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1. FOREIGN INVESTMENT IN COAL MINING

Why in news?

The policy reform by the government now allows 100% foreign direct investment (FDI) under the automatic route for the sale of coal and for coal mining activities.

What are the provisions?

- Under the earlier policy, this was allowed only for captive consumption.
- New policy includes associated processing infrastructure subject to provisions of the Coal Mines (Special Provisions) Act, 2015 and the Mines and Minerals (Development and Regulation) Act, 1957, amended over time.
- Specifically, 100% FDI via the automatic route was allowed in coal and lignite mining for captive consumption by power, steel and cement units.
- Further, 100% FDI was allowed via the automatic route for the setting up of coal washeries.
- However, firms could sell washed coal only to those units that supply raw coal for processing and not in the open market.
- The changed policy regime, thus, allows foreign companies to extract coal for commercial purposes for sale in the open market and in "associated infrastructure" that include washeries, crushing, coal handling and separation.

What are the implications?

- The new policy regime governing the coal mining industry is of considerable significance.
- India has one of the largest reserves of coal, amounting to 286 billion tonnes.
- Coal mining in India, the third largest in the world, is an important industry that supplies the largest commercial source of primary energy.
- Coal, being a vital raw material, is mainly used by the power plants, and metallurgical and cement industries.
- India has also been importing coal to meet its growing energy requirements, as domestic production by Coal India.
- Owing to insufficient supplies of coal, power plants had been operating below their installed capacity, necessitating imports to meet demand.
- The rising imports and higher prices in turn have had an adverse impact on the current account deficit.
- With the implementation of the liberalised policy enabling the entry of foreign coal mining companies, it is expected that domestic production would be augmented.
- The policy would also enable the opening up of the industry to competition, which until now had been the monopoly of CIL, a public sector company. Only CIL could mine and sell coal in the country.
- The new coal mining policy would also push forward the implementation of related policies such as those for auction and allocation of coal blocks, environment and forest clearances, land allocation, and so on.
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What are the shortcomings?

- The entry of new companies would necessitate fast-tracking of approval processes in a time-bound manner to reduce uncertainties regarding regulations and clearances in order to avoid risks to production.
- This is because foreign firms usually avoid sectors in which the regulatory risks tend to be high, especially with regard to natural resources.
- These include risks involved in land acquisitions and other permits, which may prevent the entry of foreign firms.
- Private investments in captive coal mines have been minimal due to risks to production. Entrants to the industry would have to acquire and develop new coal mines.
- This would lead to the need for a certain gestation period before the commencement of commercial operations that would also require large financial outlays.
- Additionally, bidding and environmental clearances, inadequate infrastructure, and issues regarding land availability would take time before 100% FDI in mining by new firms commences. Constraints on profitability could also discourage new entrants and investments.

2. BEYOND THE MERGER MANIA

What is the issue?

The frequency of public sector banks have panned out in recent times

What are the instances?

- Vijaya Bank and Dena Bank were merged with the Bank of Baroda, effective April 2019.
- Following this, the finance minister has declared four more mergers: Oriental Bank of Commerce and United Bank of India with Punjab National Bank (PNB), Syndicate Bank with Canara Bank, Andhra Bank and Corporation Bank with Union Bank of India (UBI), and Indian Bank with Allahabad Bank.
- While the consolidation will bring down the number of PSBs in this country by almost half, it will increase the average size of the merged entities.
- For instance, a merged PNB is estimated to assume one and a half times its current size, while both Canara Bank and UBI will be double their respective sizes.

What will be the effect?

- Empirical evidences are rather ambivalent regarding the correlation of size and efficiency of banks.
- The bigger size does not necessarily mean better performance has already been demonstrated by certain PSBs in India that outperform the private sector banks in size.
- However, they flounder when it comes to the comparison of the market value of their assets with the latter. A classic example at hand is that of the State Bank of India (SBI), consolidated in 2017 during the previous tenure of the current government.
- Despite a business of ₹ 52 lakh crore and market share of almost 22%, the SBI's price to book value is nearly one-third of that of HDFC Bank, while the latter's business and market share are almost a third or less of that of the SBI.

- However, if the connotation of "efficiency" is restricted to operational readiness only, then merger can possibly ensure this on various grounds.
- First, a lesser number of banks would enable speedier decision-making across banks. In tandem, the binding pressures on the finance ministry to execute the appointments of senior banking personnel across a multiplicity of PSBs can be reduced.
- Similarly, the incidence of coordination failure that thwarts a fragmented banking sector from resolving commonly faced problems like that of the non-performing assets (NPA) can be minimised.
- But, whether such functional efficiency can actually be (operational) cost saving is suspect, especially in the context of the assurance given by the finance minister that there will be no lay-offs even with branch rationalisation.
- It is not clear how cost economies will be effected in the retainment and redeployment of staff.

3. LANGUAGE OF POWER OR LANGUAGE OF PEOPLE?

Why in news?

On Hindi Diwas, the Home Minister suggested that Hindi can be the lingua franca of India.

What are the implications?

- It seems yet again a pitch for unity by uniformity.
- The past attempts in this direction, including the initially introduced mandatory inclusion of Hindi in the draft National Education Policy, 2019, have instilled among many a fear about this being a call for "one nation, one language."
- It ignores the fact that the guiding principle for the organisation of states in independent India was primarily linguistic, thus making it a "multilingual federation."
- The rhetoric of "one nation, one language" misses or seeks to obfuscate the reality of the making of Indian nationality that transcends (and not smothers) the linguistic and regional differences.
- Language in itself is a democratic system that is "internally plural" and has deep connections with the work and life practices of those who use and shape it constantly.
- Language lives and thrives if the people thrive, that is, if they have livelihood opportunities in their regions.
- The People's Linguistic Survey of India 2010 identified around 780 living languages.
- However, it also found that around 220 languages had died off in the preceding five decades.
- One of the reasons for this is unprecedented migration and displacements.
- As much as there is a need to acknowledge and celebrate this immense linguistic heterogeneity, there is also a need to register the overwhelming loss in the deaths of so many languages.
- In light of such migrations, co-existence and not homogenisation is the key to resolve any language-related issues.
- against the hybrid, malleable, ever-welcoming and embracing language of the commoners,

the *sarkari* Hindi is alienating and a subject of ridicule.

- Literature and popular cinema in Hindi have pointed out that its dignity does not lie in complicating it and limiting it to a position of privilege.
- A *shuddh* sanitised Hindi with its class and caste baggage and as a language of power cannot be a language of the people.
- In fact, limiting and imposing it thus also means a death blow to many of the "sister" languages, be it Urdu, or languages which get sidelined or subsumed as its "dialects," be it the fastest-growing Bhojpuri or disappearing languages like Kumauni.
- Most in the Hindi belt are willing to abandon Hindi and be perceived as English-speakers, and for many the identity of being Hindi speaking becomes a burden, associated with an inferiority complex.
- Many a youth has spent the productive years of their lives fighting such complexes and living under strain, as only English seems to open for them doors for livelihood opportunities and upward mobility.

4. THE UNFOLDING ECONOMIC SLOWDOWN

Why in news?

The growth rate of real gross domestic product (GDP) has dipped to 5% in the first quarter (Q1) of the current financial year, the lowest recorded in recent years.

What is the situation?

- Both consumption and investment demands have contributed to this depressed economic situation.
- The private final consumption expenditure (PFCE) grew at 3.1% during Q1 of the current year compared to 7.3% a year ago.
- Previously, the PFCE growth had similarly contracted to 4.1% during the fourth quarter (Q4) of 2016–17, the quarter immediately following demonetisation.
- Gross fixed capital formation (GFCF) also exhibited a similar growth trend.
- It grew by 4% in Q1 of the current year against 13.3% in the previous year, and 2% in Q4 of 2016–17.
- Most of the producing sectors, such as agriculture, mining, and quarrying, and manufacturing have witnessed a serious setback in growth during Q1 of 2019–20.
- Of this, the most worrisome has been the manufacturing sector, the gross value added (GVA) of which edged up by just 0.6% compared to a growth of 12.1% during the same period last year.
- The economic slowdown had also reflected in the results of the Periodic Labour Force Survey of 2017–18.

What are the measures by the government?

The government has announced a slew of revival packages since the last week of August, including the amalgamation of 10 banks with recapitalisation to the tune of ₹50,000 crore, rollback on the surcharge on tax on foreign portfolio investors, specific measures concerning automobiles (providing 15 percentage points of additional depreciation rate to commercial vehicles bought till March-end 2020 is a case in point), housing and export sectors, and now loan melas in 400 districts and slashing of basic corporate tax rates to 22% from 30%, though many more are still expected.

What should be done?

- As the economy is in the grip of an unusual depression due to a mixture of both structural and cyclical causes, what is called for now is a radical change in macroeconomic policies—both monetary and fiscal—in favour of providing expansionary impulses.
- Expansionary fiscal policies to provide impetus to both consumption and investment, particularly in the rural sector, are the need of the hour.
- With the possibility of augmenting tax revenue fading, the stepping up of public expenditure to revive the economy becomes a major challenging task, but this would require a fresh look at the policy of fiscal consolidation.

5. CLIMATE CALLING

What is the issue?

Climate conservation needs more of informed action than of contagious Samaritanism.

What should be the approach?

- It is heartening to see youths across Indian cities rising to the cause of climate protection.
- But, simultaneously, there is also a growing concern as to whether the protest agenda can adequately address the political undertone that commonly pervades the issue of climate governance, in both its content and spirit.
- In the paradigm of the "capability approach" to development, access to a clean environment/safe climate and to employment can both qualify as drivers of quality life, and hence, should not be mutually exclusive.
- But, in a scenario where human beings are circumscribed by narrow capability sets, prioritisation takes precedence over non-exclusivity, and the present over the future.
- Then, it is the livelihood per se, which assumes priority, irrespective of the level of hazard associated with it.
- At this juncture, the more pressing agenda should be to hold the state accountable for investing in people so that they are empowered to claim, attain, and secure their rights, including that to a safe climate.
- Climate conservation is a country-specific issue and, without proper contextualisation to the local and global realities faced by a country, a blanket agenda for preservation is of no value.
- Given that, climate strikes in India are a missed opportunity. In the exuberance of pulling up the state for its inaction towards climate protection the strikes have overlooked some fundamentally contentious issues of climate governance.
- One such issue is that of the principle of Common but Differentiated Responsibilities and Respective Capabilities (CBDR–RC) of the United Nations Framework Convention on Climate Change (UNFCCC).
- Despite recognising different capabilities and differing responsibilities of individual countries in addressing climate change, it remains a half-hearted attempt at differentiation by not taking into account the historical responsibility of emission and absorption of different countries.
- With surplus absorptive capacity being transferable from the low to high emitters, the

estimates of intended nationally determined contributions (INDCS) of individual countries are subject to scrutiny.

- Inculcating climate consciousness amongst the younger generation is undoubtedly the need of the hour.
- But, in so doing, one has to remember that the environment/climate is a non-excludable resource, and its preservation would require a nuanced understanding of the modalities of its usage.
- Knee-jerk protests to demonstrate "global bonding" can stir up vicarious thrills, but will never address the real crises of governance.