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G.S PAPER I

1. HISTORY

Without the Poona pact of 1932, existing comprehensive Indian constitution would never happen. Do you agree with this view? Comment

KEY POINTS

- In late September 1932, B.R. Ambedkar negotiated the Poona Pact with Mahatma Gandhi. The background to the Poona Pact was the Communal Award of August 1932, which, among other things, reserved 71 seats in the central legislature for the depressed classes.

Fair representation

- In a settlement negotiated with Gandhi, Ambedkar agreed for depressed class candidates to be elected by a joint electorate. However, on his insistence, slightly over twice as many seats (147) were reserved for the depressed classes in the legislature than what had been allotted under the Communal Award.
- In addition, the Poona Pact assured a fair representation of the depressed classes in the public services while earmarking a portion of the educational grant for their uplift.
- It was also conceded that something concrete had to be done to give them a political voice as well as a leg-up to lift them from a backwardness they could not otherwise overcome.
- The concessions agreed to in the Poona Pact were precursors to the world's largest affirmative programme launched much later in independent India. A slew of measures were initiated later to uplift Scheduled Castes and Scheduled Tribes.

Positive outcomes

- The Poona Pact had several positive outcomes for Ambedkar. It emphatically sealed his leadership of the depressed classes across India. He made the entire country, and not just the Congress Party, morally responsible for the uplift of the depressed classes. Most of all he succeeded in making the depressed classes a formidable political force for the first time in history.
- It is very much in this spirit that he affixed his signature to the Poona Pact saving Gandhi's life as well as that of the Congress Party's while giving a big voice to the depressed classes.

2. GEOGRAPHY

Indian Meteorological Department still needs to sharpen the monsoon rainfall forecasting models and improve the utility of its predictions for the various stakeholders. Examine

KEY POINTS

- The forecast by the India Meteorological Department (IMD) of a normal monsoon this year has come as a silver lining in the general atmosphere of despondency created by the Covid-19 outbreak.
- The agriculture and allied activities sector, which seems set to grow at 3.5 per cent in 2019-20, regardless of the of Covid-19 onslaught towards the end of the rabi season, can be expected to sustain or excel this level of growth in 2020-21 as well.
- Significantly, the IMD has also outlined the revised "normal dates" for the onset, progress, and withdrawal of the monsoon in different regions, based on the experience of the past few decades, thus, virtually altering the country's monsoon-dictated cropping calendar.



- Yet it manages to cover the entire country, including the northwest, by July 8, nearly a week earlier than the previously deemed normal time of mid-July. The reworked date of the monsoon's complete withdrawal from the country is now October 15, instead of September-end.
- That said, the truth also is that the IMD's long-period weather predictions are yet to acquire the kind of credibility that its short- and medium-term forecasts have managed to do. Its preliminary monsoon projections, issued around this time every year, most often, go wrong.
- At times, even the updated versions and the region-wise forecasts released later on also prove incorrect. The indication about the distribution of the rainfall, which matters more for agriculture than the amount of precipitation, comes only when the rainy season is already underway and the bulk of the crop sowing has taken place.

GS PAPER II

3. INDIAN POLITY

The present crisis provides several opportunities for real parliamentary change in the country. Explain

KEY POINTS

The government has issued two ordinances, Parliament has modified its rules to reduce the salary and allowances of Members of Parliament and Ministers, and the Union Cabinet has decided to cancel the Members of Parliament Local Area Development Scheme (MPLADS) for two years. These measures are purportedly to save costs as the nation tackles the COVID-19 pandemic.

Parliament absent

- Parliament was debating the establishment of a Sanskrit University and an Ayurveda institute, and that of regulatory boards for aircraft, Indian Systems of Medicine and Homoeopathy. The Finance Bill was passed without any discussion on the last day.
- There was no discussion on the possible implications of the coronavirus epidemic and policy measures to tackle it.
- In brief, Parliament has abdicated its role as the elected body that checks the work of government on behalf of citizens. Instead, we get the symbolic gesture of reductions in pay and allowances.

Good move on MPLADS

- The cancellation of MPLADS for two years, on the other hand, is a welcome move. This scheme should not be resumed after the crisis. In financial terms, there are savings of nearly ₹ 4,000 crore per year.

Scope for reform

- The current crisis provides several opportunities for reform. For example, Parliament should explore how technology can be used to improve its efficiency. Much of the daily paper work such as filing questions and other interventions have been digitised while protocols and infrastructure may be needed if meetings have to be held through secure video-conferencing.
- Other issues such as pay and allowances for Members of Parliament need to be discussed. The Members of Parliament should be provided with office space and research staff. They should be compensated in line with their duties as national legislators.

The Management of lockdown, crisis situation, in the country will shape balance of power between Centre and states. Justify

KEY POINTS



- The management of a sub-continental lockdown has brought into focus the role of state governments, their uneven capacities and capabilities and varying quality of provincial leadership — both political and bureaucratic.
- There is a growing body of opinion that in the post-COVID world most countries will see governments playing a larger role in shaping people's lives and determining their livelihoods.
- The return of big government and the prospect of a potentially larger role for the state in the economy raises the question, certainly in India, of what it would mean for Centre-state relations, and for national and provincial politics.
- The central government's role will no doubt be important in the handling of the economic and financial aftermath, in reviving inter-state movement of people and goods, in re-negotiating international economic treaties to make them relevant to the new situation and so on.
- However, the immediate challenge of public health and medical care, as well as the continued supply of necessities, will remain the responsibility of state governments.
- The manner in which the central and state governments resolve the problem of inadequate fiscal resources, given falling revenues due to the slowdown and rising claims on the public exchequer, will be a key issue in Centre-state relations.
- Given the constitutional division of responsibilities between the Centre and states, one issue that has fallen between two stools is the entire question of internal migration and the economic and social interests of domestic migrant labour.
- The management of the lockdown and its aftermath will determine the balance of power not just between Centre and the states, but between alternative political platforms.
- In the coming months, the focus of public policy will perforce shift to areas where state governments and provincial leaders will have to play a larger role. The only way in which the central government can re-assert its developmental role would be through massive public spending and investment.

States must devolve more functions and finances to local governments and build capacity before the next crisis hits the country. Analyse

KEY POINTS

- The lockdown has made it amply clear that India is too large, too complex and too diverse to be run by centralized decree. One of the core problems faced by the Indian republic—its highly centripetal structure—has come bubbling up to the surface during the covid crisis.
- One of India's biggest mistakes is not creating sufficient local government capacity. This is a fundamental error of India's founders, as the Constitution only provided for Union and state level governments and the creation of local governments was left to the states.
- The 73rd and 74th amendments did not mandate the transfer of governance functions—like the provision of education, health, sanitation and water—to them.
- Instead, the amendments listed the functions that 'could' be transferred and left it to the state legislature to actually devolve functions. There has been very little devolution of authority and functions in the last 27 years.
- Making matters worse, state executive authorities have proliferated to carry out these functions. A common example of this is the existence of dysfunctional state-level water boards, performing tasks that should be left to elected representatives of local governments who best understand local water problems and can be disciplined through the democratic process.
- The lack of finances for PRIs and ULBs. Local governments can either raise their own revenue through local taxes or receive intergovernmental transfers; the constitutional amendment recognized both but did not mandate either. The amendments left it to state legislatures—a choice that most states have not exercised.



- Municipal revenue accounts for a small share of gross domestic product (GDP) in India, hovering around 1% of GDP from 2007-08 to 2017-18.
- More than half of India's municipal revenue comes from intergovernmental transfers, which brings uncertainty and lack of control over budgets. Consequently, ULBs usually don't even spend their entire budget.
- A well-funded local government with clearly delineated functions is best positioned to fight a pandemic like covid. In its absence, India needs to rely on state and Union government measures, which tend to be of the one-size-fits-all sort, like a countrywide lockdown, instead of block-level curfews and similar targeted measures.

4. JUDICIARY

In the situation of pandemic, Indian judiciary needs to adopt the available technology to enhance the efficiency in disposing the cases. Elaborate

KEY POINTS

- After the Kerala and Bombay High Courts' successful use of a video-conferencing app to live-stream proceedings, courts in India, including the lower courts, need to roll this out on a war footing. The Covid-19 outbreak and the concomitant social distancing requirements make this an imperative.
- Advocates too participated in the proceedings from their residences/offices, while the law officers of the state and the Centre were also logged in.
- The National e-Governance Plan had envisaged e-Courts as a mission-mode project in 2006—e-Courts would be paperless with a large database of case records and other legal data, and courtrooms would be equipped for video-conferencing, among other things.
- While there has been significant progress in some areas—whatever digitisation of case records has been achieved so far, has helped fast-track justice delivery—in others, it is yet to reach the desired pace.
- Hearings through video-conferencing between the courtroom and jails, for instance, aimed to bring down costs and delays, incurred in ferrying undertrials from the jail to the courts and back.
- However, in 2019, the average number of video calls made in 25 states (excluding Madhya Pradesh and Maharashtra, that each had nearly 50,000 video calls) was just 2,400, with some states having made just double-digit video calls.
- The slow pace of adoption of technology by the judiciary is rather shocking given technology can deliver significant efficiency and transparency gains.
- The judiciary should treat the Covid-19 outbreak as an opportunity to reorient itself on tech-adoption. It can perhaps begin with making video-conferencing and live-streaming of proceedings compulsory for most cases.
- Some courts have approved the use of WhatsApp and e-mails to deliver summons, most courts in the country treat only the paper summons as sacrosanct. The Indian judiciary has to make up for lost time, and keep up with the times, when it comes to adopting technology.

There are many ways in which access to justice can be enhanced, while simultaneously reducing the burden on conventional courts. Discuss

KEY POINTS

- With Indian courts too under a lockdown for three weeks (and probably more), citizens have severely restricted access to justice for this period.



- The Kerala High Court created history by not only conducting proceedings through video conferencing but also live streaming the proceedings. The judges conducted the hearing from their homes.

A blueprint for e-courts

- To achieve this, the government must establish an effective task force consisting of judges, technologists, court administrators, skill developers and system analysts to draw up a blueprint for institutionalising online access to justice.
- Such a task force must be charged with the responsibility of establishing hardware, software and IT systems for courts.
- Once the blueprint is ready, the High Courts across the country may refer the same to the Rule Committee of the High Court to frame appropriate rules to operationalise the e-court system.
- The facility must not only enable access to courts but must provide access to justice through other processes as well.

Role of Legal Services Authorities

- While these schemes look rosy on paper, without implementation and accountability there is no justice to the aggrieved citizens. It is in addressing this problem that the Legal Services Authorities Act of 1987 and the officers functioning under them all over the country can play a huge role.
- If there is difficulty in accessing these schemes, a system must be set in place for the applicant to lodge online complaints with the Legal Services Authorities who can then ensure accountability and effective implementation.
- The local panchayat, municipal or corporation office, or any well-intentioned NGO can assist the complainant to make these online complaints to the Legal Services Authority if the complainant is unable to do so directly.
- The officers under the Legal Services Authorities Act may then be authorised to hear the complaints online and to direct delivery of redress to the aggrieved complainant in accordance with the law in a time-bound manner.
- India is a land where skilled human resource is rarely lacking. If we can pick up the will power to do all of the above, justice will become an accessible concept to everyone.

5. GOVERNANCE

A planning institution must be a systems reformer and a force of persuasion, not just a control centre. Elaborate

KEY POINTS

- The fundamental issues a national plan must address, such as the condition of the environment, the shape of the economy, and pace of human development, need consistent action over decades.
- A fundamental principle of democratic governance is that the power to allocate public money must be supervised by elected representatives. Therefore, a planning body that allocates money must be backed by a constitutional charter, and also accountable to Parliament.
- India's national planning process must address the constitutional relationship between the Centre and the States. In India's constitutional structure, elected governments in the States are accountable to the people.
- They are expected to improve human development, create infrastructure, and make it easy to do business in the State. They must manage their financial resources efficiently and balance their budgets.
- Constitutionally established Finance Commissions determine the sharing of Centrally raised resources with the States.



- A national planning institution must guide all-round progress. It must assist in achieving not just faster GDP growth, but also more socially inclusive, and more environmentally sustainable growth.
- An economy is a complex system, which sits within an even larger and more complex
- These insights into systems structures, as well as considerations of democratic governance in which governance should be devolved to national governments, and, within them, to State governments, and even to the third tier of city and district governance, have implications for the role and competencies of a national planning institution for India.

India needs to have a long-term Water management plan which should gain higher importance within the Master Plan of cities. Analyse

KEY POINTS

- Indian cities have witnessed unprecedented growth over the past few decades that, in turn, has had a drastic impact on water availability. Depleting water resources, changing climate and unsustainable water cycle management are exacerbating the water situation.
- Many Indian cities have witnessed water exigencies in the form of severe drought and flood. Around 600 million Indians face high to extreme water stress. By 2030, India's demand for water might be double the available supply.
- Indian cities need to diversify their water resources portfolio. For instance, harnessed rainwater at the catchment scale, collected through a drainage network and stored in 17 reservoirs before being treated and supplied, is one of the four water sources of Singapore.
- Recycled water presents itself as an important component of the water portfolio. It is a climate-change resilient water resource, which can be reliably produced using advanced treatment technologies.
- In Singapore, recycled water is called NEWater, wherein used water is treated using advanced treatment technologies (combination of micro and ultra-filtration followed by reverse osmosis and UV disinfection) to ensure that the recycled water complies with the highest water quality standards, and is fit for human consumption.
- Supported by strong governance, Singapore's National Water Agency (NWA) judiciously manages the price for its water services, and proactively invests in planning for the future next drop of water.
- Indian cities often fail to anticipate water-related issues and are left to react to these. With ageing assets, water theft and non-revenue water, our cities cannot continue to dole out water subsidies, which eventually lead to paucity of funds that could have helped upgrade the water infrastructure.
- Such cost recovery will help us integrate digital technology into water management. The availability of smart metres, water-efficient devices and infrastructure monitoring devices to plug any leakages will be useful to sustain operations and maintenance.

6. GOVERNMENT POLICIES

Considering the current situation, power sector requires special attention for sustaining the secondary sector. Explain

KEY POINTS

- Industrial demand, together with the offtake from Indian Railways – passenger services of which have also been suspended – constitutes 40 per cent of national power demand.



- The other issue is that the industrial segment of the market is the paying section, which helps cross-subsidise domestic and household power consumption.
- The number of consumers not able to pay their power dues will increase in this period, further hampering the discoms' liquidity situation.
- If discoms are not able to buy power from generation companies, there is a real possibility of widespread load shedding which would not only hamper the output of those working from home but might have serious public-health effects .
- Given that India's fragile banking sector is also overexposed to the power sector, a breakdown there will have severe effects on the broader economy and cripple India's recovery from the sudden stop imposed by the national lockdown.
- the government must come to a conclusion as to how to deal with this crisis in the power sector, guarantee the revenue flow for renewables and,
- Buy out the power-purchase agreements attached to older and less efficient and environmentally-friendly generators. This will free discoms to make newer and more sensible power-purchase agreements, which will have to be backed by the state government's own guarantees.

Discuss the significance of decriminalising offences under the companies (amendment) bill 2020 to improve the ease of doing business in the country.

KEY POINTS

Significance

- **Lesser penalties for certain offences:** Section 446B is amended to provide that non-compliance by One Person Companies, Small Companies, Start-up Companies or Producer Companies, or by any of its persons or officer in default, are only liable to one-half the penalty specified in the respective provisions, subject to a maximum of Rs. 2 lakh in case of a company and Rs. 1 lakh in case of person or default officer.
- **Benefit to Independent Directors (ID):** IDs have been recently in the spotlight for corporate lapses and violations. The amendments are vital for IDs to dissociate them from personal liabilities of the operational lapses and violations, especially when the offence has been committed without any evidence attributing knowledge, consent, connivance, or lack of diligence of the IDs.
- The aforementioned recommendations endeavour to simplify and accelerate the processes of rectifying defaults by paying penalties, instead of fighting a criminal trial. It also benefits the State by reducing the burden on courts, allowing them to focus on serious offences.

These amendments are admirable steps towards the three-pronged goal of:

- reducing the burden on company courts,
- ensuring investor interests, and
- facilitating the ease of doing business while collaterally safeguarding and incentivizing senior management to remain invested. This could well be the step towards showing intent to incentivize domestic and global investments, especially post COVID-19.

Do you think that the diversion of MPLADS funds for pandemic is a misconceived strategy by the Government of India? Analyse

KEY POINTS

- The government decided to suspend operation of the Members of Parliament Local Area Development Scheme (MPLADS) for the next two financial years, and divert Rs 7,900 crore to the fight against COVID-19.

- It is important to understand the MPLADS, and why these resources are needed now more than ever. In the classical constitutional construct premised upon the principle of separation of powers, the legislature is not supposed to play an executive role.
- MPLAD funds cannot be spent at the discretion of an MP in any manner he/she wants. There is a set of guidelines mandating the utilisation of the monies.
- These orders are updated regularly and are available on the website of the Ministry of Statistics and Programme Implementation. A complete breakdown of how the money is utilised is also available under the Right to Information (RTI).
- The funds spent are subject to audit by the Comptroller and Auditor General of India. Moreover, the MPs can only recommend development works and the money is electronically transferred to the concerned executing agency directly by the district administration.
- The government came out with a notification that permitted MPs to utilise their funds for the purchase of infra-red thermometers, personal protection equipments, thermal imaging scanners, corona testing kits, ICU ventilators, face masks, gloves and sanitisers and other necessary medical equipment. Mysteriously, 11 days later, the scheme was scrapped.
- Another letter was received requesting MPs to give their consent for the release of Rs 1 crore from their next MPLAD instalment for the fiscal 2020-21 “to such central government pool or head of account as may be decided by the Government of India for prevention and control of COVID-19 in the country”.
- Not many MPs responded. Not because they are insensitive, but primarily because most of us were dealing with the human fallout of the ill-conceived and badly implemented lockdown.
- MPLADS is a very nimble and effective scalpel of targeted micro-level intervention. In the months and days ahead, when distress — medical and economic — will haunt the countryside, these discretionary interventions will help save lives.

India can use the pandemic to establish permanent reforms in its public procurement system to support and sustain economic recovery. Examine

KEY POINTS

Public procurement is a key lever available with the Indian state to overcome the economic fallout of the coronavirus crisis.

Permanent Reforms

- India can emphasise quality as much as cost in public procurement, with due concern to affordability. The procurement ecosystem is riddled with quality challenges.
- For instance, healthcare practitioners are complaining about the poor quality of personal protective equipment (PPE) in public hospitals for battling COVID-19
- A useful benchmark for quality-orientation is the European Union’s (EU) 2014 directive on public procurement. The rules conceptualise a “price-quality ratio”, in a departure from the erstwhile focus on lowest price—the latter analogous to India’s current system.
- India should further its innovation agenda through public procurement. The long-term economic recovery from the coronavirus is contingent on innovation-driven productivity gains.
- The universalisation of the “swiss-challenge” method of procurement is a solution to this challenge. In this, bidders can make unsolicited proposals to the state. This method has been used for new infrastructure works and is formally recognised in a handful of states, like Rajasthan, Gujarat and Maharashtra.
- India can introduce new legislation to smoothen and repurpose public procurement. The finance ministry’s General Financial Rules govern the procurement ecosystem.



7. HEALTH

India needs a national policy providing for free testing and treatment of COVID-19 patients in private hospitals. Analyse

KEY POINTS

- The governments at the Centre and in States have to take responsibility for providing universal health services free of charge and accessible to all. This will require governments to not just expand the capacity within the public sector, but also to tap into the available capacity in the private sector.
- The National Health Authority has recommended that the testing and treatment of COVID-19 be included in the PM-Jan Arogya Yojana (PM-JAY) but this proposal is still awaiting clearance.
- The governance of the health service system is clearly fragmented and has created anxiety among the public. There is lack of a visible central command, which should be created under the supervision of the Union Health Minister, aided by a team of experts.
- In India, private corporate hospitals have, in the past, received government subsidies in various forms and it is now time to seek repayment from them. They are also well poised to provide specialised care and have the expertise and infrastructure to do so.
- The government may argue that treatment for COVID-19 has been included under Ayushman Bharat, and this will take care of the poor.
- They do not have secure employment, nor do they have insurance cover. Crisis situations help reveal deeper realities to societies. Universal public healthcare is essential not only to curb outbreaks, but also to ensure crisis preparedness and the realisation of the promise of right to health.

Government of India needs to relax norms for the clinical trials to develop new vaccines for the current pandemic. Do you agree with this view? Analyse

KEY POINTS

- The government is considering temporarily relaxing clinical trial norms as a few pharmaceutical companies are looking to develop a vaccine for the novel coronavirus (Covid-19). The Central Drugs Standard Control Organisation (CDSCO) said in a notification that various challenges might arise during the conduct of clinical trials in the wake of the outbreak of Covid-19, which could lead to difficulties in complete adherence to the approved protocol and regulatory provisions.
- The regulatory authority said while the rights, safety, and well-being of trial subjects were of paramount importance, protocol amendment, deviation or modification might be necessary in some cases owing to unavoidable circumstances.
- The industry needs such relaxations are required for the ongoing clinical trial programmes on Covid-19, as well as the fresh ones.
- Currently, Cadila Healthcare and Serum Institute of India are working on a vaccine for Covid-19. These projects are in the pre-clinical stage, but human trials will start eventually.
- With the viral outbreak reaching Stage 3 of the pandemic (which implies transmission within the community where the source of the infection cannot be easily traced) in most countries, it is imperative to fast-track research on the same. Global research bodies have already indicated that in 2020, there would be several human clinical trials across the globe.
- While most experts feel that commercialising any Covid-19 vaccine is unlikely before FY22, Zydus is working round the clock to develop a vaccine at the earliest. The recombinant measles vaccine will induce long-term neutralising antibodies that will protect against infection.



- As such India has a stringent regulatory environment for clinical trials. As a result, only 1.2 per cent of the global clinical trials take place in India.

A social vaccine can build societal immunity to the devastating effects of future pandemics by the lessons learned about addressing the root causes. Examine

KEY POINTS

- A social vaccine is a metaphor for a series of social and behavioural measures that governments can use to raise public consciousness about unhealthy situations through social mobilisation.
- Social mobilisation can empower populations to resist unhealthy practices, increase resilience, and foster advocacy for change. This can drive political will to take action in the interests of society and hold governments accountable to address the social determinants of health by adopting progressive socio-economic policies and regulatory mechanisms that promote health equity and reduce vulnerability to disease.
- When applied to pandemics, the effectiveness of a social vaccine is determined by the extent of dissemination and uptake of accurate information about personal infection risk and methods to reduce the risk through consistent core messages disseminated through a variety of means.
- A social vaccine addresses barriers and facilitators of behaviour change, whether attitudinal, social, cultural, or economic, and supplements information, education, and communication (IEC) with targeted social and behaviour change communication (SBCC) strategies.
- Reducing HIV transmission centred on acknowledging that everybody was potentially infected — even those apparently healthy — and that infection occurred predominantly through sexual transmission and intravenous drug use.
- The core infection-control messages are available from official sources. Maintaining physical distancing in social situations (unless impossible) and wearing cloth masks or facial coverings in public (especially where distancing is impossible) by 100% of people (and 100% of the time) is key to preventing infection along with regular disinfection of oneself and one's surroundings.
- Effective and innovative IEC and SBCC strategies should address the barriers and facilitators to implementation.
- A social vaccine also requires people to hold leaders accountable to invest in: rapidly scaling-up testing; meeting the basic and economic needs of vulnerable sections; providing psychological support where needed.

8. INTERNATIONAL RELATIONS

India has addressed the China factor well and must now continue its efforts to curb the global health crisis. Discuss

KEY POINTS

- China erred in not containing the coronavirus when it first appeared in Wuhan. But India has avoided the blame game and must now continue its efforts to curb the global health crisis
- Wuhan is located in central China, and is the hub of China's industrial, technological and educational development for the past four decades. It is a key industrial area located close to the world's largest hydro-electric power station, the 'Three Gorges Dam'.
- But Wuhan has seriously sullied China's reputation following reports in the Western media, averring that the coronavirus infection .
- At the same time, New Delhi has done well not to irresponsibly criticise China publicly, as US President has done.

- India has done well by not acting in a partisan manner during the crisis. He has sought national unity in confronting the most serious challenge the world is facing in recent history.
- The government has also handled foreign policy skillfully, both regionally among the SAARC countries and globally in the G20. India's role in working quietly and behind the scenes with Saudi Arabia to convene a tele-conference of leaders of the G20 during the crisis merits special mention.
- The reality, however, is that we are still woefully underprepared in terms of hospitals and equipment like ventilators and other medical facilities, to deal with a large increase in the numbers of patients.

Does India breach the WTO limit of permissible subsidy being within 10% of total agriculture output? Analyse

KEY POINTS

- The Centre recently informed the World Trade Organisation that its expenditure on the farm sector has increased from ₹ 2.7 lakh crore in 2014-15 to ₹ 3.26 lakh crore in 2018-19.
- The latter amounts to about 10 per cent of India's farm GDP in current prices for that year. However, it is mystifying as to why the Centre set out to explain its subsidy level, almost apologetically invoking the so-called 'peace clause' that exempts a country from staying within the WTO limit on its farm subsidy.
- The peace clause came into the picture after questions were raised at the 2013 WTO Ministerial at Bali on the level of India's food subsidy, during which time the commerce ministry delegation needlessly caved in.
- India then had not come anywhere near breaching the WTO limit of permissible subsidy being within 10 per cent of total agriculture output – and the situation remains so to this day.
- The current figure of ₹ 3.26 lakh crore includes permissible subsidies such as PM-KISAN and payments for relief for natural disasters (both being forms of income support) which should not be included in subsidy calculations.
- The truce, struck essentially between the US and India after the Bali meet, was that the latter's food subsidy would not be questioned before the WTO arrived at a permanent solution to the vexed issue of calculating this figure.
- Even so, India has been needled from time to time by the developed bloc whose farm subsidies.

Do you think that the world needs a special UN peace keeping force, red berets at the critical moment to fight COVID-19? Comment

KEY POINTS

- The fight against **COVID-19** has to be on a war footing. For this we need a composite force that has the capabilities of massive sanitisation, testing, hospitalisation and providing support systems.
- The only UN body which has the training for assembling fighting forces for emergencies is the Department of Peace Operations.
- The UN Security Council (UNSC) stands paralysed because of petty battles on the name of the pandemic, its origin and the need for transparency. It should hold an emergency meeting and authorise the UN Secretary General to put together a force under Chapter VII of the UN Charter. The mandate of the Charter should be interpreted to emphasise that this is the greatest threat to international peace and security.
- As for the cost, the responsibility for the deployment of forces for peacekeeping, peace building and peace enforcement is that of the permanent members. Instead of competing with each other for leadership of the post-COVID-19 world, let them help create a post-COVID-19 world.
- The UN stands discredited today as the UNSC has not been able to meet. It may take place, now that China has vacated the Security Council chair and Dominican Republic has taken over. Several resolutions are in circulation, but none under Chapter VII.



- The first step will be to pass a resolution to take action to end the crisis and authorise the Secretary General to request member states to make personnel available.
- The UN peacekeeping forces are called Blue Berets because of the colour of the caps that they wear. The health force can have caps of another colour, probably red. The launch of the Red Berets will be a historic action to be taken at a critical moment.

Democratic institutions at the international level are lacking the capability to coordinate and cooperate during the uncertain times. Comment

KEY POINTS

- While the UN is in its 75th year, this seems to be a good moment to ask whether its sprawling architecture is what is required for a post-crisis world seeking a more resilient, sustainable and inclusive future.
- Geneva is the ideal place to reflect on that, given its multiple agencies that are covering a range of challenges exposed by this crisis.
- Varying influence
- The World Health Organization, established in 1948, it was the first UN agency with universal membership, mandated to control the spread of contagious diseases, backstop public health programmes, formulate standards on nutrition and hygiene and establish a centre for comparative health data.
- From its earliest days, the WHO was under pressure from the US government to adopt a technical assistance approach to disease eradication, in line with advanced pharmaceutical interests, rather than an global advocate of public health policy.
- With an ever-expanding portfolio of technical projects, largely determined by the main donor countries and run by bureaucrats from Geneva, the institution has lost much of its original multilateral purpose and intent.
- While there is some truth to this, the institution had sacrificed its independence to moneyed influence (donors, corporates, and philanthropists) well before his arrival.
- The World Trade Organization is the most recent arrival to the multilateral family based in Geneva. Emerging from the GATT as the custodian of the Uruguay Round's expanded trade agenda and a standard bearer for open and efficient global markets, it is uniquely blessed with a dispute mechanism that can discipline reprobate governments that break its rules.
- The UNCTAD, an organisation established over 50 years ago by developing countries to support their efforts to redress the biases and asymmetries in the trading system.
- If the UNCTAD has been largely missing in action, the UNECE has been lying face down in the neoliberal mud for years. The first of the UN's regional commissions with an early cast of strong leaders.

The Trust deficits between great powers remain a huge obstacle for the global recovery from the pandemic. Analyse

KEY POINTS

- The US-China rivalry will remain the core issue, with several other regions and nations jostling to clamber on to the one who can bring them short to medium-term advantages.
- There is likely to be a huge effort to slander China — accusing it of being the originator of the scourge — and isolate it economically and politically. The allegations on the use of biological warfare are the ones which will cause turbulence in relationships.
- A cold war of sorts could well be on the cards for some time, hampering a full recovery. It will be brutal in the cyber world — fake news on social media will prevent international cooperation in crucial fields such as scientific research, patents and perhaps even slow down the ability to prevent the next pandemic.



- Other countries or blocs — ASEAN, Bangladesh and India — will all chip in but that will still not be enough. Nor can any country buy as much grain from the US as China does. So, an economic relationship will continue but will be politically fractured as both parties search for alternatives, which don't exist on a scale that both of them need.
- The Chinese ability to influence politics among smaller nations in Asia and Africa could bring it strategic advantages, but it is unlikely to be enough to replace America unless the recession-hit US remains defensively oriented.
- The UN has lost credibility with the World Health Organisation taking the worst hit any UN agency has suffered in years. However, its future is contingent upon how it manages the geopolitical fallout of the pandemic.
- Prime Minister of India would need to use all his influence to cobble together international cooperation to pull the world from the abyss it could sink into. It is India's established multilateral foreign policy that could eventually come to the assistance of the world.

If India seeks to calibrate its Indian Ocean strategy away from outdated perspectives, it needs to support sub-regional efforts such as Indian Ocean Commission. Analyse

KEY POINTS

- India's strategic vision for the Indian Ocean: Security and Growth for All in the Region (SAGAR). SAGAR seeks to differentiate India's leadership from the modus operandi of other regionally active major powers and to reassure littoral states as India's maritime influence grows.
- India's recent admission as observer to the Indian Ocean Commission (IOC) will put this vision to the test.

IOC, a trusted regional actor

- The IOC has demonstrated leadership in the maritime security domain. Since maritime security is a prominent feature of India's relations with Indian Ocean littoral states. However, India has preferred to engage bilaterally with smaller states in the region. The IOC has its own regional agenda, and has made impressive headway in the design and implementation of a regional maritime security architecture in the Western Indian Ocean.
- The Regional Maritime Information Fusion Center (RMIFC), based in Madagascar, is designed to deepen maritime domain awareness by monitoring maritime activities and promoting information sharing and exchange.
- The IOC's achievements offer an opportunity for India to learn, and also to support. The IOC style of 'bottom-up regionalism' has produced a sub-regional view and definition of maritime security problems and local ownership of pathways towards workable solutions.

How can India contribute?

Nearly all littoral states in the Western Indian Ocean need assistance in developing their maritime domain awareness and in building capacity to patrol their EEZs. All would benefit from national information fusion centres that can link to those of the wider region. With its observer status, India will be called upon to extend its expertise to the region, put its satellite imagery to the service of the RMIFC, and establish links with its own Information.

As the crisis requires solidarity, nations need to focus on building shared programmes of knowledge and collective welfare. Elaborate

KEY POINTS

- For knowledge workers, one of the new social norms being created is extensive Internet use for learning and work. While some of this was happening earlier, the scale of international video meetings and virtual classes taking place now is unprecedented.



- The drastic reduction in flights, for instance, has affected the airline industry adversely but also highlighted the fact that many flight trips during ‘normal’ times are in fact unnecessary.
- For example, a return flight, economy class, from Delhi to New York releases about 0.9 tonnes of carbon dioxide (it is twice as much in premium economy). This is half of India’s per capita annual emissions.
- It should be the norm in many sectors and people could work from home at least half the time, thus reducing travel needs, reducing greenhouse gas emissions, and simplifying child care and other domestic services.
- Online schooling and college education without paywalls is already available, but if it were expanded to develop open access schools and universities, the scam of high admissions fees can be altogether eliminated.
- There are many encouraging signs of truly ‘green’ alternatives to the current economic system and the beliefs that govern it. Becoming sustainable is vital for ensuring that the worst effects of climate change – another planetary crisis lurking just over the horizon of the present one – also do not fall on the already underprivileged.
- Unfortunately, the popular version of ‘green growth’ is flawed because it assumes that normal business activity can be made more sustainable merely by adding renewable technology and trees to it, for instance.
- But such spiritless measures often harm economic or social welfare even if they improve environmental outcomes. Sustainability will need not just decoupling economic growth from pollution but ultimately decoupling planetary welfare from economic growth while fostering social progress.
- For the vast majority of the working class, the provision of universal basic income would be the first step towards reducing their poverty.
- Social measures must be strengthened to protect the health and safety of the poorest. Public hospitals need to be improved and have the capacity to respond to pandemics and related crises.
- Access to care in the emergency and beyond should be equally available to all. By focussing on the delivery of basic services, we will discover new opportunities for equitable action.

Resumption of nuclear testing by major powers signal the demise of the ill-fated Comprehensive nuclear Test Ban Treaty, marking the beginnings of a new nuclear arms race. Analyse

KEY POINTS

The U.S. report also claims that Russia has conducted nuclear weapons experiments that produced a nuclear yield and were inconsistent with ‘zero yield’ understanding underlying the CTBT, though it was uncertain about how many such experiments had been conducted.

What does CTBT ban mean?

- For decades, a ban on nuclear testing was seen as the necessary first step towards curbing the nuclear arms race but Cold War politics made it impossible. A Partial Test Ban Treaty was concluded in 1963 banning underwater and atmospheric tests but this only drove testing underground.
- France and China continued testing, claiming that they had conducted far fewer tests and needed to validate new designs since the CTBT did not imply an end to nuclear deterrence.

Why it lacks authority

- After India’s proposals for anchoring the CTBT in a disarmament framework did not find acceptance, in June 1996, India announced its decision to withdraw from the negotiations.
- Russia and China have been concerned about the U.S.’s growing technological lead particularly in missile defence and conventional global precision-strike capabilities.



- Russia has responded by exploring hypersonic delivery systems and theatre systems while China has embarked on a modernisation programme to enhance the survivability of its arsenal which is considerably smaller. In addition, both countries are also investing heavily in offensive cyber capabilities.
- The New Strategic Arms Reduction Treaty (New START) limits U.S. and Russian arsenals but will expire in 2021 and U.S. President has already indicated that he does not plan to extend it.

Current context

- The Cold War rivalry was already visible when the nuclear arms race began in the 1950s. New rivalries have already emerged. Resumption of nuclear testing may signal the demise of the ill-fated CTBT, marking the beginnings of a new nuclear arms race.

Do you think that the recently amended FDI regulation by the Government of India is problematic under the scope of World Trade Organization? Analyse

KEY POINTS

- India recently amended its FDI policy by subjecting investments from countries with which it shares a land border to screening under the approval route and making them ineligible under the automatic route.
- Although none of the WTO agreements directly seek to regulate it, some contain provisions that may have implications for foreign investment.
- One such agreement is the General Agreement on Trade in Services (GATS). GATS allows trade in services based on a positive list approach, i.e., WTO members list the sectors in which they wish to make commitments for trade in services.
- One of the modes through which trade in services takes place is 'through a commercial presence' of the service supplier in the territory of another member.
- One of the general disciplines is the most favoured nation (MFN) treatment, which requires members to ensure all other members equality of opportunity to supply like services in sectors where foreign competition is allowed.
- While India might seek to justify the regulation under the general exceptions or essential security interest provisions of GATS, it may be difficult to explain why the regulation has been applied for select countries, given that threat of acquisition of domestic industries is the same from all foreign countries.
- Unlike international practice, by selectively applying the regulation to certain countries and not to others, India makes itself vulnerable to Chinese claims in respect of certain service sectors under the GATS.
- In such a scenario it may be advisable for the Indian government to adopt a more facially neutral regulation that does not de jure discriminate on the basis of origin of the investment and applies equally to all countries.

GS PAPER III

9. INDIAN ECONOMY

Do you think that the recent cut in interest rate of small savings schemes is a severe blow for savers in the country? Comment



KEY POINTS

The recent cut in interest rate of small savings schemes is a severe blow for savers, who continue to be short-changed by policymakers.

Why this reduction now?

- The business community often pressure the government and the RBI for a reduction of interest on credit, so that their cost of production can come down. And the RBI also advocates lesser interest rate for credit for faster growth of the economy.
- If policymakers really aimed at setting rates consistent with a recovery, they would need to raise them. Whenever the RBI suggests that banks reduce interest on credit, they plead that their cost of funds (deposit) warrant no such reduction and they cannot reduce deposit rates as they have to compete with small savings schemes which offer higher interest.

What can happen now?

- According to RBI data, small savings schemes accounted for a little over a fifth (20.9 per cent) of all Central government borrowing in FY18, up from 17.2 per cent a year before and 2.4 per cent in FY14.
- This is the highest contribution from small savings in 19 years.
- Hence the government will save substantial amount of interest outgo, as the reduction is applicable for existing accounts also.
- Due to lesser competition from small savings schemes, banks will increase their deposit base. Increase in bank deposit will result in higher Statutory Liquidity Reserve and Cash Reserve Ratio.
- Higher SLR requirement will make banks invest more in government securities and help the government's borrowing programme. As no interest is paid on CRR, profit of the RBI will also increase, which will indirectly go to the government.
- Net financial savings by Indian households dropped to 6.5 per cent of GDP in 2018-19 (FY19) — the lowest in at least eight years. The drop has been fuelled by both a fall in gross financial savings as well as a rise in liabilities, shows the data recently released by the National Statistics Office (NSO). But the policymakers do not seem to bother about this aspect.

How can the vision and goals of the newly emerged start-ups can be made more realistic during uncertain times in the country? Elaborate

KEY POINTS

- The crux here is to enable the teams with the right tools, develop daily rhythms to ensure seamless operations, set daily or weekly goals and, most importantly, communicate, communicate and communicate.
- Engaging the employees, often and with empathy, is critical. It's hard for people to adjust to working from home while they are worried about their family's health and how to manage life under lockdown. Set up a regular cadence of team video calls and check in often on how team members are doing—both personally and professionally.
- In times like this, decisive leaders are more likely to win. Map out all possible scenarios, come up with a strategy for each one and figure out how you can extend your runway in the most likely scenarios.
- Cash was always king, now more important than ever. The last area that must be considered, reducing staff costs, because these are the people helping you build the dream.
- Most companies are thinking about cost reduction right now. If you can position product or solution as one that can help reduce cost, this should be the focus of messaging.



- SaaS, Software as a service companies that focus on large enterprises in the US found that although these customers stopped taking their calls once covid-19 set in, there was a spike in demand from small businesses. They quickly tweaked their offering and reoriented their sales teams to better capture this new customer base.
- By staying close to the market, we may find new opportunities. Companies with an offline component are accelerating their digital transformation.

As the country's economy is crippling, there is a need to think of ways to get a robust economic recovery in the post-lockdown period. Examine

KEY POINTS

- India is under lockdown, and economic activity, other than the supply of essential goods and services, is suspended.
- Direct cash transfer of Rs 500 to women and free food grains are being given to mitigate distress and hunger. There is a growing consensus that this support needs to be enhanced as the poor need to buy other essentials other than foodgrain, too.

Ways to get the economy back

- The construction sector has a large multiplier effect and is labour-intensive. So, it is a natural choice. There are a large number of incomplete housing projects with developers in difficulty/bankruptcy.
- A simple but bold approach could work immediately; a takeover of all the incomplete projects from the developers, and getting the banks to immediately provide financing for completion at current costs with a government guarantee, could work.
- Preparatory work for takeover, tying up finances and settling contractual terms with the construction agencies can be done now. This would not need budgetary outflows.
- The automobile sector also has a large multiplier effect and has been experiencing a downturn. The lockdown has dramatically shown how clean the air has become.
- BS-VI fuel and vehicles are now available. But, air quality will reach European levels only after about 15 years, when all the BS-IV and earlier vintage vehicles go off the road in a business as usual scenario.
- A 50% reduction in the GST rate for all BS-I, II, III and IV commercial vehicles, which get traded in for scrapping at designated facilities, would create immediate additional demand.
- Most big infrastructure projects need 12-18 months to get going, and therefore, do not merit inclusion. Projects which can be funded by financial institutions are more attractive as they do not need budgetary resources.
- The upgradation of the rural distribution infrastructure may be financed through long-term subsidised loans with a moratorium of two years for debt repayment. This would give time for the financial turnaround of the discoms that the power ministry is driving.

How a dollar swap line with other nations can help the country's economy during uncertain times? Explain

KEY POINTS

- India is working with the United States to secure a dollar swap line that would help in better management of its external account and provide extra cushion in the event of an abrupt outflow of funds.
- India already has a \$75 billion bilateral currency swap line with Japan, which has the second highest dollar reserves after China. The Reserve Bank of India also offers similar swap lines to central banks in the SAARC region within a total corpus of \$2 billion.

What are the benefits of a swap line?



- While India is largely expected to tide over any challenge posed by continued outflows of funds from the markets, a swap line with the US Federal Reserve provides additional comfort to the forex markets.
- Even as the stock markets have seen a pullback from earlier low levels, there is apprehension that the economic impact of COVID-19 will last for a significant length of time, and there is unlikely to be any V-shaped recovery in the economy or in the financial markets.
- This means that the government and the RBI cannot lower their guard on the management of the economy and the external account.
- According to RBI data, 63.7% of India's foreign currency assets — or \$256.17 billion — are held in overseas securities, mainly in the US treasury. Some forex market participants believe that the country's reserves at this stage — which are roughly equivalent to 12 months of import requirements — are sufficient to tide over any difficulty.

How does a swap facility work?

- In a swap arrangement, the US Fed provides dollars to a foreign central bank, which, at the same time, provides the equivalent funds in its currency to the Fed, based on the market exchange rate at the time of the transaction.
- These swap operations carry no exchange rate or other market risks, as transaction terms are set in advance. The absence of an exchange rate risk is the major benefit of such a facility.

Do you think it is time to move ahead with National Renewal fund to bring back the economic stability of the country? Analyse

KEY POINTS

- The Indian economy is staring into an abyss. The scenes of thousands of people walking on foot for days back to their villages, the staggering loss of livelihoods and the potential bankruptcies of businesses, large and small, are just the most visible manifestations of a post-Covid economic crisis that is well underway.
- To enable the government to discharge the humongous obligations being placed on it, a stimulus package that would be of the order of 15 per cent of GDP (around Rs 30 trillion) suggests itself.
- This is similar to the size of the stimulus which helped pull China out of the 2008 financial crisis. Such a package could sit in a separate fund — call it a National Renewal Fund (NRF) and financed by long-term government borrowing (with a tenure of 50 years or more), from both the domestic and overseas markets.
- The NRF should have a moratorium on servicing interest for the first 10 years; and can follow a ballooning structure thereafter, for the next 40 years. Expenditures must be heavily front-loaded over the next few years to have maximum impact.
- The Fund could possibly be redeemed through a cess on direct and indirect taxes for the next 40 years.
- Such a fund would deliberately not be under the purview of the fiscal responsibility and budget management or FRBM rules — the government and Parliament must understand, as many other countries already do, that this is not a time for fiscal discipline.
- States will play a critical role in the way any such NRF is used and allocated — they are the ones at the frontlines of the battle against the coronavirus pandemic and it is they who, when the immediate impact of the crisis has ebbed, will be best placed to decide which sectors and projects need a big funding push.
- The NRF can also provide a guarantee mechanism for state borrowing — this is urgently needed since interest rates on state government bonds have been creeping up since the crisis began.

Do you think that the time has come to end the divisions between permanent and contract workers? Comment

KEY POINTS



- It has been quite clear that the group of Indians most immediately hurt by the effects of the nationwide lockdown have been migrant workers.
- The potential source of migrant worker instability is the segmentation of the labour market, including in the formal sector, into permanent and temporary — where the former are given excessive security and the latter none at all.
- This division has lasted long past the time when it has become understood that it helps neither employer, nor employee, nor the broader economy. Unifying the labour market, greater flexibility, as well as more widely shared security, are a must.
- Together with the expansion of benefits to cover all workers, the labour market should have greater flexibility so that employment itself is expanded.
- Once lay-offs — with proper compensation — are rendered legal across the country, then there is far less incentive to employ casual or contract workers. Certainly, mass firing should be dis-incentivised within reason.
- A fair way to do this is by stipulating a minimum financial compensation for those workers who are laid off, as is best practice throughout the world. Clearly, there should be no government intervention in what will have to be a commercial decision, driven by business requirements.
- Migrant workers, contract workers, and the like need the protection that a proper labour law regime can provide and employers need the security of knowing that their labour market is flexible within reason. This will also incentivise firms to hire more labour in the medium to long run.

What is meant by Ways and means advances? How does it help the Government of India to fight the pandemic? Explain

KEY POINTS

The Reserve Bank of India (RBI), announced a 60% increase in the Ways and Means Advances (WMA) limit of state governments over and above the, with a view to enabling them “to undertake COVID-19 containment and mitigation efforts” and “to better plan their market borrowings”.

Ways and Means Advances (WMA)

- It is a facility for both the Centre and states to borrow from the RBI. These borrowings are meant purely to help them to tide over temporary mismatches in cash flows of their receipts and expenditures.
- Section 17(5) of the RBI Act, 1934 authorises the central bank to lend to the Centre and state governments subject to their being repayable “not later than three months from the date of the making of the advance”.
- The interest rate on WMA is the RBI’s repo rate, which is basically the rate at which it lends short-term money to banks. That rate is currently 4.4%.

Why have all these relaxations been made?

- Government finances are in a mess today. The lockdown has resulted in revenues drying up, and it is the states that are actually feeling the heat. With economic activity at a near standstill, there is hardly any money coming in from GST, petroleum products, liquor, motor vehicles, stamp duty or registration fee.

So, will the increase in the WMA limits help?

- The WMA window, as already pointed out, is intended only to tide over temporary mismatches in cash flow of receipts and payments. Given the likelihood of total government borrowings crossing Rs 20 lakh crore – a conservative underestimate – a WMA limit of Rs 120,000 crore for the Centre and Rs 51,560 crore for states may prove grossly insufficient.

- Apart from monetisation of deficits – which is what this provision effectively entails – the RBI may, in the coming day, also have to undertake increased secondary market purchases and sales of Central as well as state government securities.

What is meant by direct monetisation of deficit? Will it be the comprehensive solution for the government to prevent the impending financial crisis? Critically Analyse.

KEY POINTS

What is “direct” monetisation of deficit?

The government deals with the RBI directly bypassing the financial system and asks it to print new currency in return for new bonds that the government gives to the RBI. Now, the government would have the cash to spend and alleviate the stress in the economy via direct benefit transfers to the poor or starting construction of a hospital or providing wage subsidy to workers of small and medium enterprises etc.

What are the main problems with direct monetisation of government deficit?

- The main argument against it pertains not so much to its initiation as to its end. Ideally, this tool provides an opportunity for the government to boost overall demand at the time when private demand has fallen — like it has today. But if governments do not exit soon enough, this tool also sows the seeds for another crisis.
- Government expenditure using this new money boosts incomes and raises private demand in the economy. Thus, it fuels inflation. A little increase in inflation is healthy as it encourages business activity. But if the government doesn't stop in time, more and more money floods the market and creates high inflation. And since inflation is revealed with a lag, it is often too late before governments realise they have over-borrowed. Higher inflation and higher government debt provide grounds for macroeconomic instability.

To what level should government debt be ideally limited?

- While no ideal level of debt is set in stone (see graph, showing how government debt in the UK has fluctuated over three centuries), most economists believe developing economies like India should not have debt higher than 80%-90% of the GDP.
- It should commit to a pre-determined amount of additional borrowing and to reversing the action once the crisis is over. Only such explicitly affirmed fiscal restraint can retain market confidence in an emerging economy.
- The other argument against direct monetising is that governments are considered inefficient and corrupt in their spending choices for example, whom to bail out and to what extent.

Even though the transition to a green economy may take several years, the process can be accelerated by adopting favorable policies and incentive mechanisms. Discuss

KEY POINTS

- Advanced economies (AEs) have long been investing in research and development of green technology. Developing countries neither have huge resources and innovation capabilities for technology development, nor capital to buy or license the technology from the AEs.
- These countries often resort to compulsory licensing. India's National Manufacturing Policy also promotes compulsory licensing of patented green technologies for technology transfer, where necessary.
- Article 31 of the TRIPS (Trade-Related Aspects of Intellectual Property Rights) agreement permits compulsory licensing in “case of national emergency” or for “public non-commercial use”.
- Further, such licensing would discourage innovation and could expose the country to potential economic sanctions from AEs. India has been on the US priority watch list over this issue for a while.
- Apart from technology transfer, India also has huge potential for green innovation. In this regard, India could take a cue from AEs that have introduced measures to fast-track “green” patent applications. Usually, it takes several years to obtain a patent.



- At present, India has an expedited patent grant provision for start-ups. It may benefit by introducing a green channel for expedited grant of patents for green innovation.
- The role of international organisations such as WIPO is crucial in green technology transfer. WIPO has already been proactively facilitating this through its online platform for technology exchange called WIPO GREEN by connecting providers and seekers of environmentally friendly technologies. India must make the best use of its clout with WIPO and other international organisations in green technology transfer.
- Green technologies like solar cells and electric vehicles have taken more than a century from first invention to profitable commercialisation.

Though the economic activity in the country is affected, the credibility of the monetary policy framework should not be undermined. Explain

KEY POINTS

- The spread of Covid-19 and the ongoing lockdown have affected economic activity significantly, with many economists expecting the Indian economy to contract in the current fiscal year.
- Reserve Bank of India (RBI), which has reduced interest rates and flooded the system with liquidity. The banking system currently has excess liquidity worth about Rs 7 trillion.
- Even when the monetary policy committee (MPC) in recent times decided to keep the policy rate unchanged, the RBI increased liquidity in the system to influence medium-term rates.
- With so much liquidity in the system, market rates are now essentially being controlled by the RBI and not the rate-setting committee. Undermining the MPC can increase financial stability risks, especially in uncertain times.
- There are strong reasons why the sanctity of the monetary policy framework should be maintained. For instance, in the given economic environment, it is likely that policymakers would need to take some extraordinary measures.
- In such a situation, it would be comparatively easy to convince financial markets that such measures will be rolled back in time if they are done transparently through proper institutional mechanisms. If the markets start believing that institutional structures and checks are being undermined, financial stability risks could go up substantially.
- The adoption of the inflation-targeting framework has served India well, and is seen as one of the biggest reforms in recent years.
- Although there is a broad consensus among economists that the demand shock induced by Covid-19 will keep inflation low in the foreseeable future, disruption in supply-chains and global trade could push up prices in the interim.
- While higher inflation could be transient in nature, it could affect inflationary expectations if the credibility of the monetary policy framework is dented and make macroeconomic management more difficult.

While nations are competing to create vaccine to prevent a crisis, intellectual property regimes should not outweigh public interests. Comment

KEY POINTS

- The global pharmaceutical industry is racing to create a vaccine for coronavirus and the winning companies are certain to generate billions of dollars in revenue and wealth for shareholders.
- But the bigger concern once the vaccines enter the market is balancing intellectual property (IP) regimes with public health interests.



- Current IP regimes, which enable Big Pharma monopolies to extract large profits from consumers, are unnecessary and they make the case for the benefits of “open science” instead.
- This global not-for-profit, knowledge-sharing architecture for the flu vaccines has been around for 50 years and could be a useful template in the quest for the coronavirus vaccine.
- Profits are hardwired into vaccines since they need to be administered almost universally (such as the triple antigen), so that monopolies and quasi-monopolies can extract billions of dollars from public health budgets.
- India has experienced the benefits of freely available vaccines such as those for *kala azar*, polio, and smallpox to eliminate these diseases.
- The government has a range of policy options and tools at its disposal to ensure that the coronavirus vaccine is widely and cheaply (or freely) available. The country has already decided to speed up vaccine trials (six firms are in the fray) and the government can deploy the TRIPs-compliant tool of compulsory licensing to enable the vaccine to be produced by third-party manufacturers at affordable prices.
- It could strengthen these initiatives by passing legislation to, say, reduce the patent period for vaccines, since the development and testing schedule for vaccines is a fraction of the time it takes for a regular new drug to be developed and tested.

10. AGRICULTURE

Should the government suspend the Agricultural Produce Market Committees Act (APMC) and encourage NGOs, civil society, and corporate houses, to directly procure from farmers? Analyse

KEY POINTS

- As Prime Minister announced an all-India lockdown for three weeks to break the chain of Covid-19, one could see the extent of the threat.
- While the government has already announced that beneficiaries of the public distribution system can avail of three months ration in one go, the challenge is to ensure that Fair Price Shops deliver this in an orderly manner, and that their own supply lines remain intact.
- Home (street) delivery would be ideal in such times to avoid crowding at one place. This is where civil society, with due safety gears, can play a role. From NGOs and Resident Welfare Associations to religious organisations and paramilitary forces, all can be engaged in orderly and safe distribution of food, both pre-cooked and fresh.
- Those NGOs with experience in food preparation and distribution (the likes of Akshaya Patra) can be at the forefront to guide the local authorities.
- The weekly haats/markets need to be temporarily suspended, lest they become viral spreading centres, as everyone touches and feels the quality of vegetables when buying in crowded vegetable markets.
- This is about handling the retail distribution, be it of grains, or of fresh food. But, these retail distribution lines need to be seamlessly linked to wholesale supply lines of food.
- Also, we should use this opportunity to suspend the APMC Act and encourage NGOs, civil society, and corporate houses, to directly procure from farmers.

During the crisis, e-commerce can help ensure maintenance of supply chains facilitating access to essential goods and for last mile delivery. Discuss

KEY POINTS

- Supply chain challenges in a situation of a long nationwide lockdown are immense, and complex. While maintaining the flow of essential supplies, it is equally important that people across the country have access to them, preferably while remaining within their homes.

- Maintenance of a supply chain is a complex process, and can be interrupted, or clogged in many ways— manufacturing shutdowns, transport restrictions, speculative behaviour and panic buying, issues in last-mile delivery, etc.
- With suitable logistical linkages and clarity of respective roles, and support from government agencies, it can facilitate coordination between local FMCG enterprises and traditional kirana outlets, dynamically connect centres of supply and demand with modern tools of technology, and maintain, if not create, jobs at the same time.
- An online platform like Zomato is being used to connect with brick-and-mortar restaurants to deliver food. This way, you are not only helping local businesses survive, but also providing a link for food to those who may not be in a position to cook.
- Both online, and offline channels can use the network of logistics firms that provide last-mile connectivity to consumers. Both can collaborate during these times in the interest of efficiency, speed, and consumer welfare.
- In the medium term, this throws up the importance of strengthening the IT infrastructure across the length and breadth of the country, encouraging innovations among our youth, and augmenting the architecture for boosting various applications of e-commerce in different sectors.
- If we look into history, it was the SARS virus of 2003 that impelled the enormous growth of e-commerce in China. The emergence of Alibaba, JD.com, Taobao, Tmall, etc, witnessed explosive growth of e-commerce, on-demand, ultramodern delivery, as well as logistics infrastructure which overtook global trade and commerce.
- These had an overall positive effect by generating millions of jobs (estimated 30 million in China) and sources of livelihood for micro-entrepreneurs who found a way to market. It also had a significant impact for women, whose movement is sometimes particularly constrained by cultural circumstances.

Discuss the new challenges posed by Covid-19 pandemic to the agricultural sector and suggest measures to overcome it effectively.

KEY POINTS

Challenges

- The Covid-19 pandemic has added a new dimension to the agriculture sector's woes. Small and marginal farmers, landless agricultural labourers, and informal workers are the hardest hit.
- That the present crisis will have a profound impact on the economy and food security is a foregone conclusion. Welfare governments, both central and states/UTs have done well to declare agriculture as an essential service, and come out with financial packages and social security measures.
- As the corona crisis coincides with the rabi harvest/preparation for kharif sowing season, its impacts on food production and movement through the value chain loom large.
- Small and marginal farmers remain the dominant food producer and major workforce in India, and the country would rely on them to contribute to the post-pandemic revival. But, small farming remains adaptive, making this group the most important constituent of farm debate in the Covid-19 context.

Measures

- A key trigger of growth of informal workforce is rural land tenure informalities embedded in rural landlessness, and all-pervasive agricultural tenancy and sharecropping
- Rural India, especially the farm sector, therefore, must prepare to productively absorb these additional labour. India's small farms may be able to productively engage them, as they are extended enhanced tenure security, which can trigger farm investments, 'sustainable' intensification and diversification.
- Post-pandemic, states must consider accommodating returnee migrants in small-farming by legalising and implementing leasing reforms.



- Land-leasing reforms and documentation can aid more inclusive delivery of public service entitlements to these vulnerable tenants, critical to trigger rural revival.
- Informality of labour is linked to informality around land relations; post-pandemic farm growth hinges on strategic action on land leasing reforms.

Discuss the various impacts of sugar sector in the country caused due to the collapse in global sugar prices.

KEY POINTS

- All commodities have taken a demand hit from subdued economic activity and lockdowns imposed by many countries to combat the COVID-19 pandemic.
- One reason for this collapse is the closure of restaurants, weddings and other social functions not taking place, and people avoiding ice-creams and sweetened cold beverages that might cause throat infections.
- The impact of coronavirus-induced lockdowns on out-of-home consumption and institutional (as opposed to direct household) demand for sugar is obvious
- Sinking crude prices appear an even bigger factor. The juice from crushing sugarcane can be crystallised into sugar or fermented into alcohol.

How will this affect India?

- Dip in sugar consumption, together with higher Brazilian output, is bad news for both Indian sugar mills and cane farmers. Before COVID-19 happened, the Indian industry was expecting to export 5.5-6 mt of raw sugar in 2019-20.
- The current plunge in world prices, plus Brazil's likely production surge, would upset these calculations.

What is the situation with respect to cane farmers?

- Exports slowing down and not much domestic lifting of sugar by institutional consumers has significantly undermined the ability of mills to make cane payments. Moreover, the industry's problem is not from sugar alone. The lockdown has reduced offtake of alcohol, be it potable liquor or ethanol for blending with petrol.

Are other agri-commodities impacted?

- Prices of corn, which is also used for making ethanol, fell to their lowest since September 2009 .
- Corn prices can, in turn, drag down other cereals, just as palm oil could to soyabean and other oilseeds. They are all ultimately linked to oil, whose prices matter as much to petroleum companies as farmers.

Covid-19 crisis has witnessed reverse migration of labour force from urban to rural areas which can be used as an opportunity to create a new white revolution. Discuss

KEY POINTS

- When the entire nation continues to be under lockdown due to the Covid-19 pandemic, our dairy industry has proved to be more resilient than many other sectors in terms of the extent of supply chain disruptions.
- Disruption seems to have impacted the unorganised private players significantly as they have a higher share of products in their sales portfolio compared to the dairy cooperatives
- Covid-19 pandemic has thrown up the real possibility for our dairy industry to benefit as large sections of consumers may shift from meat-based to dairy-based protein. Covid-19 has made people more aware of the need to adopt a healthy diet.
- In the present context, it makes smart business sense for our dairy industry to increase milk procurement for making SMP to meet the growing demand for milk and milk products. Milk procurement, during Covid-19 lockdown, despite market shocks indicates that dairies have started building up commodity stocks to meet lean season requirements.



- During these difficult times of the dairy farmers, our cows and buffaloes must be taken care of, as any compromise on their feeding and health care would impact reproductive efficiency and productivity.
- Both governments and dairy cooperatives should provide these inputs and services to the farmers on subsidised rates or deferred payments basis. The country cannot afford to go through another phase of supply disruption resulting in pressures on availability and prices of milk.
- Covid-19 crisis has witnessed reverse migration of labour force from urban to rural areas leading to social disruptions. On the positive side, we can look at this as an opportunity; these workers can be encouraged and incentivised to join their family agriculture/dairy farms.

11. INFRASTRUCTURE

India is the country with six ministries for different modes of transport, making coordinated decision making and implementation of national plans a distant dream. Comment

KEY POINTS

- Covid-19 has brought almost the entire world and all forms of transport to a screeching halt. Even non-motorised transport like walking and cycling have been shut down.
- The 2009 Bellagio Declaration on Transportation and Climate Change introduced the concepts of “Avoid, Shift and Improve” to make transport sustainable.
- We have since taken ad hoc measures to reduce transport demand. For example, when Delhi was highly polluted, the government introduced the odd-even scheme to reduce transport emissions, but did not implement this or other measures wholeheartedly.
- There are some 10 million personal vehicles registered in Delhi, of which some 7 million are two-wheelers; only about 3 million are cars.
- The 1980 National Transport Policy Committee report and the 2014 report of the National Transport Development Policy Committee, among others, made a number of recommendations on how to effect a beneficial shift from highly polluting road transport to benign rail transport and even more benign water transport.
- When the Motor Vehicles Act was amended in 2019, the Ministry of Housing and Urban Affairs had recommended that the purchase of a second car should not be permitted unless the buyer could demonstrate a private parking space for it. That was an opportunity we missed. The law should now provide for the local body to levy a parking charge for every car parked on the road, and that will yield a substantial revenue to the government for improvements in the transport sector.
- The automobile industry has responded to the government’s decision to introduce improved Bharat VI (EuroVI equivalent) fuel, making it available a year earlier than required. Despite declaring its intention to populate cities with electric vehicles by 2030, there is no comprehensive policy by the government and no decision on the agency that will lead this endeavour. In any case, using the best fuel available in the city may be a better trade-off than converting everything to electricity.
- There is hardly any investment in the institutions required to facilitate transport planning and management in India.
- The responsibility for transport is fragmented between governments and within governments in India, enabled by a Constitution that provides for concurrent responsibilities
- It has taken a virus, the lowest among species, to teach us that a sustainable transport system can and must be evolved, based on "avoid, shift and improve" strategies .

12. ENERGY



Fall in oil prices makes the global energy landscape remain volatile , so it is a good time for the country to enhance the energy security. Comment

KEY POINTS

- The covid-19 pandemic, multiple demand and supply shocks are wrecking economies across the globe and bringing economic activity to a standstill.
- In the early stages of this standoff, oil prices plunged to their lowest level since 2002, falling below \$20 per barrel and putting enormous fiscal strains on smaller producers, especially those with high extraction costs.
- India is a net importer of crude oil. The country imports nearly 80% of the oil it consumes, and so cheap oil is to be taken as an opportunity.
- Under normal circumstances, such a drastic fall in oil prices would have a big positive effect on the finances of the Union government and the economy in general. It would have resulted in a smaller import bill, a smaller subsidy bill for the Centre, higher tax collections for both New Delhi and the states, and lower inflationary pressures on the economy, allowing for lower interest rates.
- The current circumstances, however, are anything but normal. Since there is a demand slump, tax collections will not increase, the country's import bill already stood reduced, and government expenditure must focus on containing the fallout of covid-19.
- The best way to turn this situation to India's advantage, therefore, is to grab this chance to fill up the country's strategic petroleum reserves (SPRs).
- Our SPRs are estimated at five days' worth of oil imports, stored in underground salt caverns, and a further 65 days' worth held by commercial refineries. Current prices provide a perfect opportunity to bolster these reserves in preparation for future shocks.
- The government-owned agency, Indian Strategic Petroleum Reserves Limited (ISPRL), should now be focused on filling up and utilizing the existing capacity of the country's underground caverns.

13. S&T

What is a Cytokine storm? Discuss its role in the human immune system and its impact on a COVID-19 patient.

KEY POINTS

Cytokine storm

- Cytokine storms are a common complication not only of covid-19 and flu but of other respiratory diseases caused by coronaviruses such as SARS and MERS. They are also associated with non-infectious diseases such as multiple sclerosis and pancreatitis.
- The release of inflammatory mediators increases the blood flow to the area, which allows larger numbers of immune system cells to be carried to the injured tissue, thereby aiding the repairing process.
- However, if this inflammatory response is not regulated, very dangerous consequences can follow. This is when a 'cytokine storm' can be triggered. The damage to the surrounding cells can be catastrophic, leading to sepsis and potentially, death.

What then, is the role of cytokines in the immune system?

- Cytokines are signalling proteins that are released by cells at local high concentrations — a cytokine storm or CSS is characterised by the overproduction of immune cells and the cytokines themselves because of a dysregulation in the process.
- A severe immune reaction, leading to the secretion of too many cytokines in the bloodstream, can be harmful since an excess of immune cells can attack healthy tissue as well.



How does CSS impact a COVID-19 patient?

- In the case of any flu infection, a cytokine storm is associated with a surge of activated immune cells into the lungs, which, instead of fighting off the antigen, leads to lung inflammation and fluid build-up, and respiratory distress.
- Increased pro-inflammatory cytokine responses against human coronaviruses such as SARS-CoV-1 (which caused SARS), SARS-CoV-2 (which is responsible for the current COVID-19 pandemic), and MERS can result in acute lung injury and acute respiratory distress syndrome (ARDS).
- If the clinical features of CSS are not recognised and adequate treatment is not promptly instituted, multiple organ failure can result. Researchers writing in *The Lancet* have suggested that all severe COVID-19 patients should be screened for hyper inflammation.

14. ENVIRONMENT

Disease outbreaks show that within the welfare of animals lies the welfare of people. Comment

KEY POINTS

- The novel coronavirus (COVID-19) pandemic is an opportunity for us to analyse our food system, ideate and make changes for a healthier and more sustainable future.
- Animal agriculture is moving away from backyard operations to larger industrial facilities which aim to produce more meat with fewer resources.
- According to the World Health Organization, the large volume of antibiotics given to farm animals contributed to the development of antimicrobial-resistant bacteria particularly in settings of intensive animal production.
- A majority of Indian households buy meat from local meat shops which, much like the wet markets, follow no regulations in the way the animals are kept or slaughtered. Further, while welfare standards of animals are often neglected, one thing is clear: immunocompromised animals are the most likely to pass on an infection.
- It is thus imperative that India understand the risk of zoonosis and antibiotic resistance in terms of following FSSAI regulations and adhering to welfare standards in animal husbandry.
- India has a high rate of malnutrition among children under the age of five and is trying to combat this by encouraging meat production.
- With a paucity of space, this can only be done by giving a boost to industrial agriculture. It must explore the potential behind plant and cultivated meats. Plant-based meats are made from plants and are cholesterol- and antibiotic-free, but taste and feel like meat. Cultivated meat is produced by taking a small sample of animal cells and replicating them outside of the animal; the resulting product is real meat, but without the antibiotics, *E. coli*, salmonella, or animal waste.
- These foods represent an enormous opportunity to solve the problems of rampant malnutrition, low farmer incomes, antibiotic dependency, and inhumane factory farming of animals.

Lockdown has highlighted the criticality of climate change agenda both at national and domestic level. Analyse

KEY POINTS

- Clean air, unrestricted views of mountain ranges hidden for decades, and the return of thriving bird life in urban areas have been unexpected upsides of the lockdown, and they offer a more compelling case for climate change activists than any scientific model.
- This unexpected environmental dividend offers a useful template for climate-change policies.



- In terms of a domestic agenda, two elements suggest themselves. At the policy level, the priority must be enforcing the challenging 2020-30 targets India, a coal-fired economy, has set for itself under the Paris climate change accord.
- This will involve urgently addressing long-standing anomalies in the solar power eco-system, the main renewable energy source. Most solar companies are in the red on account of the aggressive (some say unrealistic) price bids by new entrants at progressively lower levels, which discourages distribution companies from buying from existing producers.
- Creating a carbon sink is a bigger challenge. The India State of Forest Report of 2019 suggested that the supposed increase in forest cover is misleading because the term includes plantations and masks a marked decline in the Northeast with its rich biodiversity.
- Beyond the larger agenda are granular policies for the Centre and states to consider. Support to industry on revival could be linked to adopting pollution-free processes and recycling. It is fairly easy, for instance, to adopt waste-water recycling in modern industry.
- It is vital that this initiative, which has yielded some positive responses, should not be reversed in a low oil-price regime (petrochemicals being the basic input for plastic).
- Getting started on setting up e-vehicle infrastructure (charging stations and so on) would also go a long way toward encouraging more people to examine this mode of vehicle ownership.

The covid pandemic presents the country a chance to make systemic changes for sustainable development. Examine

KEY POINTS

- As covid-19 spreads across the world, the global economy is falling into an unprecedented recession. The World Bank expects India's growth in 2020-21 to slow to 2.8% from 5% in 2019-20.
- The pandemic has reinforced the links between health, environment and the economy. There is evidence that air pollution has contributed to higher covid-19 mortality rates.

interrelated recommendations for sustainable growth

- First, invest in sustainable infrastructure. Infrastructure investments are an effective way of boosting economic activity and creating jobs. India should increase support for renewable energy, particularly rooftop solar.
- Decentralized solar power can help spread critical services in remote regions if the upfront capital constraints can be addressed. It should revisit the potential import duties on solar panels, since this may not increase domestic production, but may raise the cost of solar power.
- Build resilience of the most vulnerable. About 90% of India's workforce is informally employed, which includes gig economy workers. This population is extremely vulnerable to economic shocks and needs greater access to formal credit and social safety nets such as insurance and pension schemes.
- It is also critical to expand the access to clean water, clean air, and primary healthcare. These will improve life expectancy and increase economic and physical resilience.
- Use fiscal mechanisms for recovery and resilience. These mechanisms can help support recovery and resilience efforts, while promoting low-carbon development. The Indian government has announced an economic stimulus of ₹ 1.7 trillion (\$24 billion), and is exploring another bailout of ₹ 750 billion for micro, small and medium enterprises (MSME).
- Meanwhile, the government can increase taxes on luxury sectors with high environmental impact. It can also use this opportunity to rationalize fertilizer subsidy and increase taxes on fossil fuels, with the savings and proceeds returned to the target populations through cash transfers or social safety nets.



- Encourage long-term change in behaviour. The current crisis has changed patterns of consumption. Electricity usage patterns have shifted as people are working from home on more flexible schedules. Non-essential purchases have temporarily ceased.

What is mean by ozone hole? Discuss the process behind the destruction of ozone layer and provide the reasons for its recovery in the arctic region.

KEY POINTS

Ozone Hole

- The 'ozone hole' is not really a hole — it refers to a region in the stratosphere where the concentration of ozone becomes extremely low in certain months.
- The 'ozone holes' most commonly talked about are the depletions over Antarctica, forming each year in the months of September, October and November, due to a set of special meteorological and chemical conditions that arise at the South Pole, and can reach sizes of around 20 to 25 million sq km.

Process of destruction of ozone layer

- The ozone depletion process begins when CFCs and other ozone-depleting substances (ODS) are emitted into the atmosphere.
- Winds efficiently mix the troposphere and evenly distribute the gases. CFCs are extremely stable, and they do not dissolve in rain. After a period of several years, ODS molecules reach the stratosphere, about 10 kilometers above the Earth's surface.
- Strong UV light breaks apart the ODS molecule. CFCs, HCFCs, carbon tetrachloride, methyl chloroform, and other gases release chlorine atoms, and halons and methyl bromide release bromine atoms .
- It is these atoms that actually destroy ozone, not the intact ODS molecule. It is estimated that one chlorine atom can destroy over 100,000 ozone molecules before it is removed from the stratosphere.

Reasons for ozone hole recovery

- The ozone hole's closing was because of a phenomenon called the polar vortex, and not because of reduced pollution levels due to Covid-19 lockdowns around the world.
- Increase in temperature levels slightly.

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