show that the judgement was in conflict with Islamic law.
- It triggered controversy about the extent of having different civil codes for different religions, especially for Muslims in India.
- This case caused the government, with its absolute majority to pass the Muslim Women (Protection of Rights on Divorce) Act, 1986 which diluted the judgment of the SC and denied even utterly destitute Muslim divorcées the right to alimony from their former husbands.
- However, in the later judgements including Daniel Latifi case and Shamima Farooqui versus Shahid Khan case, the SC of India interpreted the act in a manner reassuring the validity of the case and consequently upheld the Shah Bano judgement and The Muslim Women (Protection of Rights on Divorce) Act 1986 was nullified.
- Many Muslims including All India Shia Personal Law Board supported the Supreme Court's order to make the right to maintenance of a divorced Muslim wife absolute.

Law commission

- Should the practice of triple talaq be abolished and whether a uniform civil code should be optional, the Law Commission has sought public views on the subject to revise and reform family laws.
- It said the attempt is to address discrimination and social injustice against vulnerable groups and harmonise the various cultural practices.

Uniform Civil code

- Uniform civil code is the proposal to replace the personal laws based on the scriptures and customs of each major religious community in India with a common set governing every citizen.

- These laws are distinguished from public law and cover marriage, divorce, inheritance, adoption and maintenance.
- Article-44 of the Directive Principles in India sets its implementation as duty of the State.

Government's stand

- The absence of reforms in the Muslim community in the last 65 years left Muslim women extremely vulnerable, both socially and financially.
- It is incompatible with the letter and spirit of Articles 14 and 15 of the constitution.
- It affects gender justice and overrides the principle of non-discrimination, dignity and equality.
- It is not only unconstitutional but a severe impediment in a nation's development if women were denied equal rights.
- It also highlighted that several Islamic nations Pakistan, Bangladesh, Afghanistan, Morocco, Tunisia, Turkey, Indonesia, Egypt and Iran which had reformed their laws on polygamy and triple talaq.
- Thus, India as a secular country should abolish the practice of triple talaq and polygamy which denies the right of Muslim women under the constitution.
- It also requested the court to reconsider the legal position settled by a judgment of the Bombay High Court in 1951, which had held that personal laws were absolutely immune and could not be struck down by the courts on the grounds of being inconsistent of fundamental rights.

Counter argument:

- Some Muslim bodies had strongly batted in support of the right of muslim men to pronounce oral divorce through triple talaq.
- They argue that men were better at controlling their emotions and polygamy prevents illicit sex & protects women.
- It also said practices like triple talaq and polygamy were undesirable, but it has been permitted by the Muslim law, Sharia.

Way forward:

- Prevailing interpretations of the sharia in India allows gender inequality to be justified and upheld in the name of Islam.
- But Islamic law should not be presumed to be static or unchanging.
- History points to how more favourable interpretations have been employed to advocate Muslim women's legal rights in India.
- In the light of the controversy that surrounds proposals for the abolition of Muslim personal law in favour a uniform civil code, building on these historical precedents may offer a pragmatic way forward.

Main storming - GS - I

MUSLIM WOMEN CAN GET PROTECTION UNDER SHARIA

The Muslim Women's Quest for Equality petitioned the Supreme Court to abolish the All India Muslim Personal Law Board (AIMPLB), which oversees the application of Muslim personal law in India. Of particular concern was the AIMPLB's ongoing defence of triple talaq divorce.

The Muslim Personal laws in India

- According to the Muslim Personal Law (Shariat) Application Act, 1937, marriage, divorce, succession, adoption and other 'personal' legal matters are governed by Islamic law, rather than a uniform civil code, within the Muslim community.
- MPL is blamed for being the source of perpetuating crimes against women by many organisations working for Muslim Women's rights like Awaaz-e-Niswaan, Muslim Women's Rights Network, Bharatiya Muslim Mahila Andolan (BMMA), and the Bebaak Collective
- The irony is that, prior to the enactment of the law, the debate centred on how governing personal lives by the sharia would actually improve Muslim women's rights in India.

MPL- Historical perspective

- From the late 19th century, Muslim reformers had used the sharia to argue in favour of greater rights for Muslim women.
- For instance, Calcutta-based jurist Syed Ameer Ali defended Muslim women's legal status in Islam on the basis that it guaranteed a share of inheritance and other property rights, women's right to divorce (khula) and protection against polygamy.
- Sayyid Mumtaz Ali, A lawyer educated in the religious sciences at the Dar ul-Ulum at Deoband, he employed the sharia to counter assumptions of women's presumed inferiority to men in his treatise, Huquq un-Niswan (1898).
- According to his conclusions, Muslim women were not only guaranteed inheritance, mahr (dower) and the right to remarry after divorce or widowhood, but their testimony in court was equally admissible to that of a man on most legal matters.
- By the early 20th century, female reformers like Sultan Jahan Begum-female ruler of the princely state of Bhopal too were employing the sharia to argue for Muslim women's equality.
- She laid out how the rights of Muslim women in India were best protected by Muslim personal law, as defined in the sharia, rather than by a uniform civil code.

Way Ahead and Conclusion

- Prevailing interpretations of the sharia in India today — institutionalised in the AIMPLB — allow gender inequality to be justified and upheld in the name of Islam.
- But Islamic law should not be presumed to be static or unchanging. History points to how more favourable interpretations have been employed to advocate Muslim women's legal rights in India
- In the light of the political controversy that surrounds proposals for the abolition of Muslim personal law in favour a uniform civil code, building on these historical precedents may offer a pragmatic way forward.

Main storming - GS - I

INDIA CANNOT BECOME THE THIRD LARGEST ECONOMY BY BYPASSING WOMEN WORKERS

Some Facts

- A survey by ProEves, a gender diversity consulting firm, reveals that woman participation in India Inc is fixed at less than 20% for the past three years. Compared to the US, India is at half the women participation across all employee groups.
- India ranks 127th on the gender inequality index and 108th on the global gender gap index.

Reasons

- Discrepancy in policies and implementation (the survey shows that 61% of the companies have a stated goal on diversity but only a third have a number target and have no target association on inclusion for leaders)
- Lack of flexible policies and the larger issues of child care support system, commuting, infrastructure, safety concerns, education and training.
- Women in India are largely employed in the informal, semi- or unskilled sector such as domestic work, where incomes are low and there are limited benefits or job security.
- According to the ILO, in 2011-12, while 62.8% of women were employed in the agriculture sector, only 20% were employed in industry and 17% in the services sectors.

Benefits of Greater women participation

- A recent Mckinsey report shows-India stands to gain as much as \$2.9 trillion of additional annual GDP in 2050, if we increase Women participation in workforce.
- It will address the problems of patriarchy, gender discrimination and violence
- More effective measures such as greater investments in secondary and tertiary education, vocational and skills training, and developing and strengthening laws and policies to support working women can ensure bridging this gender divide.

Main storming - GS - I

GOVERNMENT BANS NEWSPAPER IN J&K

Kashmir Reader', a small English daily published from Srinagar, was asked to stop publication on the evening of Sunday, October 2

The newspaper has been accused of "publishing content that can incite acts of violence" and "disturb public tranquillity".

An analysis of the move

- As per government's information department's statement-
 - Order for closure was issued 7 days after a notice was served.
 - Decision was based on a series of reports from various agencies and credible inputs
- The later point in the statement, itself raises some questions
 - Since when did the perusal of a newspaper's content become the job of unnameable "agencies"?
 - What does "credible inputs providing sufficient ground for the decision" mean?
- Government institutions like CRPF, police, army have their own PR cell which regularly talks with media. However, no such complaint was issued from their side

Implications and criticisms

- These ad-hoc measures to contain uprisings, violent protests, riots would only make people more sceptical of the government, and spread more resentment.
- It reminds of the old colonial Vernacular act of 1878, where arbitrariness dominated reasoning for closure of press.
- It is being seen as infringement of Right to expression

Way Ahead and Conclusion

- The ban points to a bigger malaise, which is the recklessness of state authorities in times of crises.

- Rather than looking for scapegoats, the government needs to rethink its media policy. Its massive bureaucracy needs to become more responsive to the media in difficult times.
- Natural justice of being heard should not be abrogated under any circumstance.
- Any restrictions of media should be based on only the 8 grounds (reasonable restriction) mentioned in the constitution.
- The media has shortcomings. But instead of imposing bans, the government can help itself, the people and the media by fostering an atmosphere where careless wielding of power does not fetter professionalism.
- The petitioner had said since details of the case were available online, it affected his employment opportunities and as such, Indian Kanoon should remove the entire copy and other details from its website and Google should remove the link to the judgment.
- The IIF's petition was in response to a legal plea made by a non-resident Indian, requesting that his name be removed from a criminal case related to his family in which he was not involved.
- The IFF's argument was that a pronouncement in favour of the right to be forgotten would lead to censorship of publicly available records on the Internet by people who might have something to hide.
- The IFF does have a point-given the alarming number of politicians/businessmen with criminal antecedents in India; it is not hard to understand that they would want a lot of such details taken down from the Internet.
- Besides, the aftermath of such a decision could be even more contentious because in the supposedly transparent digital world, the method of removal could remain opaque.

Main storming - GS - II

THE RIGHT TO BE FORGOTTEN

The global debate between the right to information and the so-called right to be forgotten has reached a tipping point.

Why in news?

- The Internet Freedom Foundation (IFF) succeeded in securing a legal intervention from the Delhi High Court this month for a case to determine whether India needs a right to be forgotten law.
- Earlier, In May 2014, the European Court of Justice ruled that people had a right to be forgotten, so individuals could have links to articles about them expunged from search engines.

The petition

- Listening to the Laksh Vir Singh Yadav vs Union of India case, the court sought a response from the ministry of communication and information technology, Google and its Indian arm, and IKanoon Software Development, which is into software publishing and consultancy, on whether an individual should have the right to request deletion of personal information available on the Internet.

Conclusion

- There are no easy solutions to this debate. For, it is equally important to distinguish between an individual's right to privacy - which protects private information from being shared publicly - and the proposed right to be forgotten, which impedes the access to public records about an individual.
- Therefore, finding the balance between the legitimate right to privacy of an individual and the broader right to freedom of information is a matter that should not be settled in a court of law. Instead, such societal choices should be publicly debated and legislated in Parliament.

Main storming - GS - II

BREAKING OUT OF ELECTION MODE

To ensure that development on all fronts is not hampered by frequent elections, the idea of 'one nation, one election' is being mooted.

The cycle of continuous elections not only affects the developmental process and good governance, but also forces the political class to typically think in terms of immediate electoral gains rather than focusing on long-term programmes and policies for the overall progress of the nation and its people.

Will it harm the federal structure?

- The Chief Election Commissioner, Nasim Zaidi, recently observed that holding elections simultaneously would certainly save money, time and energy, and ensure effective governance, amidst arguing that such a move would affect the federal polity and democracy of the country.
- The holding of simultaneous elections between 1952 and 1967, did not make the country a unitary state.
- India’s parliamentary democracy, based on strong constitutional principles, is mature enough not to slip into a unitary model just because of simultaneous elections; rather it would ensure more co-operations between the centre and states.

Politically Savvy voters

- Although some data might show that there has been a tendency among voters to choose the same party at the Centre and in the States during simultaneously held elections in the past, it is politically naïve to simply infer that this would be the general trend whenever polls are held
- Besides, there is also talk that national issues would dominate the agenda of the political parties, particularly pan-India parties, during simultaneous elections. This again might be a far-fetched conclusion.
- Indian voters are politically quite savvy to decide what lies in their best interests, irrespective of the various methods adopted by both national and regional parties to woo them.

Way ahead and Conclusion

- The advantages of holding simultaneous elections far outweigh the disadvantages as

the process would not only vastly reduce the burden on the exchequer, but put an end to the practice of frequent deployment of police and other government staff on election duty in different States.

- No doubt, conducting concurrent elections is a humongous logistical task in terms of deployment of personnel, EVMs and other material- so we must enhance the capacity of the EC.
- Once a political consensus is built on the issue, constitutional amendments could be put in place for fixed tenure of the legislative bodies and the process kick-started.

Main storming - GS - II

TO BE TRULY TRANSPARENT

The Supreme Court was anointed the final arbiter of the Constitution, and in 1973, in the landmark Kesavananda Bharati case, it held that even a constitutional amendment could not violate the basic structure of the Constitution.

For this reason, the independence of the judiciary from the executive and legislature has been regarded a cornerstone of the Constitution, and the Supreme Court has held it as an inviolable part of the basic structure of the Constitution.

It is on this basis that the Supreme Court, in the Second Judges Case in 1993, took over the power of appointing judges from the executive to itself, holding that the government’s primacy in appointing judges would also compromise the independence of the judiciary.

Opacity in Appointments

- Collegium of three/five senior-most judges of the Supreme Court have the decisive say in selecting judges to the Supreme Court/ high courts. It has improved independence of the judiciary viz. political partisanship, executive influence.
- However, it is also alleged of nepotism, corruption, opacity and pendency in appointments.

Government v/s Judiciary

- Experience has shown that the Prime Minister and the Leader of the Opposition (who also hopes to become Prime Minister) are usually in agreement about appointing weak and pliable people to regulatory institutions and those who select members of such institutions, in order to weaken regulation of the political class.
- There was thus justified apprehension that the NJAC would dilute independence of the judiciary by giving the government a significant say in appointments. Therefore, the Supreme Court struck down the constitutional validity of the amendment introducing the NJAC as well as the NJAC Act on the ground that it diluted the independence of the judiciary which was part of the basic structure of the Constitution.
- However, the Supreme Court did not take this opportunity to lay down any system of transparency in selection of judges. On the other hand, it left it to the government to devise a memorandum of procedure for selecting judges, which would have to be approved by the Chief Justice of India.
- This has resulted in the government trying to introduce clauses that could enable it to veto any recommendation on national security considerations- thus the deadlocks

How to end this opacity?

- An independent judicial appointments body with a permanent secretariat
 - Members should include representatives from executive as well as judiciary
 - There should be a scrutiny and short listing body
 - Applications to various higher judiciary posts should be open to all, having some relevant eligibility criteria like experience, age etc.
 - Final recommendation should include both merit and age factor.

- While the Right to Information Act made the judiciary a public authority, the judiciary has stymied the right to information vis-à-vis itself and consistently refused to disclose information on its administrative or judicial functioning.
 - Information on judicial appointments and pending judgments has been refused by the Supreme Court, which has challenged every decision of the Central Information Commission asking it to disclose such information.
 - This should be done way with as an Ad-hoc arrangement

Conclusion

- The trust deficit between the two organs of government must be bridged, otherwise the country will suffer the consequences of a bitter power struggle where whoever wins, the cause of justice for the people of India loses.

Main storming - GS - II

WHY POLLS MATTER

In March, at a closed door party meeting, the PM reportedly spoke of the need to get India to move to a one-election mode. It was reported that simultaneous elections to local bodies, assemblies and Parliament will save money and time.

The most prominent argument in favour of holding simultaneous election is - cut on election costs and carrying forward developmental projects without hindrances

Arguments in favour

Cut in election cost and policy paralysis

- Parliament’s Standing Committee on Personnel, Public Grievances, Law and Justice argued in its report on the Feasibility of Holding Simultaneous Elections to House of People (Lok Sabha) and State Legislative Assemblies that-
 - Simultaneous polls for the Lok Sabha and state assemblies would reduce the “massive

PARLIAMENTARY SECRETARIES

expenditure” that is currently incurred for the conduct of separate elections

- End the “policy paralysis” that results from the imposition of the Model Code of Conduct during election time
- Reduce the impact on delivery of essential services and also the burden on crucial manpower deployed during election time
- Political workers are “spending a lot of time electioneering” and as a result, getting “less time for social work.” This would be overhauled.

The other side

- There is a suggestion on how elections itself are an anathema to “development”. If settled once, why keep “going to the people”?
- For most Indians, it is their only chance to assert equality and comment on public policy.
- Plenty of anger at India’s inability to deal with social and economic inequality has been voiced, but the fundamental equality of One Person; One Vote must not be underplayed in that process.
- This is a point most poignantly visible in long queues at the polling booths during election time in poorer areas.
- Elections remain the most powerful and decisive way in which people can speak and make a difference. To see them as inconvenient is not a politically neutral idea.

Conclusion

- Simultaneous elections, though desirable seem a distant target. Feasibility of holding simultaneous elections is itself questioned, on the pretext of lack of staff and infrastructure in the EC.
- We should give more time to the ongoing debate before making any drastic change viz. elections as its effect would be multidimensional.

Parliamentary secretaries are ruling party members appointed to assist ministers. They are regarded for all practical purposes as deputy ministers having access to all official files and documents. Practice of appointing parliamentary secretaries is almost a century old.

Why in news?

- In March 2015 Delhi government appointed 21 MLAs as Parliamentary secretaries and subsequently in June 2015 passed a legislation to retrospectively exempt the post of parliamentary secretaries from the purview of “office of profit”.
- This legislation was reserved to the president by the Lt Governor and later was withheld by the President.
- A Public Interest Litigation was filed seeking the quashing of the order on the basis of it being, “unconstitutional, illegal and without jurisdiction.”

Controversy

- It violates the Article 102(1)(a) and Article 191(1)(a) which state that a person shall be disqualified as the member of the parliament if he holds an office of profit under central/ state government
- Office of Profit - Though no proper definition exists, over the years, four broad principles have evolved for determining whether an office attracts the constitutional disqualification.
 - Whether the government exercises control over appointment, removal and performance of the functions of the office.
 - Whether the office has any remuneration attached to it.
 - Whether the body in which the office is held has government powers
 - Whether the office enables the holder to influence by way of patronage

- It violates Article 164 (1A) introduced by 91st Constitutional amendment, which provides for limiting the number of ministers in the state cabinets. The total number of ministers including the Chief Minister, has to be within 15 per cent of the total number of members of the legislative assembly of the state (10% in case of Delhi).

Court Judgments

- Prior to the issue in Delhi legislative assembly, three High Courts - Himachal Pradesh, Bombay and Calcutta had quashed appointment of MLAs as parliamentary secretaries stating following reasons
- Himachal Pradesh HC - CM had no authority to either appoint or administer oath of office to parliamentary secretaries.
- Bombay HC and Calcutta HC - it violated the constitutional mandate under Article 164 (1A)
- The Delhi government had defended the appointments in court, saying the move does not amount to the creation of a public office and the lawmakers were not drawing any salary from public money. They would, however, use government transport for official purposes and space in the ministers' offices to help them in the official work.
- The Delhi High Court however on September set aside the AAP government's order appointing 21 MLAs as Parliamentary Secretaries on the ground that it lacked the approval of the Lieutenant Governor (LG), the administrative head of Delhi.
- The Election Commission will now decide whether to continue hearing a petition asking for the disqualification of the legislators.
- The SC has kept pending since 2005, the Himachal Pradesh government's appeal against the HC decision quashing the appointment of parliamentary secretaries.

Analysis

- The idea of "office of profit" is incorporated so that every legislator would be able to

carry out legislative duties without any obligation to the government of the day. Hence the office of Parliamentary secretaries will create open doors for undue favouritism in both legislature and executive.

- The limit on the number of ministers is set to validate the principle of Separation of Powers. Because unlike in Presidential form of government, the executive and legislature are unified in Parliamentary system. More number of ministers and concentration of mixed powers will erode the principle. Also our Supreme Court has recognized separation of powers as part of the Basic Structure of the Constitution and hence should not be breached.
- An argument has been made that these parliamentary secretaries will be able to aid the government in being more responsive to citizens' needs. That argument, however, misses the point the role of legislators is not to help the government do its job better, but to ensure that it functions in a proper manner. That is, the legislator exercises the role of a watchdog over the government on behalf of citizens and not as an agent of the government.
- Also a mere legal dilemma is used as a platform for political gains. Hence a legislative solution applicable across the country ensuring that there are no double standards in applying the law on office of profit is needed.

Main storming - GS - II

CAUVERY ROW

Recent developments over the Cauvery waters have gripped the public imagination like no other contemporary environmental issue.

- Various unverifiable data has been circulating in the social media, creating scepticism in the minds of people of one riparian state towards another.

The major sources of problem

Information sharing

- Traditionally, government departments have taken the position that data on water flows,

reservoir levels, cropping patterns and water use were best kept in the hands of experts.

- Tribunal negotiations were historically conducted behind closed doors with each side presenting their case in private.
- Now, water data is increasingly being made available in the public domain. Yet, when claims go viral via social media, these are virtually impossible to fact-check. It remains difficult to ascertain how much water is available to whom and where.

State governments remain the sole source of information.

- When conflicting, incomplete or inconsistent data are published by riparian states, there is little that can be done.
- The data available are fragmented and not in a form that is digestible.
- There are indications that the historical lack of access to hydrologic data has hampered hydrologic research too.
 - Researchers in the West use publicly available gauging station data to build models and reconstruct historical water flows through wet and dry years.
 - In contrast, a Google Scholar search reveals only a handful of hydrologic sciences papers on the Cauvery over the last decade.
 - In the absence of solid data and models, claims about whether rainfall has declined due to deforestation, whether plantations and groundwater pumping have reduced river flow, whether drip irrigation, urbanisation and watershed development have resulted in decreases or increases in water in streams, cannot be substantiated.

Way Ahead and Conclusion

- The trend globally has been towards full transparency via open data initiatives. In contentious basins, the data may even be collected via a joint monitoring protocol. Both sides are present and sign off on the flow readings. With reliable data that both sides agree on, dozens of scientific studies are published.

- The Mekong River Commission and Murray Darling Basin are excellent examples of such international and intra-national initiatives that aim to create a shared understanding on the state of the river basin.
- Same approach should be applied in cases of rivers like Cauvery, Krishna etc.
- More data is being placed in the public domain and new sources of information from private sources (satellite imagery, citizen science, low-cost sensors) are becoming available that will allow scientists to contest and validate published data. One approach would be to place as much data as possible in the public domain.
- Government has opened an online water data portal-India Water Resources Information System (WRIS), which is a welcome move. Due diligence from citizens, intelligentsia and scientists would pave the way ahead.

Main storming - GS - II

CLEAR THE AIR BEFORE ENFORCING BANKRUPTCY CODE

The Insolvency and Bankruptcy Code (IBC), 2016 proposes to set up new institutional pillars to support the insolvency resolution and liquidation processes. One such pillar is the industry of insolvency professionals.

Insolvency professionals (IP) are expected to play a critical role in the timely and efficient insolvency resolution of firms and individuals.

Two specific provisions pertaining to IPs in the new law have gone largely unnoticed:

- (i) Not just individuals but firms can also get licensed as IPs
- (ii) Those residing outside India can practise as IPs on Indian corporate and individual insolvency-related matters.

Problems with regulation of professionals in India and how IBC seeks to tackle it

- Self-regulatory organisations in professions such as medicine (Medical Council of India), law (Bar Council of India) and accountancy (The Institute of Chartered Accountants of India) have consistently failed to enforce good standards.

- This hurts the interests of consumers availing the services of the professionals.
- IBC has proposed a system of multiple, private self-regulatory organisations called IP agencies or IPAs that will regulate the insolvency professionals.
- The IPAs will compete with each other on entry barriers, codes of conduct and supervisory framework.
- Having multiple bodies for self-regulation would promote healthy practices along with better prospects for its members

Benefits of IPAs

- The proposed IP regulatory structure is largely similar to that of stock market brokers - perhaps the only success story in India in regulation of professions.
- The IPAs will have regulatory and supervisory powers over their member IPs. The Insolvency and Bankruptcy Board of India (IBBI) will watch over the IPAs as well as the IPs.
- It would bring more accountability, better prospects for its members.
- Each IPA would have its own character and essence. Competitive arena would ensure a win-win situation for all stakeholders- most critical in ensuring timeliness in dispute resolution

Concerns over IPAs

- In this framework, the regulatory burden on the IPAs (and also on the IBBI) will be significantly higher when the IPs are firms instead of individuals.
- Holding an individual accountable is easier than holding a corporate body accountable.
- Every IPA will need to have adequate capacity to regularly monitor, inspect and supervise the firms licensed as IPs. This will also have an impact on the business model of IPAs.
- Unlike other Indian laws on professionals, the IBC mandates a qualification exam for

IPs. Will all the employees of a corporate IP need to pass the exam or will it suffice if the directors or partners of the firm alone are licensed IPs?

- When an insolvency resolution case is given to an IP from such a firm, will the name of the IP go in the records or the name of the firm?
- This also relates to the accountability question. Who will be held accountable for a particular case-the individual IP dealing with the case or the firm she belongs to?
- The other provision of IBC that deserves attention is that persons resident outside India can get licensed as IPs and can also form an IP agency. No other Indian law explicitly treats foreign professionals at par with Indian ones.
- Does an individual or a firm, who is already licensed as an insolvency practitioner in the UK, need to take the Indian IP exam again?
- How will the IBBI regulate an IP, or for that matter an IP agency, who is already under the supervision of the UK insolvency regulator?
- Does the foreign IP need to become a member of an Indian IPA in addition to her membership of a recognised professional body in a foreign country?

Conclusion

- IPs are central to the success of IBC. Poor regulation of the IP industry will lead to poor bankruptcy outcomes.
- Through the enactment of these provisions, Parliament has taken unprecedented and bold but welcome steps towards creating a new paradigm of regulation in India.
- Now that IBC is about to be implemented, the IBBI and the IPAs need to issue clear and detailed regulations and by-laws addressing the questions arising from these provisions before the IP industry becomes operational.

Main storming - GS - II

DOMESTIC VIOLENCE IS NOT A MALE MONOPOLY, WOMEN TOO CAN BE RESPONSIBLE

On the face of it, the Supreme Court move to strike out the words adult male from the Domestic Violence Act may seem anti-women but in fact it creates a more level playing field in this issue.

At the moment, a complaint of abuse can be filed only against an adult male person, insulating women from the offences mentioned in this law- this is what the SC has tried to level, which is in tandem with Article 14 of the Constitution- Right to Equality

Background

- Domestic violence (also named domestic abuse, battering, or family violence) is a pattern of behaviour which involves violence or other abuse by one person against another in a domestic setting, such as in marriage or cohabitation
- Domestic violence is currently defined in India by the Protection of Women from Domestic Violence Act of 2005. According to Section 3 of the Act, “any act, omission or commission or conduct of the respondent shall constitute domestic violence in case it:
 - harms or injures or endangers the health, safety, life, limb or well-being, whether mental or physical, of the aggrieved person or tends to do so and includes causing physical abuse, sexual abuse, verbal and emotional abuse and economic abuse; or
 - harasses, harms, injures or endangers the aggrieved person with a view to coerce her or any other person related to her to meet any unlawful demand for any dowry or other property or valuable security; or
 - has the effect of threatening the aggrieved person or any person related to her by any conduct mentioned in clause (a) or clause (b); or
 - Otherwise injures or causes harm, whether physical or mental, to the aggrieved person.”

Importance of this move

- While domestic violence against women is widely recognised and indeed in many cases the perpetrators are men, there are numerous instances of women taking the lead in harassing other women.
- There is another aspect that might be redressed by this move: That of domestic violence against men.
- So far, men in India have had no recourse to the law, which does not treat them as victims. In most countries the law treats male and female victims of domestic abuse equally.
- In the 2004 National Family Health Survey, it was found that an estimated six million women had been violent towards their husbands. If this is expanded to relatives taking part in the abuse, approximately 30 million men faced domestic violence.
 - Hence this bring out justice to their case
 - Also it would check the misuse of the current law

Main storming - GS - II

WATER WATER EVERYWHERE, BUT NOT A DROP TO DRINK

India has a serious and rapidly worsening water problem. It has been witnessing severe erosion of water tables in many states. Increasing withdrawal of groundwater has also affected the quality of water, especially for drinking.

Parts of Eastern India face contamination of water by Arsenic, while the north-western region mainly faces fluorine contamination.

- Back-to back monsoon failures in parts of India have brought the issue into sharp focus. To address this problem, the government has brought out a draft National Water Policy framework, 2016.
- The broad areas covered in the proposed policy include

Right to Water for Life

- Integrated River Basin Development and Management
- Planning for Water Security
- Sectoral Use of Water
- Access to and Transparency of Water Data, Promotion of Innovation and Knowledge Management
- Water Conflicts Prevention and Resolution

The basic principles for delivering potable water and its efficient use, as numerated in the draft policy include

- Water as a Common heritage and Resource, held in Public Trust
- River Rejuvenation
- Sustaining Ecosystems Dependent on Water
- People-centred Water Management
- Efficient and sustainable Water Use and Land Use
- Appropriate Treatment and Use of Wastewater , especially by industries
- Standards for Water Quality and Water Footprints
- Water Use Prioritisation

The Major Miss

- This document covers a wide range of options, but surprisingly has no mention of possibly the single-largest source of water for the country: seawater.
- Our water planners continue to be stuck in the perception of the high cost of seawater conversion, and perhaps are not aware of the advancement of technology in the field.

Researchers at IIT Madras have developed cheap solution for converting brackish water to potable water

- Costing 12 paisa per litre by using a potential difference of just 1.8 volts
- Makes use of graphite rod , coated with graphene(made from carbonising a stack of tissue papers)

- When the electrodes are dipped into brackish water and 1.8 volt potential is applied to the electrodes, the sodium ions move towards the cathode and chloride ions move to the anode and get adsorbed.
- In about five minutes the brackish water turns into potable water with less than 500 ppm of sodium chloride, which is less than the permissible limit for drinking water.
- Israel now gets 55% of its domestic water from desalination, and that has helped turn one of the driest countries into the unlikeliest of water giants.
- According to the UN World Water Development Report, 2014, more than 17,000 desalination plants are now operating in 150 countries worldwide, a capacity that could nearly be doubled by 2020.

Way ahead and Conclusion

- According to the Indian Desalination Association, there are more than 1,000 membrane-based desalination plants of various capacities ranging from 20 cu m per day to 10,000 cu m per day in the country.
- So, there is no dearth of information and experience in this area. Seawater can now be reclaimed with a single pass-through RO membrane.
- Nanotechnology-based solutions are gaining prominence in providing solutions to address water quality problems.
- The National Water Policy must include utilisation of seawater resources as a core component of the strategy for meeting the country’s water needs. A development strategy needs to be formulated along the lines of the Solar Mission.
- A starting point could be the Sagarmala project, where setting up of a number of major development projects is being contemplated in coastal states. Most, if not all, groundwater-based development should be discouraged.

THE SALIENCE OF THE SINGUR VERDICT

On August 31, the Supreme Court in Kedar Nath Yadav v. State of West Bengal delivered one of the most momentous decisions of the year. It invalidated the expropriation of land in Singur by the erstwhile Left Front government in Bengal, and ordered that the acquired properties be returned to their original landowners.

The Judgement

- The government’s acquisition of land for the purported use by Tata Motors Limited to construct a car factory, they held, was in violation of the procedural mandates of the Land Acquisition Act, 1894
- Though this colonial-era law might stand repealed by the loftily named Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act of 2013 (LARR Act), it raises important concerns about the extent of the state’s supposedly sovereign power to acquire property, and the nature of what constitutes a “public purpose” permitting such taking.

Constitutional provisions and subsequent laws viz. property rights

- Under the 1894 statute, there were broadly two forms of recognised expropriation:
 - Acquisition for public purpose for governmental use
 - Forced transfer of land from private individuals to corporations for the latter’s commercial use.
 - In the case of acquisitions intended to benefit companies, a special procedure was prescribed in Part VII of the Land Acquisition Act, which incorporated additional safeguards to ensure that governments don’t abuse their avowed power of eminent domain.
- In its original form, the Constitution, through Article 19(1)(f), guaranteed to all citizens a freedom, subject to reasonable

restrictions in public interest, to acquire, hold and dispose of property.

- Concomitantly, in Article 31, it also vested in the state an explicit power to expropriate property for a public purpose by paying compensation to the landowner, provided such acquisition was backed by suitable legislation.
- But judicial interventions in virtually every act of acquisition, ultimately led the government to enact the 44th amendment to the Constitution and, through it, obliterate both Article 19(1)(f) and Article 31, consigning, in the process, the right to property to a mere non-fundamental status.
 - The ostensible reason for this amendment was the need to provide the state with wide latitude to enable it to achieve land reforms.
 - But the changes had the effect of only further nurturing a culture of inequality. As the continued use of the 1894 Act has shown us, both the Union and the various State governments have routinely acquired land for the benefit of private industry
 - Inevitably, these acquisitions have tended to work to the benefit of the rich, often at grave costs incurred by small farmers.

The Singur case and the latitude of “public purpose”

- The Supreme Court, encumbered by accusations of excessive intervention, has been happy to allow this expansion of the state’s power of eminent domain. It has generally ruled that even a token contribution by the government (Rs. 1 from the exchequer) towards the cost of acquisition is sufficient to escape the requirements of Part VII.
- Matters reached a crescendo when in 2003, the court found that an acquisition of land to establish a “diamond park”, comprising various units for cutting and polishing diamonds, was valid as it would generate a “good deal of foreign exchange” and would create “employment potential”.

- In the ultimate analysis, the court wrote, “What is considered to be an acquisition for facilitating the setting up of an industry in private sector could get imbued with the character of public purpose acquisition if only the Government comes forward to sanction the payment of a nominal sum towards compensation.”
- In the Singur case, though the court accepted the erstwhile CPI(M)-led government’s argument that the expropriation was intended for the benefit of the public, it concluded that the lands in question were acquired solely for the benefit of the company.
- Hence, the SC concluded that the lands in question were acquired solely for the benefit of the company was a colourable exercise of power, and would lead to justification of any and every acquisition of land of the most vulnerable sections of the society in the name of ‘public purpose’ to promote socio-economic development.”

Way Ahead and Conclusion

- Possession of land is taken on a whim, payment of compensation, often a meagre amount, is routinely delayed, and public hearings prior to any acquisition, if conducted, are treated as inconvenient formalities.
- Though some of the concerns stated by the SC have already been allayed by the enactment of the LARR Act in 2013, it can’t be a panacea to all evils associated with land acquisitions. The statute not only defines public purpose with greater clarity, but also mandates that where acquisitions are made for the benefit of private companies, the prior consent of at least 80 per cent of the affected landowners ought to be secured.
- Many states like Telangana seek to amend the law in such a manner as to do away with the requirement of consent when acquiring property for private companies so long as the acquisition is for a public purpose.
- The most vulnerable group bears the greatest burden in terms of relinquishing

ownership of land. This must be avoided. Any acquisition must be on the pretext of welfare of the masses.

Main storming - GS - II

NOT SO CLEAN

Assessment of Swachh Bharat Mission

- From fiscal year 2014-2015, when the SBM started, to fiscal year 2016-2017, allocations to SBM more than tripled.
- Most of it is going towards latrine construction, and very little towards information, education, and communication (IEC), the headline for behaviour-change activities.
- The fraction of spending on IEC has actually fallen since the SBM started, from three per cent of total expenditure in 2014-2015 to one per cent in 2015-2016. This is troublesome given the reasons open defecation persists in rural India.

Unavailability of reliable data

- The Swachh Survekshan Report, released recently by the Ministry of Drinking Water and Sanitation, presents statistics claiming to report latrine use; the survey methodology is not credible.
 - Surveyors did not ask a question that makes respondents feel comfortable saying they defecate in the open, and they did not ask about the behaviour of each individual in the household

Background

- It is a national campaign by the Government of India, covering 4,041 statutory cities and towns, to clean the streets, roads and infrastructure of the country.
- Successor to Nirmal Bharat Abhiyan
- It is being implemented by Ministry of Urban Development, in urban areas
- While Swachh Bharat Gramin is implemented by ministry of Drinking Water and Sanitation

Way ahead and conclusion

- That many rural Indians do not want the kinds of latrines promoted by the government suggests that IEC would have to be a key part of promoting latrine use in rural India.
- Unfortunately, it appears that the little attention paid to IEC activities translates into very low awareness of the goals of the SBM.
- Also there is little awareness among masses about ending open defecation being one of the main objectives of SBM.
- Rather than a supply driven approach of building community toilets, subsidised toilets for households, we should make it demand-driven.
- People should know about ill effects of open defecation. Those practising it should be discouraged by means like public shaming as seen in 'Bako Bikaner' programme.
- Once having a toilet at home becomes a matter of prestige, we would achieve the goal of making India 100% open defecation free.

Main storming - GS - II

WELFARE SCHEMES – DO THEY REALLY MEET THEIR OBJECTIVES?!

The Indian government has introduced a slew of social welfare schemes to remove poverty, better sanitation, health care, education, etc. The government fixes targets to be achieved in a year, which puts pressure on the officials, who go to any lengths to achieve it.

In its zeal to achieve numerical goals, the government is jeopardising the efficacy of welfare schemes.

Lessons from the past

- During the emergency, the Indira Gandhi government enforced the implementation of forced sterilisation. This resulted in botched surgeries and death.
- In 1994, the government abandoned the concept of setting targets in family welfare

initiatives, after it made a commitment at the United Nations Conference on Population and Development.

Present scenario

- The Narendra Modi government has introduced various welfare schemes, and in the rush to achieve the numerical targets, the main aim of the welfare scheme is not realised.

Pradhan Mantri Jan Dhan Yojana – for financial inclusion.

- After the financial inclusion scheme was announced by the Prime Minister on 15 August 2014 with, nationalised banks went on an overdrive to open new accounts.
- Thereafter, when it was pointed out that the mere opening of “zero balance” accounts would achieve little, bank officials started illegally seeding a single rupee into a zero balance account to change its nomenclature.

Swachh Bharat – to improve sanitation

- For Swachh Bharat programme, a cess has been imposed from November 2015, and construction of toilets has been accelerated.
- Government data indicates that nearly 1.6 crore toilets were built in rural areas in two years and that 9.5 crore more need to be constructed in three years if the target to make the country open-defecation free by 2019.
- There are enough indications that mere construction of toilets is hardly successful in achieving the bigger social goals of ensuring better sanitation and human waste disposal.
- A report of the National Sample Survey Office found that over 57% of the rural households and 22% of the urban households surveyed in May–June 2015 did not have access to water in their toilets.

Deen Dayal Upadhyay Gram Jyoti Yojana- to provide electricity to all villages.

- Government data contends that nearly all villages in India—98.7%, have been electrified. Yet independent reports suggest

that electricity was not being consumed by more than one-third of the households in Indian villages.

- The rural electrification policy formulated a decade ago states that a village is considered “electrified” if a transformer and distribution lines have been provided in an inhabited locality, including a Dalit basti, and a tenth of the households in the village has “access” to electricity. There is no mention as to whether these households are actually consuming power.

Conclusion

Financial Inclusion

- Untill two years ago, two out of five Indian families did not have a member with a bank account. With Jan Dhan scheme, banks had opened 11.50 crore accounts, covering 99.74 per cent of the households that were outside the banking system.
- However, opening a bank account is just first step in financial inclusion. The banks should provide doorstep banking (pickup and delivery of cash from the doorstep of the customer) to enable active participation of the people in financial inclusion.

Sanitation

- With the imposition of swachh bharat cess , 0.5% on service tax, the government has ensured that every citizen contributes towards the sanitation programme.
- Section 119 of the Finance Act 2015, under which it has been levied, says the cess is meant to finance and promote Clean India initiatives or “for any other purpose relating thereto”. The phrasing is vague, there should be a proper framework of how the money is going to be utilized.

Rural Electrification

- Nearly 9,134 villages have been electrified till date. Government of India has decided to electrify remaining 18,452 unelectrified villages within 1000 days i.e. by 01st May, 2018.

- The project (Deen Dayal Upadhyay Gram Jyoti Yojana) has been taken on mission mode and strategy for electrification consists of squeezing the implementation schedule to 12 months and also dividing village electrification process in 12 Stage milestones with defined timelines for monitoring.

In the zest to achieve the target, the government should not fail to ensure that people are actually utilizing the service and benefitting from it.

Main storming - GS - II

REMOVE ARTICLE 47 OF THE CONSTITUTION

Recently, the Patna High Court has struck down the Bihar government’s draconian policy of total prohibition, extending to putting behind bars members of a household on whose premises liquor is found.

Ill effects of an outright ban on alcohol

- Increasing number of hooch tragedy
- Rise in drug use
- Prohibition has led to a rise in crime, wherever it has been implemented, besides erosion in respect for the law.

Grounds on which the policy was struck down

- Unsoundness of the legal means and lack of consistency of the policy with official grant of licences for manufacture and sale of Indian-made foreign liquor in the state
- Prohibition violated the fundamental right of liberty and the derived right to privacy guaranteed by the Constitution
- Since one of the Directive Principles of State Policy commends prohibition, it cannot be deemed to violate a fundamental right

Article 47 says that-

- The State shall endeavour to bring about prohibition of intoxicating drinks and drugs that are injurious to health.

Way ahead and conclusion

- To ensure food safety, the government has set up a food regulator- FSSAI. Similarly for drugs, there is a regulatory body- CDSCO (Central drugs standards control organisation.)
- On similar lines there should be a regulatory body over alcohol, instead of an outright ban, which only pushes the business underground.
- Article 47 should be revisited, and the illiberal provisions might be amended.

Main storming - GS - II

BREWING TROUBLE

The Patna High Court struck down the Bihar Excise (Amendment) Act, 2016, declaring illegal the April 5 notification which had banned the production, storage and sale of alcohol in the state.

But on Gandhi Jayanti, Bihar Government retaliated by notifying the Bihar Prohibition and Excise Act, 2016. It retains some draconian features of the old law which the high court had declared illegal. This is being mooted as leveraging legislative independence to counter legal intervention

Court's view

- Found prohibition in Bihar to be ultra-vires of the Constitution and unenforceable, noting that criminalising possession was arbitrary, and that the penalties attracted were so draconian that they smacked of a police state
 - For instance, prohibition had introduced the legally suspect notion of guilt by association.
 - Guilt by association and collective punishment are primitive political strategies designed to overawe whole communities. They have no place in the codex of a democratic state.

Article 47 says that-

- The State shall endeavour to bring about prohibition of intoxicating drinks and drugs that are injurious to health.
- But, it cannot be deemed to violate a fundamental right

Ill effects of an outright ban on alcohol

- Increasing number of hooch tragedy
- Rise in drug use
- Prohibition has led to a rise in crime, wherever it has been implemented, besides erosion in respect for the law.

Way ahead and conclusion

- Legislative freedom should not be used to circumvent legal intervention. Democracy is founded on choice — even the choice of what may be imbibed. Any infringement of choice should be strenuously resisted by the courts.
- To ensure food safety, the government has set up a food regulator- FSSAI. Similarly for drugs, there is a regulatory body- CDSCO (Central drugs standards control organisation.)
- On similar lines there should be a regulatory body over alcohol, instead of an outright ban, which only pushes the business underground.

Main storming - GS - II

ALL ABOUT MEANS AND ENDS

MGNREGA- MIS

- The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is not only a pioneering livelihood security programme but also a great example of proactive disclosure of information through its Management Information System (MIS).
- There has been a digitisation of all the processes in MGNREGA — right from a worker registering demand for work, to

work allotment, to finally getting wages for completed works.

- Another notable feature of the MIS is the availability of information through online reports at various levels of disaggregation.

Benefits of MIS

- Enabled any citizen to monitor the implementation of the programme and has consequently charted a new paradigm of transparency
- Accountability of officers towards timely wage payment
- Large scale availability of information in public domain

Background

- Mahatma Gandhi National Rural Employment Guarantee Act” (or, MGNREGA), is an Indian labour law and social security measure that aims to guarantee the ‘right to work’.
- It aims to enhance livelihood security in rural areas by providing at least 100 days of wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.

The Shortcomings

- The MIS is accessible only from 6 a.m. to 6 p.m. Indian Standard Time. This is a huge impediment for collaborative work across time zones.
- It does not provide any data dictionary.
 - A data dictionary is a repository of all the names of variables/columns used in various reports, containing a brief explanation of its meanings.
 - Such a dictionary is crucial so that any citizen accessing the online reports can understand the content in them.
- The nomenclature of the column names in the online reports is not consistent.
 - For instance, what is referred to as the Payment Date in the report of weekly works (‘Mustroll Report’) is known as the Second Signatory Date in a report titled ‘FTO Second Signatory’.

- Some obvious worker-centric links in the data structure are missing.

- For example, every household that does MGNREGA work has a unique job card number. This number is crucial to get work.
- Upon completion of a work week, a Funds Transfer Order (FTO) is generated containing the details of each job card holder’s earned wages.
- On the MIS, there is no clear link between these two crucial pieces. As such it becomes difficult to follow the trail of each job card holder from the time of work demanded to getting the wages.

- There are several situations when a written request for work by a worker is not entered in the MIS till funds for work allocation are made available from the Centre. This is illegal as the Act mandates provision of work within a stipulated time of requesting for it.
- Similarly, the generation of the FTO is withheld till funds for wage payments are released.

Way Ahead and Conclusion

- The MIS is a powerful mechanism to have an evidence-based discourse for monitoring basic services. But a governance framework for the MIS needs to be put in place that lays out the minimum standards and accountability of the Ministry managing the system.
- IT infrastructure should not become a tool of prioritising administrative needs as opposed to being a programme enabler.
- Delays in wages should be appropriately compensated
 - Ideally, the compensation should be calculated from the 16th day of completion of a work week till the day on which the workers actually receive their wages.
 - However, the compensation is computed based on the payment date, which is not the date on which the wages get credited into the workers’ accounts.

- The system design choices should reflect the values of the worker-centric programme and hence principles need to be followed for compassionate design.

Main storming - GS - II

THE TROUBLE WITH ENFORCEMENT

India's cross-border dispute-resolution strategy is fast becoming a thorn in the flesh of an otherwise investment- and business-friendly approach the current government has been trying so hard to promote, is hindering Arbitration and Conciliation.

Current challenges viz. Arbitration and reconciliation

- India currently has one of the highest numbers of such disputes pending against it. Reasons include
 - An unfavourable change in the legal regime
 - Retrospective application of laws
 - The Vodafone and Cairn Energy cases are best example in this category. Just to increase revenue , such ad-hoc approaches should not be followed
- Arbitrary absorption of investments and delayed domestic litigation
- Administrative obstinacy and a tendency of launching criminal investigations against parties arbitrating against the government, such as in the Devas-Antrix case, have further worsened India's arbitration track-record.
 - In the Devas-Antrix case, the government chose not to send its nomination for a three-member panel of arbitrators to the International Chamber of Commerce, but instead chose to challenge the arbitration process before the Supreme Court, which was eventually denied.

Implications

- If the Indian government is perceived as rushing to the national courts to avoid a commitment in an international treaty

to arbitrate, it can adversely affect the confidence of foreign investors

- Increase litigation, and delay in arbitration can discourage FII and FDI.

Public Policy of India- The Misuse

- Until recently, there was no express definition of the term "public policy of India". Even after the 2015 amendments to the arbitration statute, the references to phrases such as "contravention with the fundamental policy of Indian law" and "conflict with the most basic notions of morality or justice" have left the topic open to interpretation.
- Indian courts are often called upon to decide the enforceability of foreign arbitration awards on the ground of public policy of India.
- An international award can be refused if it is against the "public policy of India".
- Not only the government but also the Indian parties to such awards have taken advantage of policies and laws to circumvent the enforcement of awards
- For Indian entities to be not proactive in an arbitration process, but to challenge the validity of an award on public policy defences in Indian courts during enforcement does no good to India's image in the international business community
- In countries like UK and US public policy is an exceptional ground to resist the enforcement of an international arbitration award

Conclusion

- Though the nation's international arbitration strategy seems far from perfect, not all seems to be lost.
- Formulating a strategy to handle complex international arbitration would be immensely useful. A policy to deal with these issues, which could be applied, depending upon the facts of each case, would be helpful in ensuring uniformity and certainty

- Revised model BIT (Bilateral Investment Treaty) to replace the existing bilateral investment agreements in an attempt to streamline investment treaty arbitration is a welcome step.
- The new treaty limits the grounds for initiating BIT arbitration and excludes pre-investment activities, measures of local governments and taxation-related issues from the purview of arbitration.
- Formulation of investor-friendly laws and policies will further the country's efforts to rectify the negative perception of enforceability of international awards in the years to come.
- These have the potential to alter the geopolitical calculations in the IOR, especially for India.
- Given the disparities in the spending power of China and India this will certainly play into China's hands.
- Since India cannot afford to spend on commercially unviable infrastructure projects that show no signs of profitability in the future, this will lead to the Chinese monopsony. (monopsony means a situation where there is only one buyer and many sellers)
- New Delhi is concerned about the loss contracts to the Chinese over an expansion of the Male airport worth USD 800 million and to build the Gadhoo port, in the Southern Atolls.
- The Male Airport contract, initially given to an Indian company, GMR Group, for build-operate was cancelled in 2012 due to a change in the government.

Main storming - GS - II

INDIA MALDIVES RELATIONS- CHINESE FACTOR

Maldivian government has recently passed the constitutional amendment allowing foreign nations or entities to own land if the total volume of investment exceeds USD 1 billion.

Previously foreign entities could only lease the land for 99 years. This is seen to be favouring Chinese to invest in Maldives.

What is the difference among the Maldivian political parties over the amendment?

- Abdullah Yameen, current Maldivian President, has been stating that the amendment will boost the Male economy.
- But the former President, Mohamad Nasheed asserted about it leading to foreign non-commercial logistical installations in the island.
- The exploitation of land ownership rights may hinder the sovereignty of a country.

What are the concerns of India over this new amendment?

- The amendment might contribute to the strong hold of the Chinese in the India Ocean Region (IOR) due to its huge investment in infrastructure development.

Reasons for preferring Chinese companies

- Chinese companies have vast spending power and project management skills of Chinese companies compared to Indian ones.
- China has a track record of timely and effective delivery contrasted with India's abysmal performance on the score.
- Also mainly the present Maldivian government is more pro-China and also be noted that the Maldivian government owes 70 per cent of its external debt to China.

What are the concerns of India in the Indian Ocean Region?

- The current President Yameen's government is more pro-China indicative of a shift in the Maldivian posture towards India.
- As can be seen from the case of Gwadar (Pakistan) and Hambantota (Sri Lanka) China has a track record of building maritime infrastructure in the Indian Ocean for commercial gains; however a lack of commercial viability has then been used by the Chinese to expand their naval presence.

- The Gadhuo island port would be another example; while the Maldives is not known to be a commercial hub its economic zone seems unable to sustain such a large port.
- On the other hand the Maldives is one of the closest islands to the highly secretive US base in Diego Garcia.
- This is highly threatening for India as a huge influx of infrastructural investment by the Chinese in Maldives is more military oriented than economic.
- India might lose its foot hold in Maldives thereby hindering the current geopolitical balance of power in the IOR.

Main storming - GS - II

CHINA, INDIA MUST STOP USING RIVERS AS TAPS TO MAKE POLITICAL STATEMENTS

China announced on September 30 that it has blocked the Xiaburiver, an important tributary of the Yarlung Tsangpo, at Xigase in the Tibetan Autonomous Region to build the Lalhydroelectric project

Some Facts

- In October 2015, the Zangmu Hydroelectric Project was commissioned on the main channel of the YarlungTsangpo (also called YarlungZangbo), which flows into India as the Siang and then becomes the Brahmaputra, and is known as the Jamuna in Bangladesh
- Three more hydroelectric projects, Dagu, Jiexu and Jiacha are on the works on the YarlungTsangpo as well.

Implications

- It has led to concerns and apprehensions in downstream India and Bangladesh
- Spill-over impacts on other water-sharing pacts in South Asia
 - Water sharing accords are tough to arrive at. India is a part of three of the seven water-sharing pacts between countries in the region — the Ganges treaty with Bangladesh that took 20 years to hammer

out, the Indus water treaty with Pakistan and the Gandak treaty with Nepal.

- Teesta water – sharing pact is being sought between India and Bangladesh
- It is better not to create bad precedents on water-sharing pacts when arriving at such pacts is becoming an increasingly onerous task

- Increased political tension between two nations , which already have a history of mistrust and skepticism

Background

- The YarlungZangbo-Brahmaputra is a trans-border river which has seen little conversation or dialogue among its co-riparian countries
- It has sculpted the natural and human landscape of Arunachal Pradesh and Assam
- The respective national development agendas of both China and India have reshaped the imagination of this river
- The Subansiri , an important tributary of the Brahmaputra was blocked by India to facilitate dam building which was stopped after the protests by the local people

Conclusion

- The trans-border rivers must be viewed as an important part of ecological system, not merely as a matter of conflict over building dams
- China and India need to engage in a sustained dialogue for utilising these rivers upto the maximum without causing much harm to the environment.

Main storming - GS - II

COME REPUBLIC DAY AND PAKISTAN WILL BE SQUIRMING UNCOMFORTABLY

Abu Dhabi's crown prince, Mohamed bin Zayed al Nahyan, will be the guest of honour at India's next Republic Day celebrations. With this move India has tapped onto the divide between the Arab state and Pakistan.

Multi- pronged benefits can accrue from this

Main storming - GS - II

INDIA AND THE LITTLE RED BINDI

- **Isolation of Pakistan-** after the Uri attack, India has been pursuing the policy of isolating Pakistan.
- Pakistan had earned the wrath of several Arab states, including the UAE, when it refused to join a coalition led by Saudi Arabia in an assault on Yemen, where Iran-backed Shia militias known as the Houthis.
- This move would further India's interest
- **Indo-UAE relations**
- This would boost the \$60 billion in Indo-UAE trade, and the remittances sent by 2.3 million Indians who live and work in the Emirates
- Leveraging stronger connections with UAE, India can further its ties with other Arab states, and thus gain the crucial support of Muslim community on The Kashmir issue.
- **Fighting terrorism**
- The Arab region is known to be in conflict for long time. Counter insurgency and counter terrorism is an area where India can seek co-operation from the Arab states and confine Pakistan. This would also help the agenda to declare Pakistan as a Terrorist nation—recently mooted by the Congress of USA.

Conclusion

- With Sheikh Mohamed's participation in India's Republic Day now confirmed, there's additional pressure on Pakistan's leaders — political and military alike — to get back into the UAE's good books.
- There's little prospect that the Pakistani military will be deployed in Yemen, and even if that were to happen it would earn Islamabad few brownie points with the Emiratis, since they've themselves all but abandoned the battlefield.
- India is definitely steering the wheel now. It should further push Pakistan to end this proxy war of terrorism.

India is one of Singapore's oldest and closest friends. Last year, as Singapore celebrated 50 years of independence, we also toasted the 50 years of diplomatic relations with India.

India- Singapore Relations: A perspective

- Since the Chola period, Indian traders have defined patterns of commerce in our region, shaped our religious beliefs, inspired our cuisines, and enriched our languages.
- Even the name Singapore, is derived from the Sanskrit word singapura, meaning "lion city".
- The India-Singapore Comprehensive Economic Cooperation Agreement formulated in 2005— included a strong investment chapter.
- Since then, bilateral investment has increased five-fold and trade tripled. In sectors like construction and logistics, investment increased more than 10 times.
 - Singaporean investments include Sembcorp's \$3-billion power plant in Andhra Pradesh — its largest overseas investment globally;
 - PSA's \$1.3-billion development of the fourth terminal at Jawaharlal Nehru Port in Mumbai, which will become India's largest terminal when operational; and Ascendas-Singbridge's \$400-million IT Park in Haryana.
 - Finance sector, Singapore's DBS bank, which has been in India since 1995, has big ambitions for India and aspires to lead the growth of Fintech.

Opportunities for India

- Singapore can act as a major financial hub, offering an important source of high-quality capital for India. It is noteworthy that Singapore contributed 16 per cent of India's FDI from 2000 to 2016.

- Apart from finance we can seek co-operation in sectors like Skill development and Smart cities development.
- Strategic ties would be beneficial for Indian presence in Indian Oceanic Region and securing peace and security in the region.
- Tourism development is another area of interest.

Way ahead and Conclusion

- There is a strong investment eco-system in Singapore comprising a community of investment and fund managers who have made significant investments in India, reflecting their belief in the potential of India and its people.
- To leverage this opportunity, India must be well-connected by flights to the fast-growing economies of East Asia. Expanding air connectivity will support continued economic growth, cross-flows of people, lead to greater mutual understanding, and facilitate the movement of international businesses seeking opportunities in India.
- Greater engagement between India and Asia would enhance regional prosperity and security. We need a set of norms and rules like RCEP to provide a stable political environment in which regional countries can continue to develop.

Main storming - GS - II

RIVER DIPLOMACY ON TEST

Blood and water can't flow together-was the Prime Minister Narendra Modi's comment on the river Indus, with the dark hint of retribution for Uri attack.

Background

- Indus water treaty of September 19, 1960, between India and Pakistan, is one of the most liberal and successful water-sharing pacts in the world, brokered by the World Bank.
- Under the treaty that was signed by Prime Minister Jawaharlal Nehru and Pakistan

President Ayub Khan, the water of six river - Beas, Ravi, Sutlej, Indus, Chenab and Jhelum - were to be shared between the two countries.

- According to this agreement, control over the three "eastern" rivers — the Beas, Ravi and Sutlej — was given to India and the three "western" rivers — the Indus, Chenab and Jhelum — to Pakistan.
- Indus water treaty gives the lower riparian Pakistan more "than four times" of the water available to India. Despite such liberal terms, Pakistan and India have sparred over water.

Why revoking it won't be a good move?

- **International experience on using water as a weapon to stop terrorism is a sobering one.**
- In 2014, Turkey completely cut off water from the Euphrates leaving seven million downstream Syrians without access to fresh water. By doing so, Turkey reneged on a 1994 international agreement to guarantee a minimum share of the waters of the Euphrates to Syria and Iraq.
- Earlier this year, Israel stopped water supply to several Palestinian towns and cities for weeks.
- Each of these instances brought serious collateral damage to civilian populations and proved to be a cure worse than the problem.
- Article 54 of Protocol I to the Geneva Convention prohibits actions targeting civilian populations that may result in "inadequate food or water as to cause its starvation- Hence it could bring out a bad image of India.
- **India is a lower riparian state when it comes to Himalayan rivers like the Brahmaputra**
- India has always cited how responsible it has been as an upper riparian state when it comes to the water-sharing agreement. Indus water treaty has remained the most demonstrable evidence of it.

BREAKING THE PANIPAT SYNDROME

- Pakistan's all weather ally China is the upper riparian state in the Brahmaputra, a river which flows into India's northeast and in any conflict situation it will side with Pakistan.
- **Kashmir issue will get another dimension**
- Water was at the centre of the Kashmir issue between the two neighbours as well. After Independence, India used water as a penalising measure but it didn't yield much result.
- Any tampering with the pact would give Pakistan propaganda to link it with Kashmir issue, which will further complicate the situation.
- Pakistan won't mend ways with punitive measures
- Any punitive measure from India such as turning off the Indus tap or tampering with the pact will be fodder for Pakistan to whip up anti-India feelings among people.
- India needs to think beyond such measures to make Pakistan see reason. As a mature country with a robust market and strong institutions, India has many other ways to put across its point.
- **Spill-over impacts on other water-sharing pacts in South Asia**
- Water sharing accords are tough to arrive at. India is a part of three of the seven water-sharing pacts between countries in the region — the Ganges treaty with Bangladesh that took 20 years to hammer out, the Indus water treaty with Pakistan and the Gandak treaty with Nepal.
- Teesta water – sharing pact is being sought between India and Bangladesh
- It is better not to create bad precedents on water-sharing pacts when arriving at such pacts is becoming an increasingly onerous task

A global conference this week in Brussels marks an important transition for the Afghanistan project — from international to the regional.

The rich countries are ready to redefine the burden of Afghan peace as a “regional responsibility” and setting conditions for further assistance to Kabul. The international military footprint has already come down from a high of 1,20,000 troops a few years ago to barely 10,000 now.

The consequences of this international shift on India

- With India's relations with Pakistan entering a period of turbulence, Afghanistan could acquire an unusual prominence in India's regional strategy.
- Looking from outside in, the world will want India to do more. India's own new significance in Afghanistan's politics is reflected in the recent American decision to resume the trilateral consultations with Delhi and Kabul.
- Unlike in the past, Washington is urging Delhi to step up military support to Kabul. India and Afghanistan are also involved in trilateral cooperation with Iran.

Importance of Afghanistan for India

Common Interests

- Both the countries face problems of terrorism backed by state and non-state actors in the common neighbour- Pakistan
- Co-operation in security measures is essential for stability in the region

Trade and commerce

- Last year, bilateral was \$835 million with more than \$300 million exports from Afghanistan to India. For many years, India is the number one export market for Afghan products.

- India has covered \$2 billion projects in various sectors in Afghanistan. Some of the major include Salma dam, New parliament building for Afghanistan etc.

Energy security

- Tapi pipeline project which envisages to bring natural gas from energy rich Turkmenistan to India via Afghanistan and Pakistan would cater to the much needed energy needs of India

Way ahead and Conclusion

- Developments in the Kabul valley have always been consequential for the empires centred on the Yamuna. But Delhi was tied down by the “Panipat syndrome” — the inability to look beyond its nose and anticipate the gathering challenges.
- Now, with the widening arc of India’s conflict with Pakistan, Afghanistan is likely to loom larger than ever before for India.
- Close political ties with Kabul, strong goodwill among Afghan citizens and acceptance of India as an important regional player on Afghan matters indicate that India’s aid to Afghanistan has not gone waste.

Main storming - GS - II

THE IMPORTANCE OF BEING CHILE

Position of Chile in the world

- In 2015, GDP per capita (purchasing power parity) exceeded \$22,000, the highest in the region.
- It has achieved a global reputation for wines, fruit, salmon and entrepreneurship.
- Poverty is less than 15 percent as per 2013 data
- Unlike most Latin American countries, Chile’s natural resource endowment - except for copper - is sparse.
- It is a member of the prestigious OECD and APEC, was a prime mover of the Trans Pacific Partnership and plays an important role in most regional organisations.

- Since the early 1990s Chile has negotiated and implemented preferential and free trade agreements (PTAs and FTAs) with over 60 countries.

Chile’s political development- A historical perspective

- The turning point was the deposition of the left-wing President Salvador Allende by the military dictator Augusto Pinochet in 1973.
- Dictatorship lasted till 1990 after which an elected coalition government (Concertación) was formed after a referendum.
- The continuity established by the Concertación coalition was interrupted by right-wing President Sebastian Piñera (2010-14). Public resentment, primarily expressed by left-wing students over the cost of higher education, led to riots and the return of Michelle Bachelet for a second term.

India-Chile relations

- Indira Gandhi included Chile in her eight-nation Latin American odyssey in 1968. Since then there have been two presidential visits from each side, marking extremely cordial relations
- In 2015-16 India’s exports grew to \$679 million from \$566 million a year before- an uptrend can be seen.
- Apart from pharmaceuticals, textiles, plastics, etc., a major export to Chile is motor vehicles - Tata, Maruti Suzuki and Hyundai.
- Imports fell from \$3.08 billion (2014-15) to \$1.96 billion (2015-16). This was mainly on account of copper, whose imports came down to \$1.7 billion, from \$2.61 billion in 2014-15, despite a reduction in volume of only 21 per cent.
- PTA- Recently Chile has expanded the existing PTA of 2005.
 - Under the expanded PTA, Chile has offered concessions to India on 1,798 tariff lines, with MoP (Margin of preference) ranging from 30-100 per cent.

- India has offered concessions to Chile on 1,031 tariff lines at 8-digit level, with MoP ranging from 10-100 per cent.

Conclusion

- India- Chile relations are at a good term.
- Under the new PTA, 86 per cent of India's exports to Chile can avail of concessions.
- Chile hopes to enhance its copper exports as well as value-added fruit and other commodities, but will wait for India to conclude agreements with the EU before it can avail of tariff reductions on its world-famous wine.
- Ideologically agnostic Chile is an attractive destination for Indian investment. We need to increase our contacts and focus on our complementarities.

Main storming - GS - II

FAREWELL TO NAM

A summit of the Non-Aligned Movement (NAM) without the Indian Prime Minister is like Hamlet without the Prince of Denmark and that is what was enacted in Venezuela recently.

Flawed assumptions about NAM

- India's distancing from NAM is being rationalised on the following pretexts:
- NAM did not have any binding principles and that it was a marriage of convenience among disparate countries.
 - This argument arises from the narrow, literary interpretation of non-alignment.
 - The word 'non-alignment' conveyed the wrong notion that it was not aligning with the power blocs and that the be-all and end-all of non-alignment was to remain unaligned. But the quintessence of non-alignment was freedom of judgment and action and it remained valid, whether there was one bloc or two.
- NAM countries did not come to our help on any of the critical occasions when India needed solidarity, such as the Chinese aggression in 1962 or the Bangladesh war in 1971.

- But the whole philosophy of NAM is that it remains united on larger global issues, even if does not side with a member on a specific issue.
- India itself has followed this approach, whenever the members had problems with others either inside or outside the movement.

Way Ahead and Conclusion

- The question need to be asked is whether our continued involvement with NAM would stand in the way of our 21st century ambitions.
 - The answer seems a no
 - The very informal nature of NAM permits members to operate individually.
- Our new nearness to the U.S. is not a red rag in NAM and our ability to be helpful in formulating U.S. policies gives us an advantage.
- No NAM country may agree to isolate Pakistan, but the NAM forum will be an effective instrument to project our anti-terrorist sentiments.
- NAM is particularly important in elections at the UN, including the possible identification of new permanent members of the Security Council.
- The NAM position may not be decisive, but in the normal process of consultations, every grouping will get its own weightage and it is convenient to have a lobby behind us. NAM today, like the Commonwealth has always been, is a heritage we need not discard.

Main storming - GS - II

TIME HAS ONCE AGAIN COME TO WIND UP SAARC

The making of SAARC

- The SAARC initiative was provided by Bangladesh's former president Ziaur Rehman, an avowedly anti-India leader who took Bangladesh closer to China and the Islamic world

- SAARC's most enthusiastic promoters were Bangladesh and Sri Lanka. Pakistan too was a reluctant recruit.
- President Rehman viewed SAARC as a trade union of smaller South Asian nations that could stand up to India. For precisely that reason India was slow to cosy up to the initiative. After initial resistance, India decided to go along with its neighbours.

SAARC Performance

- The first SAARC heads of government summit met in Dhaka in December 1985.
- By the turn of the century, in 2000, intra-SAARC trade remained as abysmally low as ever.
- SAARC's failure to push for greater regional economic integration encouraged some member countries to enter into bilateral free trade agreements (FTAs) like BBIN and BIMSTEC— Bay of Bengal Initiative for Multi-sectoral Trade and Economic Cooperation.
- During Prime Minister Manmohan Singh's first term in office, he injected new energy into SAARC partly with the hope of speeding up the India-Pakistan normalisation process.
- However, that hope was short-lived. Pakistan's intransigence on the economic integration agenda and its growing support for cross-border terrorism militated against any serious revival of the SAARC process.

Present development

- After URI attack India is pursuing a policy of isolating Pakistan. Amidst this, the summit of SAARC at Islamabad later in the year has been jeopardized.
- While Sri Lanka has also sought postponement of the Summit, even though Pakistan-Sri Lanka military and economic ties have become stronger, Nepal's reluctance till date in joining the Indian boycott call would be for two reasons.
 - First, Nepal is the current chair of SAARC and would like the summit held on schedule.

- Second, Nepal has acquired a stake in SAARC with the association's secretariat located in Kathmandu.
- Nepal may also be under pressure from China to keep SAARC alive since China is keen on becoming a member of SAARC

Way ahead and Conclusion

- Till Pakistan can become a normal country, a normal trading partner of all SAARC nations, and has normal relations with all SAARC members, there is little point in SAARC continuing to meet.
- Even as India and others boycott SAARC, they must accelerate economic integration. India should address the concerns of countries such as Bangladesh and Nepal while investing in regional connectivity.
- Both on account of bilateral differences within SAARC and its failure to accelerate regional economic integration, the time has once again come to wind up SAARC. India's focus should be on sub-regional associations like BBIN - Bangladesh, Bhutan, India and Nepal — and extra-regional ones like BIMSTEC. Between the two almost all SAARC members get drawn in.

Main storming - GS - II

CHALLENGES TO FINANCIAL INCLUSION

There have been some recent reports of malpractices with respect to Jan Dhan accounts, which impede the objective of financial inclusion.

The challenges

- In India, where nearly one-fourth of population is illiterate and below the poverty line, ensuring financial inclusion is a challenge.
- Further, there is a stark contrast in spatial distribution of poverty and illiteracy.
- Rural poverty can be attributed to lower farm income, lack of sustainable livelihood, lack of skills, under employment and unemployment. Thus, ensuring deposit operations in these accounts is a challenge.

Fraud due to illiteracy

- Amidst low literacy in states like Bihar, UP, MP et al. the banks have devised ways to address limitations arising out of illiteracy by ensuring biometric access to bank accounts.
- However, Aadhaar seeding implies that some numerical have still to be punched in the machine to operate an account. As all the numerals are in English, only the banker or the business correspondent (BC) can punch in the Aadhaar number.
- Similarly, the messages that are received on mobile phones from banks are also in English and therefore the illiterate person has to seek someone’s assistance to understand and interpret the message.
- In each of the above cases, the privacy of an individual’s bank balance is breached. This makes the illiterates, and population confined at home – females and elderly – vulnerable to malpractices.
- There are also anecdotes that enterprising BCs, to ensure ease of business, give the same Personal Identification Number (PIN) to all the residents in a single village. This can further compromise privacy and cause embarrassment to the authorities when direct benefit transfers through bank accounts are implemented on a larger scale.

Underperformance of Jan Dhan Accounts

- It should be acknowledged that this scheme is meant for delivering banking services to all and sundry, despite his/her ability to keep some deposit.
 - Hence, the fact that many accounts are non-functional is only because this policy is supply- driven and as with time rural wages rise, so would the aggregated amount in these accounts.
- Further this scheme is supposed to extend formal credit to weaker/ vulnerable section, and hence would need a robust monitoring of borrower accounts.
- DBT (direct benefit transfer) in these accounts is another dimension where there

should be a caution. Any fraud can lead to people being deprived from basic means of sustenance.

Main storming - GS - II

FINANCIAL INCLUSION- INDIAN WOMEN HAVE SOMETHING TO BANK ON

Fresh data show that the proportion of Indian women with individual accounts in formal financial institutions (primarily banks) reached 61% in 2015, a sharp increase from 48% in 2014, lagging men by only eight percentage points.

Some recent facts

- Largely driven by the government’s Pradhan Mantri Jan Dhan Yojana (PMJDY) and its emphasis on individual accounts (rather than household), the FII survey found that overall individual bank account ownership in India increased from 52% in mid-2014 to 63% in mid-2015.
- The gains were the highest in rural areas and for individuals below the poverty line, and, most of all, women.
- Access to a BC (Business correspondent) increased the wage income and hours of work of landless households, particularly those of women and the savings of the landless increasing more than those of landowning households.

The inferences- from various studies around the globe

- Women and their families benefit greatly from individual account ownership. Esther Duflo’s study of South African pensions reveals that when the pension recipient is a woman in the household, it translates into strong health effects for girls in the family.
- Gender of the account-holder matters and drives differential outcomes for the family

The Challenges ahead

Trust – deficit

- When providers do not treat their customers in a fair manner — particularly low-income customers and women — trust in financial services is eroded.

THE TROUBLE WITH RANKING INDIA

- Experience has shown that efforts such as the “no-frill accounts” were abandoned by clients when payments were not received in time, and customers lost confidence in their financial providers.

Security Issues

- In the FII data, PMJDY holders reported experiencing issues with transactions and account terms. Specifically, they were more likely to complain about banks deducting fees without informing them, and a decrease in available account funds due to mishandling or fraudulent activities.
- A commitment to customer protection in implementation, and thinking through women’s needs at all stages, are one way to ensure sustainable growth and outreach.

Digital divide

- To date only 44% of women — compared to 75% of men — own an individual mobile phone, and the simple difference between owning a phone and being able to “borrow one” plays a significant role in women’s technological skills development and privacy in financial transactions.

Way ahead and conclusion

- As a universally targeted programme, women’s empowerment and economic inclusion were not direct objectives of the PMJDY. But the programme design of targeting individual accounts, and the disproportionate impact this focus has on women’s empowerment and economic inclusion, may prove to be one of the PMJDY’s most lasting and transformative features
- To date only 44% of women — compared to 75% of men — own an individual mobile phone, and the simple difference between owning a phone and being able to “borrow one” plays a significant role in women’s technological skills development and privacy in financial transactions.
- We must build on this success to extend the gains to other important financial services such as insurance and credit- where coverage stands abysmally low at 15%.

India appears to be moving up in many global rankings ranging from ease of business, to competitiveness, to economic freedom and suchlike.

While that part is a welcome occurrence, there is another facet of global rankings, which are worrisome.

Takeaways from these reports- How serious we should be about the Ranking?

- Like the Miss World pageant, such rankings are easy on the eye, simple to understand, and what is more, provide hope of untold affluence and the potential of receiving global attention. However, they are quite useless if the objective is to understand and change reality
- The dangers of taking such global rankings seriously are manifold, they sometimes end up directing our attention towards areas that may not be the most important for India.

Ease of doing Business- the Flaw

- The famous doing business survey conducted by the World Bank that ranks countries on the basis of Ease of Doing Business on parameters like
- Many use it as a key measure of countries’ investment attractiveness, this despite the fact that investment itself is not quite so well correlated with it.
- A range of questions are asked related to Starting a Business, Dealing with Construction Permits, Getting Electricity, Registering Property, Getting Credit, Protecting Minority Investors, Paying Taxes, Trading Across Borders, Enforcing Contracts, and Resolving Insolvency.
- India does quite poorly when compared to most other countries in most of these items- which might not be a true picture.

RBI SHOULDN'T OVERLOOK THE SAVINGS SLIDE

- The key difficulties in doing business in India are somewhat different than those being captured in the World Bank survey.
- The key exclusions in Ease of Doing Business Report, relevant to India include-
 - problem with employability
 - eliminating Hurdles to internal trade
 - Inspector Raj
 - Businesses would save a lot of resources if India can get the tax guys to behave ethically- not included explicitly.
- Hence, to conclude, the report may not capture the whole picture, or we may see our problems with different perspective.

The Economic Freedom Report- The Partial Picture

- The global Economic Freedom ratings do not include something as basic as literacy to reflect how economically free a country is.
- This is not important for western countries as basic literacy exists for all.
- But India's priorities are different at this stage of development, and we cannot dream of economic freedom without basic education levels being achieved.

Way Ahead and Conclusion

- Each rating and ranking method has many different kinds of problems associated with it, they range from those related to data sources and updations, definitions, coverage, measures used, errors of exclusion and inclusion, use of inappropriate methods and even improper reporting.
- We should not use global rankings as a criterion to judge ourselves, our failures, or our success. If they show we did well, great, if they do not, no big deal.
- To judge our own performance, we need to develop our own metrics that reflect our own aspirations and priorities, not those that experts in other countries have decided at a global level.

As the Reserve Bank of India approaches its October policy review, more downside surprises in inflation will spur calls for more rate cuts. However, this easing cycle needs to be balanced off with the need to preserve positive real rates and reverse the decline in savings.

Some facts

- According to the International Monetary Fund (IMF), India's gross savings rate has fallen to 31 per cent of GDP from 37 per cent eight years ago.
- This compares unfavourably to China's 49-50 per cent, which ironically faces criticism for not consuming enough.

Reasons of fall in savings

- Slowdown in India's savings rate is more cyclical than structural.
- Tough economic conditions, falling real returns and high inflation are other cyclical factors that have dented the piggy-bank.
- Further, financial inclusion in India is still not very high. A large chunk of its population is bereft of fruitful banking and financial services.
- In addition to falling household savings, its composition is also imbalanced.
- In recent years, two-thirds of household savings comprised physical assets (gold, land etc.). This was driven by a need to offset inflation, but led to a ballooning current account deficit and lower investment.
- The marginal increase in financial savings has also been concentrated in shares and debentures, insurance and retirement funds rather than bank deposits.

Is turnaround likely?

- Public sector has largely been a drag to total savings, owing to higher fiscal deficits in recent years.

- However, with fiscal consolidation on agenda, it would now be a less of a drag on total savings.
- With rise in corporate savings largely owing to delayed spending plans and a push to mend balance sheets rather than strong profitability, any sound improvement in Total savings in the country seems unlikely

Way ahead and Conclusion

- The fall in savings needs to be arrested given India's investment needs.
- Higher investment growth with decline or stagnating savings will put pressure on the current account of India.
- We cannot rely too much on foreign Investments to offset this, hence the push should be from inside.
- With this in mind RBI should not further cut the interest rates, as it would lead to more fall in savings.
- Currency in circulation should be reduced. Steps taken to curb the cash in circulation like Payments Bank, E-wallets, UPI should be leveraged to augment the cash reserves in Banks.
- Overall push to steer household savings away from physical assets into financial avenues should continue.
- This is important not only to meet investment spending needs, but also to ensure efficient savings for growth and limit external imbalances. On policy, further significant rate cuts are unlikely in the interest of maintaining positive real and nominal deposit rates.

Main storming - GS - III

GST AND ITS DRAWBACKS

The Goods and Services Tax (GST) Bill recently passed by Parliament is claimed to be "the single biggest tax reform measure in independent India."

The new law is expected to provide a harmonised structure for levying indirect taxes

(including excise, customs, sales, service taxes and duties) that will minimise distortions, ensure better compliance, lead to tax buoyancy and enable the creation of a "common national market."

The GST Council, chaired by the finance minister with state finance ministers as members, will have to decide on a number of contentious issues.

- Importantly, the negotiations will be on what should be the unified tax rate and the revenue neutral rate (or the rate which would leave state governments with at least the same level of tax revenue as at present), the goods and services that would be exempted from payment of the GST, the thresholds limits, the notification of timelines and the mechanisms for dispute resolutions.
- To resolve all these contentions by the end of March 2017 will certainly not be possible.

Drawbacks

- The GST was originally conceived as a single tax that subsumes all central and state indirect taxes. However, the exclusion of certain critical taxes, notably taxes on petroleum products, electricity, stamp duties on immovable properties and excise duties on alcohol, till a date is notified by the council, leaves a gaping hole in the plan to implement a common indirect tax regime. These taxes account for between a quarter and a half of total revenues of states.
 - 1) Exempting petroleum products and electricity that are important intermediate products from the purview of GST will put to test the claims of eliminating the cascading impact of the present "tax on tax" regime.
 - 2) Keeping alcohol out of the ambit of the GST reeks of an easy compromise, while the exclusion of stamp duties for real estate transactions are clear signs that the union and state governments are far from serious about reducing the use of black money in transactions relating to land and immovable property which too have a cascading effect.

- 3) In its current form, the GST is in itself no guarantee for better tax compliance. It is just a destination-based, dual-rated VAT on goods levied at the point of consumption.
 - 4) In fact, this quest for a uniform tax rate has successfully diverted attention from the unequal consumption bases of states. High-in-come states with a relatively developed manufacturing sector have already voiced their reservations about allowing indirect taxes to be subsumed by the GST, whether in the present or in the past. However, the economies of low-income states with low consumption bases are largely informal and agrarian. Such states may not stand to gain much from the imposition of a common GST.
 - 5) Even as states are being assured that a revenue neutral rate for a period of five years will ensure no loss of revenue, the real issue is the distortion of the structure of fiscal federalism that has been provided for in the country's constitution.
 - 6) GST has circumvented the need for reforms in the continuing low effective rates of direct taxation. Direct taxes contribute to an extremely low 5.47% of India's gross domestic product (GDP) in 2015-16. Indirect taxes contribute to around 11% of GDP.
 - 7) Indirect taxes are essentially regressive in nature and affect the poor more besides being inflationary. Given India's low tax-GDP ratio, the excessive attention being given to the GST should not be allowed to sidetrack discussions on the much-needed reforms in India's direct tax regime.
- It draws attention to their vision for the future of the federal structure of the country
 - GST does not necessarily call for a uniform tax rate, but rather a uniformity in rules, procedures and administrative mechanisms of tax collection.
 - If such uniformity is ensured, it could lead to greater compliance resulting from efficiency of tax administration and a superior information network.

Main storming - GS - III

MINING LAW CHANGES FAIL TO DELIVER

Along with business challenges, the legislative framework for the nation's mining sector has greatly compounded the systemic concerns and has been the topic of considerable debate

Hyping up the 'excellent' response to the nine mineral blocks recently put up for auction, regulatory issues facing the capital-intensive Indian mining sector seem to have been carefully forgotten.

What is dragging the mining sector?

- It is plagued by excess capacity and low private investment much of this past decade, with several such entities facing declines in profit margins and issues with debt servicing.
- The Mines and Minerals (Development and Regulation) Amendment Act 2015, was introduced in a continuing effort to modernise the country's checkered approach towards mineral extraction.
 - The amendment promised increased investment, robust exploration, improved allocation and timely decision-making to renew the domestic mining market, which had previously been plagued by multiple regulatory complications, inadequate monitoring and feeble enforcement.
- The advent of the auction-only process for mineral block allocations has failed to see the acquisition of even one mine since the system came into place. Reasons:

Conclusion

- In a country in which economic development has been unequal and uneven, it is important that the fiscal autonomy of the states is protected.
- The consensus on GST, even after prolonged and acrimonious negotiations, raises a number of questions about the political leadership of the states and the dynamics that influence their positions.

- The agencies proposing these auctions have unfortunately not succeeded in structuring the process correctly. Some mines put to auction suffer from low reserves, uneconomic mineral grades, environmental restrictions and high reserve prices
- An auction-only mechanism (unlike a first-in-time approach) creates high levels of uncertainty in mineral blocks where resources have not been fully prospected and can lead to significant over or under valuation.
- The introduction of non-exclusive reconnaissance permits (NERPs), with no certainty of eventually mining such a block, has also met with severe criticism from the industry.
 - Under the new regime, there is no assured revenue stream for a successful explorer as all future leases must still be secured through an open auction.
 - Earlier, the preferential right attached to a reconnaissance permit was arguably the only incentive for encouraging private parties to undertake reconnaissance operations.
- Under the new system, mining leases will also be allotted only for a period of 50 years (or a period of 50 years since the grant of a lease in existing allotments) with re-auctioning thereafter. This inability to mine till exhaustion does not incentivise responsible mining practices.
- Alongside these issues, the amendment requires significant payouts to the newly established National Mineral Exploration Trust (two per cent of royalties) and district mineral foundations (10 per cent of royalties for new acquisitions and 30 per cent of royalties for existing mines), in addition to already high rates of royalties and service taxes payable.
 - This added pressure to the profit margins of the mining sector will continue to make it difficult for miners to compete given the prices prevailing in the international market.

Way Ahead and Conclusion

- In order to bring private investments in the mining sector, the government must work to increase the declining profit margins.
- For the NERP mechanism to succeed, bidders who spend money and share exploration data need to be duly compensated.
- Giving preferential right to mine even after mineral exploration would also act as an incentive.
- Environment and forest clearances should not be reason for inordinate delays.
- Auction- only process should be done away with. Government should pursue other methods like first-in-time too. Along with transparency, efficiency and growth should also be on agenda.

Main storming - GS - III

WHY INDIA'S IT ACT NEEDS AN OVERHAUL

The government is finally looking at revamping the Information Technology Act, 2000, which deals with cyber crimes and e-commerce.

The move comes at a time when there is a growing feeling among legal experts that the current Act last amended in 2008, does not adequately cover certain aspects of cyber security, mobile crimes and issues around abuse and misuse of the social media.

Where are we lacking?

- The tone of the Act has been punitive than being developmental.
- Given the proliferation of digital media in recent years, the Act needs to expand the definition of intermediaries
- Stakeholders are not widely consulted before making changes in IT act.
- In the absence of comprehensive privacy laws, the Indian outsourcing industry may lose existing and new business opportunities to countries with stronger privacy and data protection laws

- Some provisions for privacy protection were brought in when the IT Act was amended in 2008 for certain sensitive personal data.
- However, the provisions did not apply to government data. The proliferation of personal data generated at the level of government bodies - given the National Democratic Alliance government's thrust on e-governance - has alarmed several IT experts.
- There is an apprehension of India becoming a surveillance state.

Way ahead and Conclusion

- Implementation of the recommendations of AP Shah committee on the principles of the privacy law-
- Privacy safeguards should apply to both government and private sector entities
- Setting up of self-regulating organisations by industry to develop base-level legal framework that would protect and enforce an individual's right to privacy
- The arena of IT act is too large. Covering of areas like cyber-terrorism, national security, privacy concerns, sensitive-data leakage need more specialised agencies and laws.
- Formulation of law should be based on consensus of the stakeholders and have inherent tolerance towards circumvention.

Manufacturing Purchasing Manager's Index

- Purchasing Manager's Index is considered as a leading indicator of economic activity as they provide advance insight into the private sector economy by tracking the various indices.
- Economic analysts and policy makers leverage the PMI surveys to better understand business conditions in a given economy.
- Central banks may also use the data in taking interest rate decisions and Analysts in the financial markets use PMI data to

forecast official economic data which will be published later.

- Even though manufacturing accounts for a smaller percentage of economic output than services, it is far more cyclical and is therefore a useful indicator of economy.
- The PMI measures the performance of manufacturing sector through a survey conducted in 500 manufacturing companies.
- The survey is based on 5 indexes with respective weightages-
 - New Orders-30%
 - Output-25%
 - Employment-20%
 - Supplier's Delivery Times-15%
 - Stock of Items Purchased-10%
- A reading of PMI above 50 indicates an expansion of the manufacturing sector compared to the previous month; below 50 represents a contraction; while 50 indicates no change.

Why in news?

- Nikkei's India Manufacturing PMI survey report by Pollyanna De Lima, Economist @ IHS Markit was published.

Key points to Note:

- The PMI dropped to 52.1 in September from a 13-month high of 52.6 in August.
- Factors contributing to this slowdown are:
 - Easing of growth in New Orders.
 - Marginal Employment generated by manufacturers.
 - Slower increase in New Business Inflows as compared to August.
- Increased Orders and Output was noticed marking the nine month sequence of growth even as the rate of expansion reduced.
- Although inflation increased, it remained weak by historical standards and might indicate the RBI's loosening monetary policy in 2016.

THE INFLATION-FISCAL DEFICIT LINKAGE

With the adoption of the new monetary policy framework and with a committee revisiting the Fiscal Responsibility and Budget Management (or FRBM) Act road map, one would expect a huge shift in the way both policies are going to be adopted and implemented.

Monetary Policy Framework

- Following the recommendations of the Urjit Patel Committee, India has adopted flexible inflation targeting. Under this the central bank is mandated to achieve an inflation target of four per cent, +/- two per cent.

The concerns over the new framework

- It is not clear which theoretical framework the Patel Committee has adopted and whether this framework could provide such a range of inflation.
- Whether inflation targeting is still valid - more so when many countries that adopted inflation targeting have failed in their mandate and are taking a second look at the framework itself.
- Whether such inflation targets can be independent of fiscal policies
- Inter-relation between Fiscal indicators and Inflation
- The structural component of both inflation and government borrowing have similar movements, with the positive correlation as high as 0.86
- The causality has been found to be one way - from government borrowing to inflation.
- Transitory government borrowing (which is the difference between the actual and the permanent component) and transitory inflation.
- While the contemporaneous correlation is low, there exists bi-directional causation - although weak - between government borrowing and inflation, with a lag of four months.

FRBM- the misunderstood notions

- FRBM has not only to do with the fiscal deficit target, but also the revenue deficit target.
- While fiscal consolidation is macro-consistent and results in shifting the balance of demand from consumption (revenue deficits) to investment (capital expenditure), the problem lies in the estimates - more so when the estimates do not consider the anticipated fiscal expansion, leave alone unanticipated shocks.
- For instance, take the 14th Finance Commission's FRBM targets
 - A fiscal expansion resulting from the pay hike was not considered while suggesting the fiscal consolidation road map for the 14th Finance Commission period
 - Hence, while government struck to the FRBM road map and proposed a fiscal deficit of 3.5 per cent of GDP for the current year, on the face of it, implementing the pay hike and at the same time achieving such a tight target may be difficult.

Way ahead and Conclusion

- There is a strong linkage between fiscal deficits and inflation, and a need for maintaining consistency between fiscal and monetary policies.
- Hence, we should examine the need and feasibility of having a 'fiscal deficit range' as the target in place of the existing fixed numbers (percentage of GDP) as fiscal deficit target".
- As the purpose is expansionary fiscal consolidation, setting a "revenue deficit range" while retaining the capital expenditure target may be a wise strategy, as it could absorb fiscal shocks and at the same time enhance growth.

WHY A 'BAD BANK' IS TRICKY

Indian banks' pile of bad loans is a huge drag on the economy. It's a drain on banks' profits leading to lack of credit growth.

Amidst finding solution to this bad loan problem, the idea of making a bad bank is again doing rounds.

What is a 'Bad Bank'?

- A bank set up to buy the bad loans of a bank with significant nonperforming assets at market price.
- By transferring the bad assets of an institution to the bad bank, the banks clear their balance sheet of toxic assets but would be forced to take write downs.
- Shareholders and bondholders stand to lose money from this solution (but not depositors). Banks that become insolvent as a result of the process can be recapitalized, nationalized or liquidated.

The options available for banks to deal with NPAs

Seize the assets pledged by the borrower and sell these

- This typically involves large losses on loans as the assets have to be sold at steep discounts to their book value.

RBI's Strategic Debt Restructuring (SDR) scheme

- Under this, they can convert their loans into equity, acquire a majority stake in the firm, dislodge the promoters or management and bring in new promoters and management.
- While this happens in advanced economies all the time, the SDR scheme has not taken off in India. Indian banks do not have experience in running businesses till such time as new promoters are found.

Restructuring the loans

- This involves stretching out the period of payment, or waiving a portion of the loans, or reducing the interest rate on loans, or some combination of these
- In any restructuring, banks incur losses on the loans they have made.
- Since the managers are liable to charges of favouritism in a restructuring scheme, it has suffered policy paralysis.

Sell the NPA at a discount to an Asset Restructuring Company.

- This again involves a significant loss on loans when the transaction is made. But it has the effect of getting an NPA off the books of the bank or 'cleaning up the balance sheet'.
- Since 100% of the bad loan exits the balance sheet, capital adequacy improves and bank looks more attractive to investors
- Bad banks can be viewed as a variant of the fourth option

The challenges

- Issues arising out of ownership of these banks

If Government is majority stakeholder

- Given the size of NPAs at PSBs, the capital required by a bad bank for acquiring NPAs will be substantial. If the government is to be the majority owner, how does it find the required funds?
- A government-owned bad bank will be subject to the same constraints in managing bad loans as PSBs.
- If private investors have a majority stake
 - These could be long-term investors such as sovereign wealth funds and pension funds. In this case, the price at which PSB loans are sold to the bad bank could become a major issue.
 - If the price is too high, the bad bank will not viable. If it's too low, PSBs will be accused of selling their loans too cheaply to private investors — we will have the makings of an 'NPA scam'

- Separating lenders from the consequences of their past decisions, without imposing new rules on them for the future, will merely perpetuate India's culture of weak lending discipline.
- The complexity involved in the "bad bank" process could be daunting.
- It would involve the creation of an additional independent financial institution at a time when the government is supposed to be trying to minimise its presence in the economy.
- Naturally, such a "bad bank" could hardly function as an actual bank — nobody is likely to want to deposit money with it unless it acquires the "bad" assets at a very attractive value.
- The "bad bank" would have no more leverage over bad borrowers than current banks, perhaps less.

Way Ahead and Conclusion

- To set up a bad bank to deal with NPAs at some of the weaker PSBs, instead of one that picks up NPAs from all PSBs.
- The government must infuse more capital into the better-performing PSBs.
- It should also create, through an act of Parliament, an apex Loan Resolution Authority for tackling bad loans at PSBs. The authority would vet restructuring of the bigger loans at PSBs.
- This would mitigate the paralysis that has set in at the PSBs because of the fear factor and get funds flowing into stalled projects.
- Bad Bank is meant to essentially work as a financial institution that takes over a series of assets that are considered non-performing, works out which of those can be made viable, disposes of others in the market, and eventually ends up with a relatively clean balance sheet.

Valuing the assets properly in the transfer between the existing banks and having more leverage over bad borrowers than current banks, would be crucial for functioning of a Bad Bank.

The bad bank debate

- NPAs and stressed assets have been a drag for banks in India; in particular the PSBs. Owing to higher provisioning rates, and conforming to Basel III norms, their liquidity was greatly reduced. Now with Urjit Patel succeeding Raghuram Rajan, major policy changes viz. handling NPAs and greater capital inflows are being expected.

Recent developments

- NPAs as a percentage of total advances by Indian banks almost doubled between March 2015 and June 2016, from 4.6 per cent to 8.7 per cent.
- Hopes about the creation of a "bad bank" are on a high
 - "Bad bank" is supposed to serve as a process that identifies problem assets, takes them off the books of the existing banks, works out whether they are viable, and then passes them on at a new value.
 - Such "bad banks" have indeed served well in several crises in the past. And the hope is that the banks will get re-rated after cleansing the balance sheet, more likely to attract better valuations and be in an improved position to meet regulatory capital requirements.

The challenges

- Separating lenders from the consequences of their past decisions, without imposing new rules on them for the future, will merely perpetuate India's culture of weak lending discipline.
- The complexity involved in the "bad bank" process could be daunting.
- It would involve the creation of an additional independent financial institution at a time when the government is supposed to be trying to minimise its presence in the economy.
- Naturally, such a "bad bank" could hardly function as an actual bank — nobody is likely to want to deposit money with it unless it acquires the "bad" assets at a very attractive value.

- The “bad bank” would have no more leverage over bad borrowers than current banks, perhaps less.

Conclusion

- The bad debt problem is going to loiter around for a while.
- Ad-Hoc measures of cleaning balance sheets of banks would not be sustainable in the long run.
- The whole ecosystem of financing should be based standard procedures. Incorporating actuarial methods, due- diligence in giving loans and finances to big corporates would pave the way.
- Bad Bank is meant to essentially work as a financial institution that takes over a series of assets that are considered non-performing, works out which of those can be made viable, disposes of others in the market, and eventually ends up with a relatively clean balance sheet.
- Valuing the assets properly in the transfer between the existing banks and having more leverage over bad borrowers than current banks, would be crucial for functioning of a Bad Bank.

Main storming - GS - III

INCOME DECLARATION SCHEME

Income Declaration Scheme is a scheme launched by the Modi government which spares the people from scrutiny and prosecution if they declare their undeclared income by 31 September and pay 40% tax on the same

- It has been a huge success as nearly \$10 billion of black money has been declared under the scheme

Reasons of Success

- It was executed with the backing of the prime minister and with the entire tax machinery moving in unison relentlessly
- Clarifications were provided quickly
- Fears of leakages were assuaged

- Online filing facilities provided a reliable atmosphere
- Increased transparency in government action
- Reduction in corruption
- Data mining (using the available data for tracking black money)

The Way Forward

- Streamline the election process to plug cash spending
- Continue to drive the anticorruption process to the lower echelons of the government
- Tax base should be widened through the addition of new tax payers
- Ensuring that cash is not used for large transactions
- Proper and efficient banking facilities should be provided in the smaller towns

Conclusion

- The aggression at the tax office should be substituted with accountability in order to have more such successes in future
- Above all, it is not the scheme but the implementation of scheme that makes it a successful step otherwise declaration scheme for overseas assets would not be a failure.

Main storming - GS - III

RIGHT STEP IN MANAGING PUBLIC FINANCES

The Centre’s plan to relieve the RBI of public debt management in about two years is welcome. When the RBI manages the government’s debt, it leads to a conflict with its role as monetary authority working to contain inflation and ensure financial stability.

Public Debt Management Agency

- Public Debt Management Agency (PDMA) is a specialized independent agency that manages the internal and external liabilities of the Central Government in a holistic manner and advises on such matters in

return for a fee. In other words, PDMA is the Investment Banker or Merchant Banker to the Government.

- The idea was first mooted by the finance ministry in the Union Budget of 2007-08
- Just after a month of Rajan's departure, who opposed the idea of PDMA, the incumbent government has quickened the idea of setting up a PDMA in form of PDM CELL (PDMC) to be housed in RBI's Delhi office.

Need for PDMA

- Establishing a debt management office would consolidate all debt management functions in a single agency and bring in holistic management of the internal and external liabilities.
- Some functions that are crucial to managing public debt were not carried out. For instance, no agency used to undertake cash and investment management and information relating to contingent and other liabilities were not consolidated. Hence, there was no comprehensive picture of the liabilities of the Central Government, which impeded informed decision making regarding both domestic and foreign borrowing.
- An autonomous PDMA can be the catalyst for wider institutional reform, including building a government securities market, and bring in transparency about public debt.
- It is considered as an internationally accepted best practice that debt management should be disaggregated from monetary policy, and taken out of the realm of the central bank.
- Where the Central Bank also regulates banks, as in India, there is a further conflict of interest. If the Central Bank tries to do a good job of discharging its responsibility of selling bonds, it has an incentive to mandate that banks hold a large amount of government paper.
- This bias leads to flawed banking regulation and supervision, so as to induce banks to

buy government bonds, particularly long-dated government bonds.

- Having a pool of captive buyers undermines the growth of a deep, liquid market in government securities, with vibrant trading and speculative price discovery.
- This, in turn, hampers the development of the corporate bond market - the absence of a benchmark sovereign yield curve makes it difficult to price corporate bonds.
- If the Central Bank administers the operating systems for the government securities markets, as the RBI currently does, this creates another conflict, where the owner/administrator of these systems is also a participant in the market.

Why the RBI opposed it?

- RBI opposed PDMC because it would lead to truncation in its powers
- RBI was of the view that, only RBI had the expertise to manage government debt, because they had the pulse of the market.
- There were concerns about the fate of the staff at the central bank's debt management department.

Way ahead and Conclusion

- The Public Debt Management Agency (PDMA) will bring both India's external borrowings and domestic debt under one roof and would usher in better debt management practices such as creating a "medium term debt strategy framework", just as the case for fiscal deficit.
- This may also lead to gradual reduction of Statutory Liquidity Ratio (SLR) and frees up the lending space of commercial banks.
- In an interdependent world where capital moves across borders, the notion that the RBI and the government can function in silos is flawed.
- The financial crisis has shown that the management of government debt, regulation of banks and monetary policy are all interlinked.

- As a custodian of foreign exchange reserves, the RBI may have to sell dollars to buy rupees, sucking out liquidity. If the government chooses that precise moment to issue bonds, sucking out even more liquidity, it might upset the RBI's liquidity management plans.
- Such interventions can be managed carefully only when the government and the RBI are in sync with each other.

Main storming - GS - III

ACROSS THE AISLE: HOW FREE IS FREEDOM IN INDIA?

It has been 25 years past the pushing of economic reforms in India in 1991. Its worthwhile to analyse our performance

Freedom- Economic and Political

- Article 19 of the Constitution (as originally incorporated) that, along with Articles 14 and 21, constitutes the core of the fundamental rights enshrined in the Constitution that we "gave unto ourselves".
- The founding fathers were wise and placed political and economic rights on a par. Freedom of speech and expression [clause (a)] was on a par with freedom to carry on a business, trade or profession [clause (g)]. Freedom to form an association [clause (c)] was on a par with freedom to hold property [clause (f)].
- They understood how one set of freedoms reinforced the other and how each set would be meaningless without the other.
- A little known set of Articles of the Constitution is a group consisting of Articles 301 to 305. If it had been interpreted correctly, Article 301 would have ushered in the idea of One Nation, One Economy.
- The Article declared that "Trade, commerce and intercourse throughout the territory of India shall be free". That bold idea was smothered by interpretation and scuttled in implementation.

How good did we fare?

- Every year, the World Bank publishes a study called the Ease of Doing Business report. It ranks countries on ten parameters such as Starting a Business, Getting Electricity, Registering Property, Getting Credit, Paying Taxes and Enforcing Contracts. Between 2015 and 2016, India's rank remained the same or worsened on seven of the ten parameters.
- Overall, India's rank in 2016 is 130 out of 189 countries. Compared with emerging market economies, India ranks 22 out of 23 economies, with only Egypt below us.
- However, the recent improvement in Global competitive index is a great boost for domestic production in particular and economic prosperity in general.
- We have also seen a rise in wage levels, decent economic growth, despite economic slowdown throughout the globe.

Way ahead

- Since the 1960s, we have approached the issue of 'freedom vs control' from the wrong end. We started with 'control' and then looked at relaxations bit by bit.
- The correct approach is the exact opposite. We must start with 'freedom' and then look at what minimum regulations will be necessary to ensure a level-playing field and compliance with the laws.
- The other way in which the State interferes with economic freedom is in the purported exercise of its power to punish wrongdoers.
- When administrative or business decisions are taken, mistakes will be committed, but every mistake is not a 'wrong' that must be investigated and punished. In matters concerning the economy, the State must punish only egregious wrongdoing that has large externalities and baneful consequences.

Conclusion

- Post economic reforms, we have seen improvement in macroeconomic data and social empowerment to an extent, but still there is lot to be done.

- The Heritage Foundation and The Wall Street Journal publish an annual Index of Economic Freedom based on ten factors of 'economic freedom'. India's rank is 123 out of 178 countries, placing us in the 'mostly unfree' category.
- Lower performance in key areas such as health and primary education, higher education, labour market efficiency and technological readiness should act as a wake-up call.
- Government should be pro-active to invest in areas which boost human capital, thus rendering us to harvest our demographic dividend.

Main storming - GS - III

THE FIGHT AGAINST LEPROSY

The mere mention of "leprosy" has evoked fear and dread among people across the world for centuries. The adversities suffered by leprosy patients are multi-faceted, ranging from medical, social and psychological to economic and legal.

Important facts

- Caused by a slow-growing bacteria called Mycobacterium leprae (M. leprae),
- Primarily affects patients' skin and peripheral nerves, leading to disfigurement and nerve damage.

Leprosy in India

- In India, though we achieved leprosy elimination (<1 new leprosy case per 10,000 population) in 2005, 60 per cent of the world's leprosy patients are in our country.
- Further, a sample survey for leprosy conducted by the Indian Council of Medical Research (ICMR) in 2008-2011 estimated that there may be 2,50,000 new cases every year.
- Despite NLEP(National Leprosy Eradication Programme) a centrally sponsored Health Scheme, we have not been able to tackle Leprosy as intended, largely owing to the social stigma associated with the disease along with failure of delivery mechanism

- This has led us to strengthen and modify the National Leprosy Eradication Programme (NLEP), so that it focuses on both prevention and cure, especially in endemic regions.
- Indian research contributed to the development of Multi-Drug Therapy or MDT, now recommended by WHO, which led to the shortening of treatment and higher cure rates.

The fight ahead

Eradicating the social stigma

- Our fight against leprosy has to be measured against sensitivity displayed by society. Removal of the stigma is vital. Only then will those affected come forward for treatment and care. We cannot deny their dignity and privileges. More than laws, our attitude to leprosy has to change, doing away with discrimination.

Change In strategy

- Need to approach individuals on a door-to-door and person-to-person basis to complete detection and screening.
- We should also build champions for the disease who will spread awareness and prevent stigma.

New diagnostic and treatment technology

- Though slit skin smear is considered the simplest diagnostic technique, newer molecular-based methods have been developed by the ICMR and are being introduced in the programme.
- India is launching a novel vaccine, developed in India, on a pilot basis in five districts in Bihar and Gujarat.
- If the results are positive, it would be extended to other high-prevalence districts

Conclusion

- Though the incidence of leprosy has decreased substantially, the fight against leprosy is still far from over.
- With concerted efforts from health and community organisations, members of civil society and most importantly, with a holistic approach, our country will be able to defeat leprosy.

Main storming - GS - III

ALLAY THE FEAR

The SC recently sought answers from the department of telecommunications (DoT), if it had set standards to deal with the radiation from mobile towers and wanted to know if there were harmful effects.

Mobile towers have become controversial in the past decade and answers to the apex court's queries could clear the air.

The Concerns

- Radiation from cell phones and towers have been linked with health hazards like-
- headaches, sleep disturbances, dizziness, other neurophysical disturbances to life-threatening brain tumors
- It has also been blamed for the decline of honey bees, sparrows, and other birds and animals
- A committee of the MoEF even suggested that electromagnetic radiation (EMR) by mobile towers be treated as a pollutant.

What steps have been taken by the government?

- Stringent norms like reducing the permissible radiation limits for towers to 10 times lower than those recommended by the International Commission on Non-Ionising Radiation Protection (more than 50 countries follow this standard) were issued in the guidelines framed by DoT.
- Many researchers and scientists in India have reiterated the safety of mobile towers, however there still lies an array of fear among the masses.
- To clear this misgiving, the DoT organised an awareness campaign in Hyderabad. However emulation of such awareness campaign has been minimal.

Way ahead and Conclusion

- The frenzy around non-ionising radiation from mobile towers and cell phones is going to stay, until there is Macro- Data available to draw some conclusive results

- While the safety of health should be on priority, the regulations should not be too harsh, as development of India, fringes upon ICT infrastructure.
- The guidelines for setting up mobile towers do not bar the installation of towers near hospitals, old age homes and schools. Such proscription is international practice and should be formulated in India also.
- There should be more numbers of awareness campaigns regarding safety of mobile towers. The answer to SC's questions would indeed clear the air.

Main storming - GS - III

GLOBALISATION

The rise of populist parties in Europe and the US, the UK vote on Brexit, the slowdown in the volume of global trade has raised questions regarding trend in globalisation. Is it down sliding or just having a makeshift?

Globalisation- Historical development

- After the two world wars were over, the global economy was derailed and many new independent nations were formed. So, in the aftermath came the Bretton Woods institution with a view to revive the world economy and globalisation started.
- Globalisation and actual free trade started getting realised in the present form around the mid-to-late 1980s. The Gold Standard had disappeared a few years previously.
- The winding up of empires and colonies in the 1960s and the disintegration of the "blocs" in the 1980s permitted nation-states to enter into a variety of voluntary trading arrangements (GATT/WTO, Preferential/Free Trade areas, et al).
- With concurrent development in technology and transportation infrastructure, we saw the world trade becoming more imbued.
- Production could now be planned wherever the support ecosystem was conducive, regardless of where demand was located. Jobs

could also be exported and unemployment imported by nation states, regardless of local demand conditions. Services could get disembodied and remotely managed.

- For instance, with better ships and preservation techniques, Europe served as a big market of frozen meat for the USA.
- We have witnessed high rate of transnational migration, urban mobility, sharp increase in global remittances all owing to globalisation

Changing Dynamics

- The opening decade of the 21st century had been characterised by remarkable global macroeconomics: Record levels of output growth but mainly witnessed in the emerging market economies
- This was checked with the sub-prime crisis of globalisation.
- What was ought to be an internal crisis of the USA, had spillage worldwide. Thus started the game of changing equations. What every country is seeking today is greater inter-relation with the world economy during growth periods and isolation during the recess.

Way ahead and Conclusion

- Annual increases of global trade are not likely to get back to the previous era when global trade growth was driving global economic growth, owing to:
 - Slowdown of the Chinese economy
 - Development of China's internal supply chains which means less imports from other Asian countries for the products it consumes and/or exports.
 - MNCs are streamlining their global supply chains to reduce risks and costs as well as their environmental footprint.
- However, this is definitely not a sign, or evidence that globalisation is now in reverse.
- What we are witnessing today is a new phase where business leaders and the global elites are painfully beginning to learn that globalisation has to be managed in a way

that will really take into account national identities and cultures, that the pendulum cannot always swing towards more ease for doing business at the expenses of national sensitivities

- This is the crucial moment for those in power, to come to the full realisation of this reality and start adjusting policies and attitudes to it.

Main storming - GS - III

THE FUTURE LIES IN ORGANIC FARMING

Organic Agriculture in India

- India holds a unique position among 172 countries practising organic agriculture: it has 6, 50,000 organic producers, 699 processors, 669 exporters and 7,20,000 hectares under cultivation.
- Last year, the Indian organic export and domestic market grew by 30 and 40 per cent respectively, and will sustain primarily due to an increasing number of affluent and health conscious consumers.
- Today, Sikkim is an organic state with 75,000 ha of land under organic cultivation based on an initiative that started in 2003. Meghalaya aims to convert 200,000 ha under organic farming by 2020.
- Under Paramparagat Krishi vikas Yojana(PKVY) government seeks to promote organic farming in India via cluster approach.

Challenges faced by organic farming

- Due to relatively small volumes, the costs of organic food products are relatively high.
- The cost of cultivation increases as it takes more time and energy to produce than its chemical-intensive counterpart.
- High demand and low supply has further created an inflationary pressure on organic food products.
- Specialised farmer training costs, higher processing and inventory holding costs, and increased packaging, logistics and distribution costs add to the price of end products.

- The absence of organic food products across all segments in the market is a concern. Consumers find little value buying limited organic products at a premium when rest of the foodstuff they consume is non-organic.
- Many farmers are apprehensive about adopting organic farming due to the high production cost and the three-year transition period when farmers have to wait before getting their farms certified.
- It is critical for companies involved in the organic food business to increase awareness among consumers in non-metro cities. Progressively, people across all income groups should have access to organic food.
- This can be facilitated by different means such as establishing community-supported agricultural farms or with “grow your own food” programmes. Where penetration is low, smaller sized packs can help encourage trials.

The Sustainability debate over organic farming

- Though there is lower yield, these farms are more profitable and environmentally friendly, provide several ecosystem services, numerous social benefits and deliver nutritious foods with relatively less pesticide residues compared to conventional farming.
- Organically managed soils release less carbon dioxide per hectare per year than conventionally managed soils.
- Using the best management practices in organic systems over a long period of time can produce equal yields, or even outdo those of conventional systems.
- Impact assessment of organic farming compared to conventional farming considering the sustainability framework can help to increase consumer awareness on the true cost of a product.
- Many counterfeit organic products are available in the markets, which adversely impact the industry and consumer trust. Therefore, the Government has come up with stringent punishment for selling counterfeit organic produce.

What should be the approach ahead?

- Investments in achieving operations excellence by companies will facilitate lowering the cost of organic food products by eliminating supply-demand mismatch
- Organic goods are now available over 200 food categories, further extensions would bring in more consumers towards adopting a fully organic diet.
- Giving financial incentives to the farmers as in the US to offset the 3 year waiting period would be crucial. It would attract more farmers to adopt organic farming while assuring security of income flow while transition.
- Creating more awareness at both producer and consumer level viz. benefits of organic farming and products, would further increase the share of organic market which lies at a mere 0.4% in India.
- **Conclusion**
- Organic agriculture is the best insurance policy that India can have for its population with better performance on productivity, environmental impact, economic viability and social well-being.
- Efforts of current government like allocation of Rs.1 billion for organic market development and Rs.3 billion for the participatory guarantee scheme is commendable.

Main storming - GS - II

NOT SIMPLY A VISION THING

Monsanto recently decided that it would stop the release of new genetically modified (GM) cotton technology because of “uncertainty in the business and regulatory environment” amidst a report that GM mustard has moved closer to obtaining clearance for commercial cultivation

in India following a key committee's favourable assessment on issues of soil suitability and risks to health and ecology

Issues around GM crops

- Unavailability of data related to safety: Bio-safety dossier of the GM crops have not been put in the public domain.
- This has led to the public being sceptical about GM crops, as seen in the case of Bt-Brinjal
- Long term effects of Gm crops are not known
- There is still a need of robust demand to increase GM crop market.
- There is also a concern about availability of seeds, once the crops are introduced in widespread area. Farmers fear of high seed prices, due to monopolistic nature of GM crops(via patenting)

Opportunities to be explored

- They can be used to boost production, via developing disease resistant crops, high yield variety etc.
- Shelf life can be increased

Way Ahead and Conclusion

- The act of developing a technology is as much work inside the laboratory as it should be of engaging with the state and society and with their various concerns and questions. Without popularity no product can be sold, be it organic or GM crop
- TV (technology vision) 2035 sees people opposed to certain technologies like nuclear and big dams as a barrier to their dreams. These then need to be addressed through better governance and not better technological design because "bottlenecks lie in policy and not technology".
- Any development in this sector would be wise only after thorough studies of its impact on health, environment etc. Policy formulation should be based upon creating consumer behaviour(seeking to create a market).

INDIA AND PARIS CLIMATE DEAL – EVERYTHING YOU WANT TO KNOW

What is climate change?

- Climate change, also called global warming, refers to the rise in average surface temperatures on Earth.
- It is the change in global or regional climate patterns, in particular a change apparent from the mid to late 20th century onwards and attributed largely to the increased levels of atmospheric carbon dioxide and other Green house Gases (GHG) produced by the human use of fossil fuels.

What are the causes of climate change?

- The primary cause of climate change is the burning of fossil fuels, such as oil and coal, which emits greenhouse gases into the atmosphere—primarily carbon dioxide.
- Other human activities, such as agriculture and deforestation, also contribute to the proliferation of greenhouse gases that cause climate change.
- While some quantities of these gases are a naturally occurring and critical part of Earth's temperature control system, the atmospheric concentration of CO₂ did not rise above 300 parts per million between the advent of human civilization roughly 10,000 years ago and 1900.

What are the effects of climate change?

- The change in the climate system is likely to have adverse impact on the economy, livelihoods, cropping pattern, and food security.
- Rising sea levels due to the melting of the polar ice caps, leading to submerging coastal areas.
- Warming ocean temperatures are associated with stronger and more frequent storms.
- Erratic rainfall, leads to flooding and drought & famine.
- Wildfires damaging forests.

- Heat waves contribute to human deaths and other consequences.
- Changing Landscapes and Wildlife Habitats.
- Impacts key economic sectors – from fishing to energy to water utilities.

Main storming - GS - III

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE

The Intergovernmental Panel on Climate Change (IPCC) reviews and assesses the most recent scientific, technical, and socio-economic information produced worldwide relevant to climate change. The IPCC has published five comprehensive assessment reports reviewing the latest climate science.

IPCC projections

- a. The emissions resulting from human activities are substantially increasing the atmospheric concentrations of the GHG, resulting on average in an additional warming of the Earth's surface.
- b. Climate change impacts will be "severe, pervasive and irreversible".
- c. Global mean temperature has increased by 0.3 to 0.6 °C over the last 100 years.
- d. If GHG emission is not reduced then the global mean temperature will increase by about 0.3 °C per decade during the 21st century.
- e. By 2100, global mean temperature may increase upto 3 to 6 °C.
- f. The global mean temperature, if allowed to cross 2 °C of pre-industrial era, the heat balance of earth will collapse thereby resulting in climate change induced disasters.

Present Scenario

- IPCC has estimated that for temperature increase to remain below 2°C of pre-

industrial levels the world can emit only about 2,900 Giga tonnes (Gt) of CO₂ from all sources from the industrial revolution till 2100.

- Till 2011, the world has emitted 1,900 Gt of CO₂, thus already consuming around two-thirds of this budget.
- This means that out of the budget of 2,900 Gt, only 1,000 Gt remains to be used between now and 2100.
- The estimates say that if emissions continue unabated, the remaining budget will last only 30 more years.

UNFCCC

- Again acknowledging the grave risks of Climate Change, in 1992 in Rio Earth Summit, world countries jointly formed an international treaty called the United Nations Framework Convention on Climate Change (UNFCCC), which came into force on 21 March 1994.
- The primary objectives of establishing UNFCCC was to sensitize the world community regarding the imminent dangers of Climate Change and make a collective effort to limit the global mean temperatures not to cross the 2 °C threshold.
- The Secretariat of UNFCCC is based in Bonn, Germany and the Conference of Parties (COP) serves as an institution for international climate change negotiations.

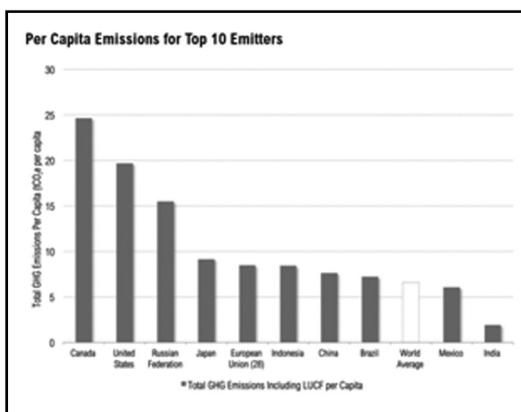
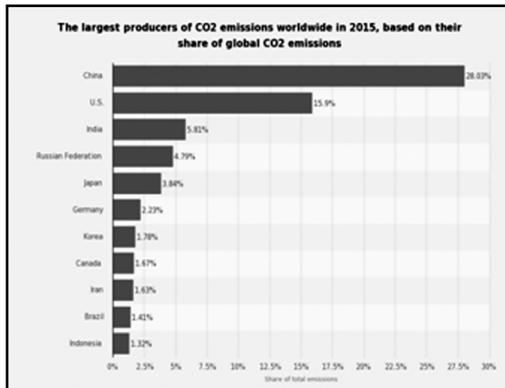
World Top polluters

- India wants to calculate CO₂ emissions based on Per capita emission, where India's emission value is less the world's average. Western countries want to calculate in Absolute terms, where India is the third largest polluter of the world.

Main storming - GS - III

IF CALCULATION IS BASED ON ABSOLUTE TERMS

If calculation is based on per capita



The key disagreements between North and South

- Climate change impacts being witnessed today are a result of the total accumulated greenhouse emissions for which the major responsibility lies with the developed nations. Moreover, despite the fast growth registered by some of the developing countries, a large proportion of people in these countries still live in extreme poverty.
- Developing countries say they want the right to use fossil fuels, such as oil, coal and gas, to help take their people out of poverty. Rich nations have had unrestricted use of these for 200 years, now it is their turn, they argue. So the deal needs to find a way of balancing the need to cut these gases with the right to use them. The question of who will pay is critical.

- One of the big underlying questions though is fairness. The richer countries say the world has changed since the UNFCCC started back in 1992. Back then the world was divided into developed and developing nations on the basis of income. But the divide is no longer so distinct and the richer nations want a greater number of emerging economies to shoulder the rising costs of climate change in future.
- The Indian stance in the climate change negotiations has been guided by the principle of CBDR. India thus believes that the climate change agreements should take into consideration a whole gamut of issues including
 1. Adaptation,
 2. Finance,
 3. Technology development and transfer,
 4. Capacity building,
 5. Transparency of action and support in a balanced manner,
 6. Loss and damage in addition to mitigation.

Main storming - GS - III

MITIGATION

Mitigation efforts are the action that will reduce man-made climate change. This includes action to reduce greenhouse gas emissions or absorb greenhouse gases in the atmosphere by setting certain target and limits.

India's stand

- Historical responsibilities of developed countries and equity in access to global atmospheric resources should continue to be the basis of defining mitigation commitments.
- The agreement must ensure that the countries to mitigation efforts is far greater than that of developed countries and could be further enhanced if developed countries effectively implement and significantly increase their commitments of providing

finance, technology, and capacity building support to developing countries.

West's stand

- Western countries undermine CBDR principle and wanted all parties to take responsibility.

Main storming - GS - III

ADAPTATION

Action that helps to cope with the effects of climate change or equipping the countries to face the climate change consequences - for example construction of barriers to protect against rising sea levels, or conversion to crops capable of surviving high temperatures and drought.

India's stand

- Equal weightage has to be given to adaptation as it is essential for reducing vulnerabilities of communities to climate change.
- This assumes more importance in view of the fact that the developing countries are the most vulnerable to climate change.
- However, both global action and finance flows have been biased in favour of mitigation.
- The developing countries are pushing hard to include adaptation in a comprehensive and balanced manner in the 2015 agreement.

West's stand

- Want to give priority to Mitigation only to avoid responsibility.

Main storming - GS - III

FINANCE

Arranging or mobilizing funds to fight against Climate change to help the poor and vulnerable countries

India's stand

- The responsibility of providing financial assistance to the developing countries lies

with the developed countries and this has been clearly articulated in the UNFCCC.

- India together with other developing countries continue to urge the developed countries to honor their obligation to provide new, additional, and predictable financial support to developing countries in a measurable, reportable, and verifiable manner.
- In this context ambitious capitalization of the GCF assumes significance.
- Developed countries have been urged to provide clear timelines and pathways to reach the US\$ 100 billion annual commitment made by them in 2010.

West's stand

- Want Emerging economies also to contribute along with them.

Main storming - GS - III

TECHNOLOGY TRANSFER

It is the process of sharing the clean technology with different countries. Developed countries could, for example, share up-to-date renewable energy technologies with developing countries, in an effort to lower global greenhouse gas emissions.

India's stand

- Technology forms a major component of any move towards combating climate change.
- The important issue in this regard is that while the developed countries are the frontrunners in clean technology, the developing countries do not possess either sufficient technical capability or the financial resources to develop clean technologies.
- Appropriate mechanisms for smooth transfer of technology from the developed to developing countries have to be agreed upon.
- The intellectual property rights price-tag should not come in the way of such technology transfer.

- West's stand
- Not willing to share the patented technology for free but only for money.

Main storming - GS - III

INITIATIVES TO ADDRESS CLIMATE CHANGE

The human community addressed the challenge of Climate Change for the first time in 1979 in Stockholm Conference.

The Kyoto Protocol

- COP3 - In 1997, the Kyoto Protocol was concluded and established legally binding obligations for developed countries (Annex-I&II countries) to reduce their greenhouse gas emissions in the period 2008-2012.
- The Protocol is based on the principle of Common but Differentiated Responsibilities (CBDR) which puts the obligation to reduce current emissions on developed countries on the basis that they are historically responsible for the current levels of greenhouse gases in the atmosphere.
- There was no binding target given to developing and underdeveloped countries (Non-Annex).
- The Kyoto Protocol had two commitment periods, the first of which lasted from 2008-2012 and the second one runs from 2013-2020, which has not entered into force.
- Reason – Except EU, all other Annex-I&II countries didn't take action to fulfill the first commitment period and didn't accept the second commitment. US didn't ratify the Kyoto treaty and Canada withdrew from that treaty in 2012.

Initiatives in other COP

- COP-13 -The Bali Action Plan was drafted as a comprehensive process for long term, effective and sustained implementation of the Convention, up to and beyond 2012 and is divided into five main categories: shared vision, mitigation, adaptation, technology and financing.

- COP-15 -In 2009 at Copenhagen, countries submitted emissions reductions pledges or mitigation action pledges. However, all these pledges were not ratified and hence were non-binding.
- COP 16 - In 2000 at Cancun, concept of Green Climate fund was introduced to finance climate change mitigating issue, but the funding was not agreed upon.
- COP-17 – In 2011 at Durban, governments clearly recognized the need to draw up the blueprint for a fresh universal, legal agreement to deal with climate change beyond 2020.

The Paris Climate Conference (COP-21)

- Negotiations were held in the framework of the yearly UNFCCC Climate Change Conferences on measures to be taken after the second commitment period ends in 2020. This resulted in the 2015 adoption of the Paris Agreement, which is a separate instrument under the UNFCCC rather than an amendment of the Kyoto protocol.
- The top-down approach of the 1997 Kyoto Protocol – where targets were negotiated rather than pledged – lacked adherents and faced defections. The 'do-as-you-please' approach of the Cancun Agreements lacked ambition and transparency. Since its inception, adapting the top-down multilateral treaty model to the challenge of climate change has been a Sisyphean task.
- In Paris, countries found 'middle ground', charting a new course in a two-decade old effort to respond to global climate change, characterized by a fine balance between bottom-up national contributions and top-down rules of the game that might deliver both ambition and universal participation. The national contributions will be dynamic, open for review and with peer pressure for scaling up self-determined effort every five years – within a framework of long-term goals and rules for monitoring, review and transparency.

India's Contention in Paris

- India argued that the developed countries had already occupied two-thirds of the 3 gt carbon emissions space in the atmosphere.
- India has been pronounced as the third largest polluter after US and China, however, India burns only one seventh of the coal that US and China burns. Though, China has pledged to reduce coal use by 2020 and all greenhouse gases by 2030.
- India is asking for easy access to clean technologies and has estimated a staggering \$2.5 trillion as its climate finance requirement until 2030.
- India has reiterated its commitment to cut emissions based on Common but Differentiated Responsibilities (CBDR), which separates poor and rich countries for fixing of responsibilities and distribution of finance, under the U.N. Framework Convention on Climate Change.

The Paris Deal

- The Agreement attempts to limit the rise in global temperatures to less than 2 degree C and will be partially legally binding, was endorsed by nearly all countries.
- India was happy that the final text takes care of the concerns raised by India and other developing countries during negotiations.

The salient features of the Agreement:

- All countries have to submit and act as per their Intended Nationally Determined Contribution (INDC).
- To peak greenhouse gas emissions as soon as possible.
- To achieve a balance between sources and sinks of greenhouse gases in the second half of this century.
- Endeavour to keep the global temperature increase "well below" 2C (3.6F) and to pursue efforts to limit it to 1.5C.
- The developed countries will review action in 2023 and thereafter progress will be verified after every five years.

- The developed countries to take 'enhanced actions' on mitigation, adaptation, climate finance, technology transfer, capacity building and transparency.
- \$100 billion a year in climate finance for developing countries by 2020, with a commitment to further finance in the future has been agreed upon. Though this clause is not legally binding.
- The deal will finally come into force after it has been ratified by balance 55 countries which consist of 55% of global GHG emissions.

Main storming - GS - III

INTENDED NATIONALLY DETERMINED CONTRIBUTION (INDC)

India

- To reduce the emissions intensity by 33 to 35 % percent by 2030 from 2005 level.
- To achieve about 40 % power from non-fossil fuel by 2030.
- To create carbon sink of 2.5 to 3 billion tonnes of CO2 equivalent through additional forest and tree cover by 2030.

China

- To achieve the Carbon peaking year by 2030 and making best efforts to peak early.
- To increase the share of non-fossil fuels to around 20%.
- To increase the forest stock volume by around 4.5 billion cubic meters on the 2005 level.

United States

- To reduce its GHG emissions by 26-28 % below its 2005 level by 2025 and to make best efforts to reduce its emissions by 28 %.

European Union

- A binding target of an at least 40 % domestic reduction in GHG emissions by 2030 compared to 1990.

How good is the Paris Outcome?

- The Paris Outcome is a turning point for action to limit climate change below dangerous levels. It signals the end of business as usual for the energy industries.
- Future investment will need to be compatible with a zero carbon world.
- The Paris Agreement establishes an enduring, binding and transparent legal regime where all countries make commitments to reduce greenhouse gas emissions and manage the impacts of climate change. It will shape climate action for decades into the future.
- The “ambition mechanism” in the Paris Agreement means that countries will need to review and increase their emission reduction commitments every 5 years in order to meet the long term goal of greenhouse gas neutrality by the second half of century.
- French leadership helped to ensure climate action was initiated in other international processes, including the G20 and the Sustainable Development Goals.

India Ratifies the Deal

- India ratifies the Paris agreement on 2 October, the birth anniversary of Mahatma Gandhi, has made it almost certain that the climate treaty will enter force this year.
- The government of India declares its understanding that, as per its national laws, keeping in view its development agenda, particularly the eradication of poverty and provision of basic needs of all its citizens, coupled with its commitment to following the low carbon path to progress, and on the assumption of unencumbered availability of cleaner sources of energy and technologies and financial resources from around the world, and based on a fair and ambitious assessment of global commitment to combating climate change, it is ratifying the Paris Agreement.

India’s importance

- The significance of New Delhi’s support to the climate pact lies in the fact that India accounts for over 4% of global emissions and is crucial for crossing the threshold mark of 55%.

- The world’s top two polluters the US and China that together account for 40% of global carbon emissions, have already ratified the document.
- Once the 55% barrier is crossed, the climate regime will become legally binding on all signatories after a period of 30 days.

India’s obligations

- Being a part of the global climate change regime, India will have significant obligations to meet under the treaty.
- The country will have to reduce its carbon footprint by 33-35% from its 2005 levels. This has to be achieved by 2030.
- A key result area for India will come in the form of the reduction of emission intensity targets, which basically is the volume of emissions per unit of gross domestic product (GDP).
- The country will have to diversify its power generation sources and shift them significantly towards renewable energy sources to reduce volumes of emissions per unit of GDP.
- In numbers, by 2025, India will need a 175 gigawatt-power production capacity from non-fossil fuel sources.
- Yet another commitment under the treaty requires India to increase its forest cover by five million hectares along with an improvement in the quality of green cover of an equal measure.
- It is expected that increased forest coverage will help India absorb massive carbon emissions from the atmosphere.

Conclusion

- India’s decision to ratify the Paris agreement has come after ensuring compliance of domestic legal requirements, internal discussions and after obtaining clarity from UNFCCC with regard to transparency and participation of Parties in the future processes.
- The climate change has emerged as one of the most important political agenda in the developed countries. Along with other issues

like national security, the climate change is being debated and used as an important part of the ongoing electioneering in the US for the Presidential polls. Thus, it is better to get associated with the solutions. However, as a leading voice of the emerging economies, India must keep up the pressure on the rich nations to fulfill their obligations for contributing USD 100 billion for technology development and transfer to reduce the global emission

- India should continue to play a leading role in combating climate change and should pressurize the developed nations to fulfill their responsibilities through more contribution to finance and technology transfer.

Main storming - GS - III

MAKING CITIES DISEASE FREE

- Indian cities often witness a scenario of panic created by the spread of communicable diseases like swine flu , dengue , chikungunya , typhoid etc.
- Some Facts
- In September 1994 , pneumonic plague was reported in areas of Surat , Gujarat and hospitals were overcrowded with patients
- One fourth of the population fled the city carrying the disease to Delhi , Mumbai , Nashik and Kolkata
- In May 2016 , there were reports of bird flu in a poultry farm in Humnabad, Bidar district of Karnataka
- Management of Waste
- When plague led to the death of 1.3 million people , the colonial government focussed on
 - Preventing cholera epidemics
 - Ensuring military sanitation
 - Preventing the outbreak from infecting the bureaucracy
 - Intensifying manual scavenging

- Today , about 90 % of solid waste is directly dumped into landfills
- The workers in this occupation often suffer from parasitic diseases like diarrhoea , jaundice and trachoma as they lack the mechanical equipments t minimize their direct contact with solid waste

The Shortcomings

- Inadequate scheduling of collection of waste from different sectors across urban areas
- Dumping of waste in an unsanitary and uncontrolled manner
- Ill maintained collection vehicles
- Limited collection labour
- Limited institutional funding
- Feckless policy and legal framework
- Lack of political will

Conclusion

- We should encourage composting and set up biomethanation plants in all Tier2 and Tier3 cities
- Recycling, composting and generating electricity from municipal wate should be encouraged (as it happened in Chandigarh
- The Surat model which has regular surveillance of diseases , paved streets and toilets in slums , systemised and strict garbage collection system and large network of health care facilities should be adopted
- It is only by the social and political will that we can convert our ill cities into smart cities.

Main storming - GS - III

PUTTING ALL AADHAAR DATA IN ONE BIG BOX IS ILL-ADVISED

- The Delhi High Court recently put restrictions on sharing of users' data between popular social media platforms WhatsApp and Facebook. This highlights a dichotomy

where companies and businesses have privacy policies, while the country does not have a legislation to protect privacy

- Data protection and privacy laws in India-Background
- While drafting the Constitution, amendments were moved to insert safeguards against search and seizure within the fundamental rights chapter.
- Dr. B.R. Ambedkar pointed out that these safeguards were already provided by the Code of Criminal Procedure but he agreed that adding them to the Constitution would make it impossible for the legislature to tamper with them.
- The vote was deferred. Eventually the amendment did not pass through the House but the debates were disappointing since they offered no discernible reason for this choice.
- However, the Supreme Court soon read the right to privacy into the Constitution. Progressively, in case after case, it realised that the rights to liberty and freedom of expression cannot survive if the right to privacy is compromised.

Why privacy should not be infringed?

- Interference in the right to privacy is interference in his personal liberty by a process which is not fair, just or reasonable.
- A person's call detail records can throw up details of several transactions which may have a bearing on his relationships, finances, access, confidential resources etc.
- These data can be used by officials for personal gains, if he knows some confidential information.

Digital India and privacy issues

- The Aadhaar legislation ensures that there will be a single database, at Central Identities Data Repository (CIDR), holding fingerprint, retinal scan and, eventually, full genomic information on every Indian, along with name, address, phone number.

- After the litany of data breaches, can we seriously say that we aren't set up for a disaster? Until we can see a realistic plan to manage the risks of making Aadhaar mandatory, putting all the data in one big box is ill-advised.
- Further it is seen as a move towards being a 'surveillance state.' The excesses done by government would not be pointed out easily, if privacy laws are not implemented
- Corporate surveillance, a dangerous honey pot, where troves of data is collected and sold for the "benign" purpose of advertising is another concern.

Way ahead and Conclusion

- We must recognise both the need for Aadhaar - in order to provide efficient and honest government services to citizens - and the need for stringent rules concerning access to and security of citizens' biometric data, in order to preserve their privacy.
- Freedom of opinion and association; freedom of religion (or irreligion); the ability to make choices and decisions autonomously in society free of surrounding social pressure, including the right to vote - all of these depend on the preservation of the "private sphere."
- Data is the core of AI and Robotics, and with an increase in use of AI and Robotics, there is an imminent need of setting up AI ethics councils to understand what issues, seen and unseen, may crop up to surprise us.
- Any cyber breach must be reported publically. Ensuring sensitive information should be codified as government's duty.
- B2B information sharing, as in the case of Whatsapp and Facebook should only be done with consent of the users. Stringent laws should be made to protect privacy infringement.

TOO CASUAL AN APPROACH TO CYBER SECURITY

The Make in India initiative has identified 25 core sectors as part of its effort to give a special thrust. While cyber security isn't one of the sectors, it is embedded in three of the 25 sectors — defence manufacturing, electronic systems, and IT & BPM.

- Despite a national cyber security policy (NCSP) announced in 2013 that purported to list almost every aspect of performance under 14 parameters, somewhere the delivery seems to be off-track. A serious relook is needed at the overall ecosystem of cyber security in the country.

Challenges to Cyber security in India

- We have an inadequately staffed and funded structure at the national level; the national cyber security coordinator is dealing with turf wars between ministries and agencies, trying to overcome the problem of poor budgets for cyber security.
- The CERT IN, the warning and response organisation, functions with almost no budget for the current nature of threats

and responses. A security service for loosely defined critical infrastructure almost doesn't exist beyond the usual anti-virus mindset and intrusion detection systems.

- Every entity is content with the foreign supplied network systems and patches. Nowhere have we moved to ensure that chip designing and building for our military and civil needs.
- Hence, despite defence manufacturing, electronic systems, and IT & BPM being a part of the Make in India campaign, we haven't made much headway in tactical communications and electronic warfare.

Way Ahead and Conclusion

- It is crucial to focus on potential avenues that bolster our cyber security ecosystem, encompassing hardware, software, system integration and most importantly people who collectively devise and generate a delivering mechanism.
- Any cyber breach must be reported publically. Ensuring sensitive information should be codified as government's duty.

The NCSP needs to take a clear, bold look to be more relevant, and implementable on a time bound manner.

