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DRAFT NATIONAL EDUCATION POLICY

In The New

Recently, the committee under Dr. K. Kasturirangan submitted its report on the **Draft National Education Policy, 2019** to the Ministry of Human Resource Development, Government of India.

Background

- India has had two National Education Policies in 1968 and 1986 (modified in 1992) respectively.
- After **more than thirty years** of operation of the last policy, India's education system, is plagued by a number of problems and shortcomings such as huge dropout rates, shortage in the number of teachers, incompetent curriculum etc.
 - Apart from these problems, there are various new developments, such as Right to Education Act, Globalisation, which **mandate the need of a new comprehensive National Education Policy.**
- The vision of the **National Education Policy 2019** is it to create an India centered education system that contributes directly to transforming our nation sustainably into an equitable and vibrant knowledge society, by providing high quality education to all.

Other reasons for a new Education Policy

- **Changed demands of a knowledge economy-** that calls for emphasis on the need for acquisition of new skills by learners on a regular basis, for them to 'learn how to learn' and become lifelong learners.
- **Narrow time lag between the generation of new knowledge and its application** specially in the fields of science and technology that necessitate the periodic renewal of education curriculum to maintain their relevance to the changing societal and personal needs of learners

- **Small window of India's Demographic Dividend-** that is expected to last for only a little over 20 years. It demands that apart from education, the children acquire actionable skills also in their schools and colleges itself.
- **Alignment with the global Sustainable Development Goals-** The SDG 4 seeks to “ensure inclusive and equitable quality education and promote lifelong learning opportunities for all” by 2030.

Pros of the Draft Policy

- **Developed after extensive consultations** with more than 1 lakh villages, 6000 blocks with specific questions on 33 themes for all levels. Also all other stakeholders including ministries, states have been deliberated for their views to develop a consensus over the provisions of the draft.
- Look at education as a **continuous process and comprehensively addresses all stages** of education including different verticals of professional education, vocational education, technical education etc.
- **Focus on foundational stages of education-** the actions suggested on ECCE can be the best investment that India could make in education since evidence indicates that over 85% of a child's cumulative brain development occurs prior to the age of 6.
- Schools will be given autonomy in setting syllabus under the broad **National Curriculum Framework.** This will motivate principals and teachers to **innovate.** More importantly, it will create a set of best practices that work in Indian conditions.
- The draft has laid out a framework for ensuring **quality of teacher education,** which is paramount in terms of ensuring quality education.
- Removes the burden and **conflict of**

interests, by separating regulatory function from other functions of the state authorities.

- The idea of **Special Education Zones (SEZ) to be set up in disadvantaged regions across the country** can help government focusing more on such areas and experiment with different ideas to get the best results.
- **Focus on research**, as it talks about financing and involvement of private sector and intends to make all institutes **comprehensive teaching-research institutions**. A **National Research Foundation** on the lines of what exists in the US is a promising step to coordinate and give direction to research.

Cons in the Draft Policy

- The policy's implementation is **predicated on the assumption** that the education budget would be almost doubled in the next 10 years. Also, the sheer scale of **changes expected**, the rapid **timeline** and the absence of a **strong mechanism** for handholding states on this journey raises questions on the full implementation of this policy.
- **Does not address the lack of accountability of schools-** as school management committees (SMCs), which are without significant powers, may not be able to hold schools and teachers accountable.
- Representatives of **CBSE Schools Management Association** expressed concern over expanding the ambit of the **Right to Education Act** to pre-kindergarten to Class 12 from the present Classes 1 to 8. Already, the schools were facing difficulties in determining the fee structure and getting reimbursement of the fee of the student.
- **Does not consider Direct Benefit Transfer as a means to eliminate fake beneficiaries-** such as the idea of

school vouchers. It will also help parents uphold the accountability of schools.

- Integrating pre-school with government school system may pose **infrastructure and logistics challenge**.
- **Misses to address the gap of access to quality education between India's rich and poor children-** by proposing to remove the expectations that all schools meet common minimum infrastructure and facility standards, and that primary schools be within a stipulated distance from children's homes.
- No separate funding earmarked for the strengthening of “**school complexes**”.

Way Forward

Clearly, the final test of any policy is in its implementation, but it is important to suspend such judgment and disbelief and focus on its successful implementation.

Debate over three-language formula

- In the initial draft, there was a mention of making Hindi compulsory in non-Hindi speaking states, under the three-language formula for school education.
- This specific mention drew a lot of backlash from Southern states, especially Tamil Nadu.
- Following this, the Government came up with a revised draft, removing the particular reference to Hindi and policy requires proficiency in any three languages.

HEALTH STATES PROGRESSIVE IN INDIA

In The News

Recently, the NITI Aayog has released the second edition of the comprehensive Health Index report titled, “Healthy States, Progressive India”.

Background

- It ranks states and Union territories innovatively on their year-on-year incremental change in health outcomes, as well as, their overall performance with respect to each other.
- The report has been developed by NITI Aayog, with technical assistance from the World Bank, and in consultation with the Ministry of Health and Family Welfare (MoHFW).
- The Health Index is a **weighted composite Index** based on three domains:
 - **Health Outcomes** (70%);
 - **Governance and Information** (12%); and
 - **Key Inputs and Processes** (18%), with each domain assigned a weight based on its importance.
- Data submitted by the States & UTs was validated by an **Independent Validation Agency**.
- States and UTs have been ranked in **three categories** namely, **Larger States, Smaller States, and Union Territories (UTs)**, to ensure comparison among similar entities.
- The NITI Aayog had **first come out** with its report on state-wise health rankings in **2018**.
- This **second report** examines the performance for the period **2015-16** (base year) to **2017-18** (reference year), i.e., a two-year period.

Key Insights from the Report

- **Overall picture in the health index-** Only about half the States and UTs had an improvement in the overall score between 2015-16 and 2017-18. The magnitude of change was bigger in UTs compared to

Larger and Smaller States.

- **Larger States - Kerala, Andhra Pradesh & Maharashtra** ranked on top in terms of **overall performance**, while **Haryana, Rajasthan and Jharkhand** are the top three ranking States in terms of **annual incremental performance**.
- **Smaller States - Mizoram and Manipur** ranked on top in terms of **overall performance**, while **Tripura and Manipur** were the top ranked States in terms of **annual incremental performance**.
- **UTs - Chandigarh and Dadra and Nagar Haveli** were ranked on top in terms of **overall performance** (Chandigarh-1 and Dadra and Nagar Haveli-2) as well as **annual incremental performance** (Dadra and Nagar Haveli-1 and Chandigarh-2).
- **Performance of five Empowered Action Group States-** Bihar, Uttar Pradesh, Uttarakhand, Madhya Pradesh, and Odisha have witnessed a decline in the overall health index score.
- **Large disparities in overall performance** - The best states scored more than 2.5 times more than the worst performing states. E.g. While Kerala got 74.01, Uttar Pradesh's score was 28.61.
- There was a general **positive correlation** between the **Health Index scores and the economic development levels** of States and UTs as measured by per capita Net State Domestic Product (NSDP).

Empowered Action Group States

- The government had constituted an Empowered Action Group (EAG) under the Ministry of Health and Family Welfare following 2001 census to stabilise population in eight states that were lagging in containing population.
- These states are Bihar, Jharkhand, Uttar Pradesh, Uttarakhand, Rajasthan, Madhya Pradesh, Chhattisgarh and Odisha.

FOOD AND NUTRITION SECURITY

In The News

Recently, Food and Nutrition Security Analysis, India, 2019, prepared by the Ministry of Statistics and Programme Implementation and World Food Programme (WFP) was released.

Finding of reports: Food and Malnutrition Trend in the country

- **Trend in Malnutrition:** Despite decreasing stunting by one fifth during last decade, almost one in three Indian children under five years i.e. 31.4% of children will still remain stunted by the 2022.
- **Inter and Intra State Variations in Malnutrition** is found in country with highest levels of stunting and underweight are being found in Jharkhand, Bihar, Uttar Pradesh, Madhya Pradesh, Gujarat and Maharashtra.
- **Prevalence of Multiple Types of Malnutrition among Children:** Multiple burden of malnutrition is the coexistence of any two or all three measures of malnutrition: stunting, wasting and underweight.
- **Women and Malnutrition:** Children born to women with low BMI and low education level are more likely to be stunted, wasted, and underweight compared to children born to women with normal or high BMI.
- **Anaemia Prevalence:** Iron deficiency anaemia remains a major public health concern in India where half of women 15-49 years of age are anaemic, regardless of age, residence or pregnancy status.

About Malnutrition: It includes undernutrition (wasting, stunting, and underweight), inadequate vitamins or minerals, overweight, obesity, and resulting diet-related noncommunicable diseases.

Types of malnutrition:

- **Moderate Acute malnutrition (MAM):** Children aged between six

months and 59 months who are between the -2 and -3 standard deviation for weight for height (wasting) score.

- **Severe Acute Malnutrition (SAM):** Children aged between six months and 59 months and have a weight for height (wasting) score
- 3 standard deviations below the median, have a mid-upper-arm circumference less than 115 mm, or the presence of bilateral edema.
- **Severe Chronic Malnutrition (SCM):** Calculated with the Z-score defined as a height-for-age index less than -3 standard deviations from the mean weight of a reference population of children of the same height and/or having edema.
- **Stunting:** Calculation is based on height-for-age. It is associated with an underdeveloped brain, poor learning capacity, and increased nutrition-related diseases.
- **Wasting:** Calculated by weight-for-height. It is associated with decreased fat mass. Also known as wasting syndrome, it causes muscle and fat tissue to waste away.
- **Underweight:** Calculated by the weight-for-age formula. It is a body weight considered to be too low to be healthy. It can reflect both stunting and wasting.

Underlying causes behind Malnutrition

- **Poverty:** It hinders the accessibility of adequate food.
- **Lack of Awareness:** about nutritional needs of infants and young children.
- **Social strains on Women:** Early marriages of girls' leads to teenage pregnancies resulting in low birth weight of the newborns, poor breastfeeding practices and poor complementary feeding practices.
- **Male domination:** In most Indian families, women even take food after

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the male members where they get less nutritious food.

- **Lack of health infrastructure** leads to poor access to health.
- **Lack of availability of safe drinking water** hinders proper digestion and assimilation of food and also causes water and food borne diseases.
- **Poor sanitation and environmental conditions** lead to spread of many diseases that sap children's energy and stunts their growth.
- **Other causes:** illiteracy in women and large household size.

Recommendations to improve Malnutrition Status in India

- **Agricultural Diversification:** Farmers should be incentivised to increase production of micronutrient-rich grains such as millets, as well as other nutritious vegetables and fruits.
- **Sustainability of Food Productivity:** By encouraging use of innovative and low cost farming technologies, increase in the irrigation coverage and enhancing knowledge of farmers in areas such as appropriate use of land and water.
- **Policy Support:** Enhanced coverage of **Soil Health Card** and Research and Development (R&D) extension to small holder farmers (especially women) and **protection of farmers** against price fluctuations and losses can be critical steps towards improving agricultural produce of traditional crops like Maize etc in the country.
- **Improve Storage Capacity** of perishable commodities to improve their availability throughout the year and preventing post-harvest losses.
- **Strengthened Safety Nets Programmes:** To improve the targeting efficiency of all food safety nets, especially that of the Targeted Public Distribution System (TPDS) to ensure that the poorest are included and incorporating fortified food in PDS to address the challenges of micro and macro nutrient deficiencies.

- **Increasing awareness** about exclusive breastfeeding, use of antenatal care, consumption of Iron Folic Acid and effective implementation of dietary policies.
- **Addressing Gender Issues** by making all the major programmes **gender sensitive**.
- **Use of Technology:** To improve the flow of information and to encourage greater policy coherence and coordination across the food systems and nutrition security.

Steps Taken by government for Improving Nutrition Status in Country

- **POSHAN Abhiyaan (National Nutrition Mission)**
 - **Aim:** To reduce stunting, under-nutrition, anemia (among young children, women and adolescent girls) and reduce low birth weight by 2%, 2%, 3% and 2% per annum respectively by 2022 and strive to achieve reduction in Stunting from 38.4% (NFHS-4) to 25% by 2022 (Mission 25 by 2022).
- **National Nutrition Strategy**
 - It is a 10-point nutrition action plan that includes governance reforms and envisages a framework wherein the four proximate determinants of nutrition – uptake of health services, food, drinking water & sanitation and income & livelihoods – work together to accelerate decline of under nutrition in India. **Key Feature of Strategy are:**
 - ✓ It focuses to reduce all forms of malnutrition by 2030, with a focus on the most vulnerable and critical age groups.
 - ✓ A decentralised approach will be promoted with greater flexibility and decision making at the state, district and local levels.
 - ✓ The Strategy proposes to launch interventions with a focus on improving healthcare and nutrition among children and improve maternal care.

FEMALE WORK AND LABOUR FORCE PARTICIPATION IN INDIA

In The News

Recently UNDP, in association with IKEA Foundation has brought out a report titled “Female work and labour force participation in India”.

Background

- The focus of this report has been to understand the continuing problem of low female labour force participation in India despite massive investments in employment and skill-building initiatives.
- FLFP is typically measured as the share of women who are employed or are seeking work as a share of the working-age female population.
- According to World Bank, India's **Female Labour Force Participation Rate (FLFPR)**, has fallen to a historic low of **23.3% in 2017-18**.
- During the peak working age (25-60 years), more than 96% males are in the labour force as compared to 37.48% (rural) females and 25-28% (urban) females.
- The largest decline in employment was experienced in the **primary sector**. In contrast, the services sector grew in employment by 6.6 million.
- The rural FLFPR is **significantly higher** than urban FLFPR.

Reasons for low female labor force participation:

- **Lack of comprehensive policy support and effective implementation:** While several policies exist to enable financial support, training, placements and outcomes, few national policies focus on providing support services, such as lodging, safe and convenient travel, migration support and childcare, that enable women to access skilling programmes or be part of the workforce.
- **Education-Employment Trade-off:** Demand for employment for high school and university graduates has not

kept pace with the large supply of women looking for such work. Therefore, more educated women do not wish to work in jobs that do not match with their aspirations and there are not enough salaried opportunities available for women with moderate levels of education like clerical and sales jobs.

- **Competing Outcomes** of the Household and Labor Market a large proportion of the women who left the labour market are married. Also, husband's income (and education) contributes to the withdrawal of women from the labour force through a household income effect.
- **Maternity factor:** Many women who join the workforce are unable to re-join after having a child. Maternity benefits Act 2016, (which entitles a woman to 26 weeks of paid maternity leave) increased cost for companies and may have discouraged them from hiring women. The estimated loss of female jobs was between 1.1 to 1.8 million for 2017-18, over and above the usual job loss due to attrition related to maternity.
- **Non - availability of quality day-care** is one factor which inhibits women from returning to work after their maternity leave. Similarly, if women's perceived productivity at home is greater than their returns in the labour market, women are likely to withdraw from the labour force.
- **Barriers to migration for women** as in the last decade, there has been only a marginal increase in the proportion of rural women (of working age) who worked in urban areas. Even international migration for work remains a challenge for women. Women comprise less than one-fourth of the total Indian migrant stock.
- **Social Norms and Agency:** Deep-rooted social norms, lack of agency and gendering of occupations often leads to women having little choice in their employment and work decisions.
 1. **Discrimination:** Employment and wage gap between male and female

cannot be explained only by differences in education, experience and skills, but the unexplained aspects attributed to discrimination.

2. Socially disadvantaged women are more likely to be in roles without written contracts, with less paid leaves and shorter periods of engagement. In some communities, may be a stigma attached to women working outside the home (especially to certain job-roles considered menial)-which increases family and societal pressures to drop out.

- **Sexual Harassment at the Workplace:** Around 31% of the firms are not compliant with the Prevention of Sexual Harassment at Workplace Act (POSH), which mandates “Internal Compliance Committees” (ICCs) being constituted.

Suggestions to improve FLFP

- **Reorienting Policy Design**
 - **Modifying outcome metrics** for labour market programmes by including enabling factors such as safety, aspiration alignment and so on.
 - **Convergence with programmes** for adult education, literacy and advanced skill training and higher education. Education ecosystem needs to go through a set of system strengthening initiatives, including the introduction of digital and STEM (science, technology, engineering and mathematics) education in schools.
- **Programme Innovation - Using tax policies** to incentivise women into the labour market on both the demand and supply side. By introducing tax incentives for enterprises that have internal complaint mechanisms, gender friendly transport services and so on.
- **Communication and Behavioural Change - Investing in large-scale social campaigns** for changing social norms which break gender stereotypes,

which include women as well as **redefining the role of men in households.**

• Support Services for Entry and Continuation

- **Providing arrangements** for childcare at training centres, better stipends for travel, lodging, boarding and other expenses incurred during programme participation.
- Providing support to women who **migrate** in search of work and jobs.
- Developing forums for informal and formal **mentorship** and connections to **female role models** and women in leadership which is to be achieved not by tokenism but by increasing the ease of **economic and political participation.**

Conclusion

The issue of wider, deeper and more meaningful participation of women not just in the workforce, but also in legislatures, police, armed forces and the judiciary, is a complex but very critical issue. Effort, therefore, is needed to amplify the gender-sensitivity of programmes. This can be achieved for a policy by enhancing its quotient of programme components that cater to women's all-round needs.

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SDG GENDER INDEX

In The News

Recently a new index launched to measure global gender equality, ranked India at 95th among 129 countries.

About the SDG Gender Index:

- It has been developed by Equal Measures 2030, a joint effort of regional and global organisations including African Women’s Development and Communication Network, Asian-Pacific Resource and Research Centre for Women, Bill and Melinda Gates Foundation, Plan International and International Women’s Health Coalition.
- It includes 51 gender specific indicators across 14 of the 17 official Sustainable Development Goals (SDG) that cover aspects such as poverty, health, education, literacy, political representation and equality at the workplace.
- The overall index scores are based on a scale of 0–100. A score of 100 indicates the achievement of gender equality in relation to the underlying indicators.

climate.

Key observations of the Index

- The global average score of the 129 countries — which represent 95% of the world’s girls and women — is 65.7 out of 100 which correlates with “**Poor**” in the index.
- **No country** achieved an “**excellent**” overall score of 90 or above.

Key findings for India:

- India ranks toward the bottom of the Asia and the Pacific region, ranking 17th out of the 23 Asia and the Pacific countries covered by the index and its score of 56.2 means that it falls in the very poor category.
 - India’s highest goal scores are on primary education, health, hunger & nutrition, and energy.
 - Its lowest goal scores are on, proportion of seats held by women in national parliaments, partnerships, in the bottom 10 countries worldwide), industry, infrastructure and innovation, and

UN WOMEN’S NEW REPORT

In The News

Recently the **UN Women** released its new Report titled, “**Progress of the World’s Women 2019-20: Families in “Changing World”**”.

About the Report

- The report talks about the **diversity of families globally and provides recommendations to support laws and policies** that meet the needs of all family members, **especially women and girls**, and concrete proposals for implementation.
- **Significance of families:** Families serve as a home for equality and justice, which is not only a moral imperative, but essential to achieve the Sustainable Development Goals (SDGs).
- Families can be critical drivers of gender equality, provided decision-makers deliver policies rooted in the reality of how people live today, with women’s rights at their core.
- **Exposing violence in the domestic sphere:** As per the report families can also be breeding grounds of conflict, inequality and, far too often, violence.
- In one-out-of-five countries, girls do not have the same inheritance rights as boys.
- In developing countries, about one-third of married women report having little or no say over their own healthcare decisions.

Indian Scenario:

- In India, 46.7% of families are couples living with their children, over 31% live in extended families while single person families account for 12.5%.
- 4.5% of all Indian households are run by single mothers.
- The report analyses how diverse family structures are impacting women and

their choices. For instance: The poverty rate of lone mother households in India is 38% in comparison to 22.6% for dual-parent households.

About UN Women:

- It is the United Nations entity, established in 2010, dedicated to gender equality and the empowerment of women.
- It works globally to make the vision of the **Sustainable Development Goals** a reality for women and girls and stands behind women’s equal participation in all aspects of life, focusing on **four strategic priorities**:
 - Women lead, participate in and benefit equally from governance systems
 - Women have income security, decent work and economic autonomy
 - All women and girls live a life free from all forms of violence
 - Women and girls contribute to and have greater influence in building sustainable peace and resilience, and benefit equally from the prevention of natural disasters and conflicts and humanitarian action.

Major recommendations of the report

- **Amend and reform family laws** to ensure that women can choose whether, when and who to marry; and enable women’s access to family resources.
- **Recognize diverse forms of partnership**, to protect women in cohabiting and same-sex partnerships.
- **Invest in public services**, especially reproductive healthcare, to expand women’s and girls’ life choices.
- **Push for social protection systems**, such as paid parental leave and State support for children and older care to sustain families.
- **Ensure women’s safety** by implementing laws to eliminate violence against women and girls and provide justice and support for violence survivors.

POPULATION RESEARCH CENTRES (PRCS)

In The News

Recently the Ministry of Health and Family Welfare organised a National Workshop for Population Research Centres (PRCs).

About Population Research Centres (PRCs)

- The Ministry of Health and Family Welfare has established the network of 18 Population Research Centres spread over 17 major States/UTs.
- The PRCs are autonomous in nature and administratively under the control of their host University/Institutions.
- Functions undertaken by PRCs-
 - Undertake research projects relating to family planning, demographic research, and biological studies & qualitative aspect of population control, **to gainfully utilize the feedback from these research studies for plan formulation, strategies and policy interventions** of ongoing schemes at the national and state levels.
 - Involved in other studies given by Ministry such as **Concurrent Evaluation of NRHM** conducted by the Ministry throughout the country during 2008-09, **large scale sample surveys** of the Ministry like District Level Household survey (DLHS), National Family Health Survey (NFHS) and Longitudinal Ageing Study in India (LASI).
- They are provided **100 per cent central assistance** in the form of grant-in-aid on a year-to-year basis.

History of PRCs

- **Establishment of Demographic Research Centres (DRC)**- on the recommendations of Demographic Sub-Committee to undertake research on various demographic, social & economic aspects of population growth.
- Later, **Family Planning Communication Action Research Centres** were established to carry out research studies in the field of family planning communication.
- The nomenclatures of DRC and Family Planning Committee Action Research Centres were changed to **Population Research Centre (PRC) in 1978-79** after taking into account the fact that activities of all research centres were almost similar.
- In 2013-14, a committee under the Chairmanship of Manoj Jhalani submitted “**Report of the PRC Committee**” recommending a systematic work plan for the PRCs in the Country.

TREATY OF VERSAILLES

In The News

June 28th marked the 100th anniversary of Treaty of Versailles, signed on 28th June 1919 between Germany & Allied Powers that brought World War I to an end.

About the Treaty

- The treaty was a consequence of six months of Allied negotiations at the Paris Peace Conference in 1919.
- The provisions of the treaty were majorly decided by Britain (under David Lloyd George), France (under Georges Clemenceau) and USA (under Woodrow Wilson). Both Russia and Germany were not given representation at the conference

Verdict on Treaty of Versailles

- As can be seen from the Woodrow Wilson's 14 points, the principles of self-government, reorganization of states on lines of ethnicity, international peace and security through overall disarmament were the major principles forwarded by the allied powers as war aims. When assessed on these principles the Treaty of Versailles cannot be justified. It rather became a major tool that was to be used later by Fascist regime of Hitler to wage another war, the World War II.
- **The Treaty of Versailles was a dictated peace** as the Germans were not allowed to be part of the negotiations. They could only put forward their opinion and criticism through writings, none of which were considered.
- **The clause of disarmament of Germany** made it virtually impotent and the reparations charged upon the Germans were unjustified. Wilson's 14

points included 'all round decrease in armament' but it was only Germany which was disarmed and no other European power started disarmament. The limit on troops and arms made it difficult for Germany to maintain law and order.

- **Principle of nationality, ethnicity and of Self Determination:** This was a major principle advocated by the Allied Powers to justify reorganization of Europe's internal borders and creation of new independent states out of Habsburg empire. But it was not completely followed as:
 - Significant amount of German territory with German population was given to newly created nations. Poland had more than a million Germans.
 - Union between Austria-Hungary and Germany was forbidden even when Austria had many ethnic Germans.
 - After the Treaty of St Germain and Treaty of Trianon with Austria and Hungary respectively, 3 mn million Germans in Sudetenland were now part of Czechoslovakia.
 - The result was that many Germans lived outside Germany after the World War I and this was to be used by Hitler to justify German aggression and expansion before World War II.
- **Principle of 'Economic Viability':** It was ironical that Allied Powers used the principle of 'Economic Viability' to justify that the newly created states needed areas having German population but the union between Austria and Germany was ignored even when it made perfect economic sense.
- **Loss of Colonies:** The distribution of African colonies was not impartial and was for satisfying imperialistic ambitions of the Allied Powers. The

League of Nations handed over these colonies as mandates only to the members of Allied Powers. Mandate System was a virtual annexation of German colonies by Allied powers.

- **War Guilt Clause:** It is pretty much evident that all the imperial powers were responsible for the World War
 - Thus, the War Guilt clause, which fixed responsibility of World War I solely on Germany and its allies, was unjustified. It served as a humiliation for the Germans.
- **War Reparations:** The huge War Reparations resulted in humiliation to the Germans. The amount of 6600 million pounds was too high and was aimed at keeping Germany weak economically in the foreseeable future.
- **Reduction in Territory:** Austria and Hungary were reduced to very small size in terms of territory and population. Most of the industrial wealth of Austria went to Czechoslovakia and Poland. They were soon engulfed by economic crisis and they had to seek loans from League of Nations.
- **Free Trade clause neglected:** Free trade among nations was part of Wilson's 14 points. But trade barriers were introduced by most of the newly created nation states. This made the recovery of Austrian economy very difficult.
- **Russia did not gain much** from peace settlement as the communist regime was not invited to the negotiations.

- Within Germany, Weimar Republic was blamed for the humiliation brought upon by the Treaty of Versailles. This paved the ground for the popularity of right-wing nationalists that finally culminated in Nazi dictatorship in 1933.
- The treaty only served to sow seeds of resentment and extreme national rivalries which were to harvest in form of the World War II.

Implications for the future

- Ultimately, the Treaty of Versailles failed to create a lasting peace on the European continent. The Treaty of Versailles weakened Germany, but only temporarily Germany soon began rearming itself with help of Russians and defaulted on the payments towards reparations.

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CHAUKHANDI STUPA

In The News

Recently, Chaukhandi Stupa has been declared of national importance by the Archeological Survey of India (ASI).

About Chaukhandi Stupa

- It is an ancient Buddhist site in Sarnath (Uttar Pradesh), with a lofty brick structure crowned with an octagonal tower.
- Originally stupa is said to be built by Emperor Ashoka.
- The octagonal tower on top is a Mughal monument built in 1588 to commemorate Humanyu's visit to this place.

About Sarnath

- Sarnath had been referred as 'Mrigadava' meaning 'deer park' and 'Isipatana' denoting the place where holy men fell to earth.
- Site for Buddhism: Lord Buddha delivered his first sermon after attaining enlightenment in Sarnath called dharmachakra – pravartana.
 - Dhamekh Stupa (Dharma Chakra Stupa): It is the place where Lord Buddha had given his first conversation of Dharma. is said to have been built in the year 500 CE while the construction was ordered by Emperor Ashoka in the 3rd Century BC.
 - Mulagandhakuti Vihara: This is the place where Lord Buddha lived when he visited Sarnath.
 - **Bodhi Tree:** It is located near to the Mulagandhakuti Vihara, planted by taking a branch from the Sri Maha Bodhi tree of Anuradhapura, Sri Lanka.
- **Ashoka Pillar:** Emblem of the country.
 - Ashoka Pillar marks the visit of King Ashoka to Sarnath. This 50m long pillar has **four lions on top** of it and **four animals at below** viz. bull, lion, elephant and horse. These four represent the phases of Lord Buddha's life.

- **Site for Jainism:** It is the birthplace of 11th teerthankar, **Shreyansanath**.

About Archeological Survey of India (ASI)

- Under the **Ministry of Culture**, it is the premier organization for the archaeological researches and protection of the cultural heritage of the nation.
- It regulates all archaeological activities in the country as per the provisions of the **Ancient Monuments and Archaeological Sites and Remains (AMASR) Act, 1958**.
- It also regulates Antiquities and Art Treasure Act, 1972.
- It was founded in 1861 by Alexander Cunningham who also became its first Director-General.

About National Importance Site

- Under Section 4 of the **Ancient Monuments and Archaeological Sites and Remains (AMASR) Act, 1958**, ancient monuments or archaeological sites which are of historical, archaeological or artistic interest and which have been in existence for not less than 100 years may be declared as of national importance.
- The **protection and maintenance** of monuments declared as of national importance is taken up by ASI by way of structural repairs, chemical preservation and environmental development around the monument which is a regular and on-going process.

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AMARAVATI SCHOOL OF ART

In The News

- Recently, a Buddhist relic, having features belonging to Amravati school of Art, has been unearthed by a group of indologists on the banks of **River Gundlakamma** in Andhra Pradesh.
- The unearthed Buddhist relic is a **local limestone pillar**, which is carved with half lotus medallions at the centre and top portions on all the four sides. Such features have striking similarities with Amaravati School of Art of the Ikshwaku times.
- The **Amravati School of Art** flourished in the region of Andhra Pradesh between the lower valleys of **rivers Krishna and Godavari**.
- The main patrons of this art form were the **Satavahans** but it carried on even later, patronized by their successor **Ikshavaku rulers**. This art is said to have flourished between **150 BC and 350 AD**.
- An important characteristic of the Amravati school is the ‘**narrative art**’. The medallions were carved in such a manner that they depict an incident in a natural way. For example one medallion depicts a whole story of ‘**taming of an elephant by the Buddha**’.
- There is prominence of **human figures** rather than to figures drawn from nature.

Differences between Gandhara, Mathura and Amravati Schools of Art

School of Art	Gandhara	Mathura	Amravati
Influence	Had influence of helenistic and greek art features	It is indigenous in character	It is indigenous in character
Material Used	Grey Sandstone	Red Sandstone	White Marble
Religious tones	Mainly Buddhist	Buddhist, Hindu and Jain	Mainly Buddhist
Patrons	Kushana	Kushana	Satavahanas
Description of images	Spiritual image of Buddha with wavy hair, beard and moustache	Delighted image of Buddha without beard and moustache	Depiction of Jataka stories

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MAHARAJA RANJIT SINGH

In The News

Recently statue of Maharaja Ranjit Singh (1780-1839 AD) was unveiled on his 180th death anniversary at the Lahore Fort, Pakistan.

About Maharaja Ranjit Singh

- He was a Sikh leader who ruled Punjab in 19th century.
- Punjab during 1700s was ruled by powerful chieftains who had divided the territory into Misl.
 - Ranjit Singh overthrew the warring Misl and established a unified Sikh empire after he conquered Lahore in 1799.
 - Ranjit Singh belonged to the Sukerchakia misl.
- He ruled over a region spanning the border into modern- day China and Afghanistan. His rule was called 'Sarka-i-Khalsa'.
 - He was given the title **Lion of Punjab (Sher-e-Punjab)** because he stemmed the tide of Afghan invaders in Lahore.
- **Secular Character of state:** Under his tenure, the Sikh Empire was very secular and allowed men from different religions as well, to rise to commanding positions of authority.
- **Modernization of Army:** He modernized his army using services of European officers, to train the infantry and the artillery.
 - He appointed French General Jean Franquis Allard to modernise his army.
 - **Sikh Khalsa Army** was formed, to prevent the British from colonizing Punjab during his lifetime.
- **Social and Cultural Contribution:** The **gold and marble work of the iconic Golden Temple** in Amritsar was done under his patronage.
 - He is also credited with funding **Hazoor Sahib gurudwara** at the final resting place of Guru

Gobind Singh in Nanded, Maharashtra.

- He had **coins struck in the name of the Sikh Gurus**, the revered line of Sikh leaders, and proceeded to administer the state in the name of the Sikh commonwealth.
- The **Kohinoor diamond**, which is currently in the possession of the Queen of England, was once a part of Ranjit Singh's treasure.

Treaty of Amritsar of 1809

- It was signed between Maharaja Ranjit Singh and the **British East India Company** (Lord Minto) in 1809 which stipulated that **perpetual friendship** subsist between the British government and the State of Lahore.
 - It **fixed the Sutlej River** as the eastern boundary of his territories.
 - Treaty is **said to had shattered Ranjit Singh's dream of establishing Sikh supremacy** over the territories between Jamuna and Satluj rivers as the extension of his power beyond river Satluj was prevented.

CULTURAL FESTIVALS IN NEWS

Festival	State	Details
Ambubachi Mela	Assam	<ul style="list-style-type: none"> It is an annual festival held at Kamakhya temple, atop Nilachal hills of Guwahati, Assam on the bank of Brahmaputra river. Kamakhya Temple is one of the 51 shakti shrines representing the different body parts of Shiva's consort Sati. It is considered as one of the prime seats of Tantric cult. Temple is believed to be the site where Hindu deity Sati's womb and genitals fell after she burned to death. Temple's sanctum sanctorum houses the yoni — female genital — symbolised by a rock. During the four-day event, it is believed that the presiding goddess of the temple, Devi Kamakhya (Goddess of fertility), goes through her annual cycle of menstruation.
Mela Kheerbhawani	Jammu and Kashmir	<ul style="list-style-type: none"> The Kheer Bhawani mela starting on Zeasht Astami is one of the biggest religious functions of the displaced community Kashmiri Pandit who fled their homes for their life in the 1990s. It was held at the famous Ragnya Devi temple in Jammu and Kashmir's Ganderbal district. During this Kashmiri Pandits visit five other temples of Tulmulla in Ganderbal district, Tikker in Kupwara, Laktipora Aishmuqam in Anantnag and Mata Tripursundri Devsar and Mata Kheerbhawani Manzgam in Kulgam district.
Ladakh Khababs Festival	Singhey Sindhu	<ul style="list-style-type: none"> It is tourist's promotional festival - Ladakh Singhey Khababs Sindhu Festivals was celebrated on the bank of Indus River at Leh.
Chamliyal Mela	Jammu and Kashmir	<ul style="list-style-type: none"> It is celebrated at Chamliyal border shrine along the International Border (IB). The fair takes place at the shrine of Baba Dalip Singh Manhas, a saint popularly known as Baba Chamliyal, in Samba district.

PACIFIC RING OF FIRE

In The News

Mount Sinabung volcano recently erupted.

- **Where is it located?** in Sumatra Island, western Indonesia.
- It had erupted in 2010 for the first time in past 400 years.

Background:

Indonesia sits along the **Ring of Fire region**, an area where most of the world's volcanic eruptions occur. The Ring of Fire has seen a large amount of activity in recent days, but Indonesia has been hit hard due to its position on a large grid of tectonic plates.

- **Vulnerability:** Indonesia is at the **meeting point of three major continental plates – the Pacific, the Eurasian and the Indo-Australian plates** – and the much smaller Philippine plate. As a result, several volcanoes on the Indonesian islands are prone to erupting. Indonesia is home to roughly 400 volcanoes, out of which 127 are currently active, accounting for about a third of the world's active volcanoes.

What is the Ring of Fire?

- The Ring of Fire is a Pacific region home to over 450 volcanoes, including **three of the world's four most active volcanoes** – Mount St. Helens in the USA, Mount Fuji in Japan and Mount Pinatubo in the Philippines. It is also sometimes called the **circum-Pacific belt**.
- **Around 90%** of the world's earthquakes occur in the Ring of Fire, and 80% of the world's largest **earthquakes**.

Location:

- It stretches along the Pacific Ocean coastlines, where the Pacific Plate grinds against other, smaller tectonic plates that form the Earth's crust – such as the Philippine Sea plate and the Cocos and Nazca Plates that line

the edge of the Pacific Ocean.

- The 40,000 kilometre horse-shoe-shaped ring loops from New Zealand to Chile, passing through the coasts of Asia and the Americas on the way.

Risk:

- The people most at risk from activity in the Ring of Fire are in the US west coast, Chile, Japan and island nations including the Solomon Islands. These areas are most at risk because they lie on so-called subduction zones – which are boundaries that mark the collision between two of the planet's tectonic plates.

How was the Ring of Fire formed?

- The Ring of Fire is the result from **subduction of oceanic tectonic plates beneath lighter continental plates**. The area where these tectonic plates meet is called a subduction zone.

Why does the Ring of Fire trigger earthquakes?

- The world's deepest earthquakes happen in subduction zone areas as tectonic plates scrape against each other – and the Ring of Fire has the world's biggest concentration of subduction zones.
- As energy is released from the earth's molten core, it forces tectonic plates to move and they crash up against each other, causing friction. The friction causes a build-up of energy and when this energy is finally released it causes an earthquake. If this happens at sea it can cause devastating tsunamis.
- Tectonic plates usually only move on average a few centimetres each year, but when an earthquake strikes, they speed up massively and can move at several metres per second.

SUMMER SOLSTICE-2019

In The News

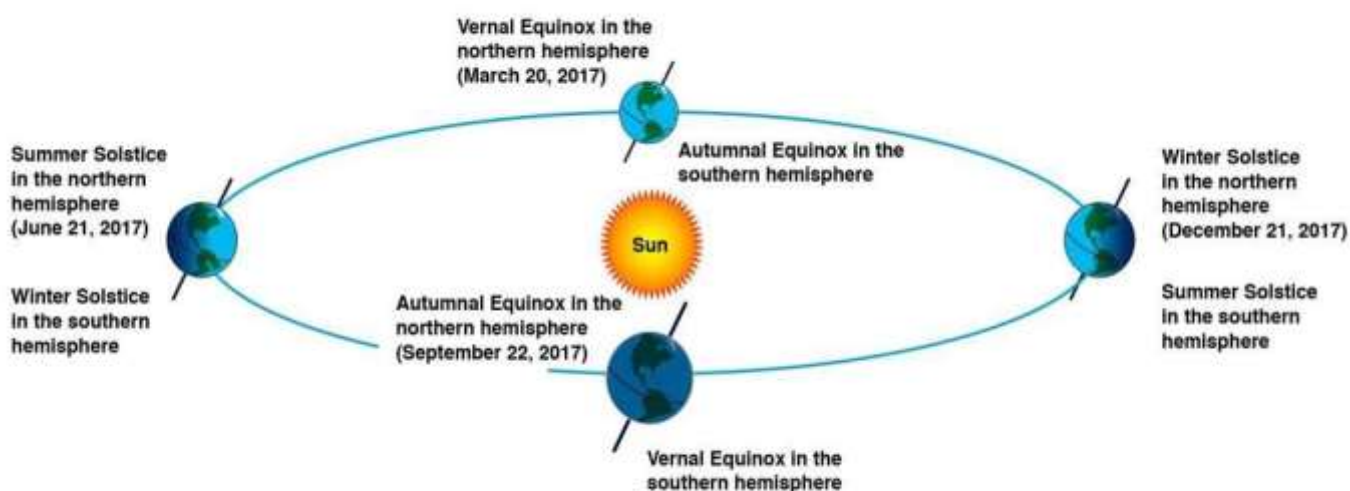
21 June marks the beginning of Summer Season. June 21 is the **longest day of the year 2019** as it marks the Summer Solstice in the Northern Hemisphere.

What does ‘solstice’ mean?

The term ‘solstice’ derives from the Latin word ‘**solstitium**’, meaning ‘**Sun standing still**’. On this day the Sun seems to stand still at the Tropic of Capricorn and then reverses its direction as it reaches its southernmost position as seen from the Earth. Some prefer the more teutonic term ‘suntur’ to describe the event.

Implications:

- All locations north of the equator have days longer than 12 hours at the June solstice. Meanwhile, all locations south of the equator have days shorter than 12 hours.



What causes this?

- Solstice is an astronomical event, caused by Earth's tilt on its axis and its motion in orbit around the sun.

At the June solstice, Earth is positioned in its orbit so that our world's North Pole is leaning most toward the sun. As seen from Earth, the sun is directly overhead at noon 23 1/2 degrees north of the equator, at an imaginary line encircling the globe known as the **Tropic of Cancer** – named after the constellation Cancer the Crab. This is as far north as the sun ever gets.

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NITI AAYOG

In The News

Recently Government has reconstituted NITI Aayog, renaming Rajiv Kumar as its vice chairman and appointing Home Minister Amit Shah as ex-officio member.

Background

- Planning Commission was initially set up in 1950 as an agency to direct investment activity in a country.
- Planning Commission of India had two key duties to perform i.e.; to implement five-year plan and second was to provide the finances to the state.
- The disenchantment with the Planning Commission could be traced on two important fronts:
 - the perception that it was not able to capture the new realities of macro-economic management at the national level,
 - it had not been conducive to sound fiscal relations between the Union and the States.
- This did not fit well with the imperative for an inclusive and equitable path of economic development in India.
- In this context, National Institution for Transforming India (NITI Aayog) was constituted in 2015 as a think tank and advisory body of the government.

Relevance of NITI Aayog

- **Competitive Federalism:** Various reports of NITI Aayog like Healthy states Progressive India etc which give performance-based rankings of States across various verticals to foster a spirit of competitive federalism. It helps to identify the best practices in different States in various sectors and then try to replicate them in other States.
- **Cooperative federalism:** Due to composition of NITI Aayog, it gives better representation of states in this body which facilitate direct interactions with the line ministries, also helps to address

issues in a relatively shorter time.

- **Greater Accountability:** NITI Aayog has established a
- **Development Monitoring and Evaluation Office** which collects data on the performance of various Ministries on a real-time basis. The data are then used at the highest policymaking levels to establish accountability and improve performance.
 - Earlier, India had 12 Five-Year Plans, but they were mostly evaluated long after the plan period had ended. Hence, there was no real accountability.
- **Think tank of innovative ideas:** NITI Aayog is visualised as a funnel through which new and innovative ideas come from all possible sources — industry, academia, civil society or foreign specialists — and flow into the government system for implementation.
 - By collecting fresh ideas and sharing them with the Central and State governments, it allows states to progress with these new ideas.
 - Hence it helps in **improving governance and implementing innovative measures** for better delivery of public services.
- **Convergence for resolution:** Being a common point for similar issues faced by different sectors, states etc., it acts as a convergence point and platform to discuss these issues.

Concerns with NITI Aayog

- **Biasness towards government & private sector:** While generating new ideas, NITI Aayog should maintain a respectable intellectual distance from the government of the day. However, concerns have been regarding NITI Aayog's offering rather uncritical praise of governments' projects.
 - Concerns have also been raised

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regarding NITI Aayog's treatment of public sector while advocating private sector in almost every sphere as the savior of Indian economy.

- **Financial constraint:** NITI Aayog has no powers in granting discretionary funds to states, which renders it toothless to undertake a “transformational” intervention.
 - While during the Planning Commission days, it was easy for the commission to give to shape the idea as it had the control over funds and hence over an agenda.
- **Only recommendatory body:** It acts as advisory body only which advises the government on various issues without ensuring enforceability of its ideas.
- **Lack of decentralization power:** One of the envisaged goals of the NITI Aayog was to develop mechanisms to formulate credible plans at the village level and aggregate these progressively at the higher level. Very little of this cherished goal has indeed been accomplished.
- **Missed opportunities for transformative change** – The body have missed some opportunities to make qualitative difference.
 - For instance, CSS had to be reformed in the light of the recommendations of the 14th Finance Commission. Instead of reforms in design and implementation of the Schemes that was promised when the Planning Commission was wound up, changes were made only to shift greater responsibility onto States in terms of financing.
 - A second opportunity arose when the distinction between Plan and non-Plan was removed. At that point, the organization had an opportunity to insist on taking a sector-wise

comprehensive view of capital and revenue expenditures. However, that has not been done.

- **Not supporting states enough** – The major complaints of States in regard to the functioning of the Planning Commission remain unaddressed. The complaints have largely been on the perception that the Centre is encroaching upon States' responsibilities and is continuing to advocate a one-size-fits-all approach in administration.
 - It is difficult to find evidence that policies and programmes initiated in the recent past evolved out of consultations between Union and the States. NITI Aayog was supposed to co-opt States as partners while preparing a development agenda.

How can it be further strengthened?

- **Balancing with finance commission:** NITI Aayog should be given a funding role so that it can help deal with the development experience between states.
 - Another possibility is to convert the Finance Commission into a permanent body that can oversee fiscal transfer mechanisms rather than just give a tax sharing formula every five years.
 - Federal balance needs an institutional mechanism that entails either a more **effective NITI Aayog or a permanent Finance Commission**.
- **Increasing accountability:** Bureaucracy will need to change from generalist to specialist, and its accountability will have to be based on outcomes achieved, not inputs or funds spent. NITI Aayog should spell out how these reforms will be implemented.

- **More funds:** Towards the task of cooperative federalism, NITI Aayog 2.0 should receive significant resources (say 1% to 2% of the GDP) to promote accelerated growth in States that are lagging, and overcome their historically conditioned infrastructure deficit, thus reducing the developmental imbalance.
- **More stakeholder involvement:** It should instead invite, through expert members, research inputs on identified areas and should synthesise recommendations based on empirical weight of the research. This will cut time, cost and effort and will increase timely policy inputs for the government.

Performance of NITI Aayog

• Launching of various initiatives and programmes

- Measuring performance and ranking States on outcomes in critical sectors
- Sustainable Action for Transforming Human Capital (SATH)
- Ek Bharat Shrestha Bharat
- Development Support Services to States (DSSS) for Development of Infrastructure
- Public-Private Partnership in Health
- Resolution of pending issues of States with Central Ministries
- ‘Aspirational District Programme (ADP)’: to realise the vision of ‘SabkaSaath, SabkaVikas’, and ensure that India’s growth process remains inclusive

• Enabling evidence-based policy making and enhancing productive efficiency with long-term vision

- Three Year National Action Agenda and the Strategy for New India @75 which allows better alignment of the development strategy with the changed reality of India.
- Reform of Central Public Sector Enterprises (CPSEs)
- Balanced Regional Development
 - Development support to the North East
 - NITI Forum for North East
- Health & Nutrition Sector Reforms
 - Launch of the POSHAN Abhiyaan
 - Evolving the National Nutrition Strategy
 - Pushing Reforms in Pharmaceuticals Sector
- In energy sector
 - NITI has prepared and launched a report on ‘India’s Renewable Electricity Roadmap 2030.’
 - Roadmap for revising the National Mineral Policy, 2018

NITI AAYOG
 (National Institution for Transforming India)

AAGYOG WILL HAVE

- Prime Minister to be the Chairperson
- Vice-Chairman and a CEO
- Full time members, number unspecified
- Up to two part-time members from leading universities and research organisations
- 4 Union ministers as ex-officio member
- Governing council comprising all Chief Ministers and Lt Governors
- Regional Councils which will be formed to address specific issue and contingencies impacting more than one state or a region
- *Experts, specialists and practitioners with relevant domain knowledge as special invitees

OBJECTIVE
 To evolve a shared vision of national development priorities, sections and strategies with the active involvement of states in the light of national objectives.

THE AAYOG WILL

- Seek to provide a critical directional and strategic input into the governance process
- Develop mechanisms to formulate credible plans at the village level and aggregate these progressively at higher levels of government
- Ensure, on areas that are specifically referred to it, that the interests of national security are incorporated in economic strategy and policy
- Pay special attention to the sections of the society that may be at risk of not benefiting adequately from economic progress

Through Commitment to a cooperative federalism-

- Promotion of citizen engagement
- Egalitarian access to opportunity
- Participative and adoptive governance
- Increasing use of technology

REMOVAL OF JUDGES

In The News

Recently, Chief Justice of India has written to Prime Minister to **initiate a motion for removal of a judge of Allahabad High Court.**

Background

- **Article 217** provides that the judge of high court may be removed from his office by the President in the manner provided in Article 124 for the removal of a Judge of the Supreme Court.
- **Under Article 124(4)** of the Constitution a Judge of SC can be removed only by the President on ground of ‘**proved misbehaviour**’ or ‘**incapacity**’ only after a motion to this effect is passed by both the Houses of Parliament by special majority.
- Constitution requires that misbehavior or incapacity shall be proved by an impartial Tribunal whose composition is decided under **Judges Inquiry Act 1968** (see infographic).

Issues in removal of judges

- **Lack of Enforcement:** The Act has only been invoked three times since 1950. Still then no judge could be successfully impeached till date.
- **Lack of Transparency:** The proceedings are wrapped in secrecy and the judge continues to hold the post.
 - Both the Constitution and the Judges (Inquiry) Act of 1968 are silent on whether a judge facing impeachment motion should recuse from judicial and administrative work till he is cleared of the charges against him.
- **Cumbersome Process:** Impeachment process is tedious and lengthy, judges have virtually no accountability.

Bill 2010 (which lapsed) to establish a set of legally enforceable standards to uphold the dignity of superior judiciary and establish a new architecture to process the public complaints leveled against the judges.

- The Judicial Standards and Accountability Bill 2010 proposed setting up of the **National Judicial Oversight Committee**, the **Complaints Scrutiny Panel** and an investigation committee.
- **The Judges (Inquiry) Bill, 2006** also proposed establishment of a **National Judicial Council (NJC)** to conduct inquiries into allegations of incapacity or misbehaviour by High Court and Supreme Court judges.
- **Appointment-** the collegium should take adequate safeguards so that only judges of high caliber and impeccable integrity are appointed to the higher courts. This requires infusion of greater transparency in the selection of judges.
- **Greater Internal regulation:** There were several instances where the Judge behaved inappropriately, disciplinary actions should have been taken promptly at very first instance of such misconduct. For this, a **National Judicial Oversight Committee** should be created by parliament which shall develop its own procedures to scrutinizing the complaints and investigation. The composition of such committee should not affect judicial independence.

Way Forward

- **Bringing a new Judicial standards and accountability bill** along the lines of Judicial Standards and Accountability

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RATIONALISATION OF CENTRALLY SPONSORED SCHEMES

In The News

The chairman of the Fifteenth Finance Commission, N K Singh, has voiced that there needs to be further rationalization of the Centrally Sponsored Schemes.

Background

- Centrally Sponsored Schemes (CSS) are plan transfers to States by the Union Government, which are implemented through the State Governments and in sectors falling in the State and Concurrent Lists of the Constitution.
- CSS is the biggest component of Central Assistance to state plans (CA), where states don't have much flexibility.
- In the initial years of planning in India, the number of CSS was very large (190 at the end of Fifth Plan which increased to 360 at the end of Ninth Plan).
- The CSS have remained a major bone of contention between the Union and State Governments. Consequently, various committees have looked into this matter and given recommendations on the same.
- The government accepted the recommendations of the **Sub-Group of Chief Ministers** and took various steps towards rationalization of CSS.
- Despite these, there are calls in favour for further rationalization. The latest is by the chairman of the **Fifteenth Finance Commission, N K Singh**, who has opined that the number of CSS needs to be reduced for better spending, as revenue buoyancy in indirect taxes remains weak.

Committees related to CSS

- Sub-committee of the National Development Council, 1967.
- Expert Group headed by K. Ramamurty.
- Committee headed by P.V. Narsimha Rao.
- Committee headed by J. S. Baijal.
- Expert Group headed by Arvind Varma.
- Committee headed by B.K. Chaturvedi.
- Sub-Group of Chief Ministers under Shiv Raj

Need for CSS

- Create a National framework of development-** to fulfill the important national objectives such as poverty alleviation or minimum standards in education.
- Aid the states in financial resources-** as states have fewer resources compared to their responsibilities.
- Inclusive growth-** Additional help is given to the Special Category States, which ensures a balanced development around the country.
- Helps in better implementation of the schemes-** which can help demonstrate good features, research on different aspects and set the pace for other states to emulate reforms.

Steps taken towards rationalization of CSS

- States taken into deliberation- From 2014-15 onwards, direct transfers to State implementing agencies have been done away with, and all transfers to States for Centrally sponsored schemes are now being routed through the Consolidated Fund of the State.
- Reduced number of CSS- from 66 to 28 and they were divided into three categories.
- Increased choice given to states- to select optional schemes they want to implement. Also, while designing the CSS, the Central Ministries shall permit flexibility in the choice of components to the States as available under the Rashtriya Krishi Vikas Yojana (RKVY).
- Reduced rigidity in usage of funds- The flexi-funds available in each CSS has been raised from 10% to 25% for the States and 30% for the UTs of the overall annual allocation under each Scheme.
- Evaluation of CSS- Approval of the schemes is being made co-terminus with the Finance Commission cycle. NITI Aayog is in process of evaluation of all the CSS.

Grievances of states towards CSS

- **Encroachment of State's functions-** as the CSS were framed on the subjects listed in the States list of the seventh schedule.
- **Proliferation of schemes-** A large number of Schemes results in spreading resources thin and thereby adversely impact-desired outcomes.
- **Problem of 'one size fit all'-** Given significant variation across States in terms of development indicators and resource endowments, many schemes are simply not relevant to many States.
- **Limited flexibility-** with the states in implementation of these schemes, despite the features of flexi funds introduced in recent history.
- **Inadequate deliberations with states-** before introduction of new schemes and often the states' financial health is not given due consideration.

balanced development, which can be complementary to States' resources.

Way Forward

Centrally Sponsored Schemes are a crucial tool for cooperative and competitive federalism, which can go a long way in addressing the developmental needs of different regions in the country.

Prospects of further rationalisation of CSS

- **Improving the process of transfer of funds-** since there are several difficulties state governments face in ensuring a smooth flow of funds.
- **Can help adopt performance linked financing model-** Performance of public schemes should be defined as a combination of immediate results (outputs) and long-term change (outcomes) in key indicators of interest. Given the greater flexibility that state governments have in choosing which components to invest their funds in, a performance-linked model can be designed.
- **Enables a comprehensive development of the sector-** as States do not undertake development of agriculture only in one area, example seed production, just because Central funds are available for this purpose. The Central funds can be used for a

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CABINET COMMITTEES RECONSTITUTED

In The News

- Recently the central government has reconstituted eight key cabinet committees including creation of two new committees, one on investment and growth and another on employment and skill development.
- The committees that have been reconstituted are:
 - Appointments Committee of the Cabinet: It decides all higher-level appointments in the Central Secretariat, Public Enterprises, Banks, the three service chiefs etc. It also decides on the transfer of officers serving on Central deputation.
 - Cabinet Committee on Economic Affairs: It reviews economic trends, problems and prospects for evolving a consistent and integrated economic policy.
 - It also deals with fixation of prices of agricultural produce and prices of essential commodities.
 - It deals with industrial licensing policies and review rural development and the Public Distribution System.
 - It considers proposals for investment of more than Rs 1,000 crores.
 - Cabinet Committee on Parliamentary Affairs: It draws the schedule for Parliament sessions and monitors the progress of government business in Parliament.
 - It scrutinises non-government business and decides which official Bills and resolutions are to be presented.
 - Cabinet Committee on Political Affairs: deals with all policy matters pertaining to domestic and foreign affairs.
 - Cabinet Committee on Security: It deals with issues relating to law and order, internal security and policy matters concerning foreign affairs with internal or external security implications.
 - It also looks into economic and political issues related to national security. It considers all cases involving capital defence expenditure more than Rs 1,000 crore.
 - It considers issues related to the Department of Defence Production and the Department of Defence Research and Development, Services Capital Acquisition plans and schemes for procurement of security-related equipment.
 - Cabinet Committee on Accommodation: It determines the guidelines or rules with regard to the allotment of government accommodation, including that to Members of Parliament.
- The new committees include:
 - Cabinet Committee on Investment and Growth:
 - It will identify key projects required to be implemented on a time-bound basis, involving investments of Rs 1,000 crore or more, or any other critical projects, as may be specified by it, with regard to infrastructure and manufacturing.
 - It will prescribe time limits for giving requisite approvals and clearances by the ministries concerned in

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identified sectors. It will also monitor the progress of such projects.

- Cabinet Committee on Employment and Skill Development:

- It is supposed to provide direction to all policies, programmes, schemes and initiatives for skill development aimed at increasing the employability of the workforce for effectively meeting the emerging requirements of the rapidly growing economy and mapping the benefits of demographic dividend.
- It is required to enhance workforce participation, foster employment growth and identification, and work towards removal of gaps between requirement and availability of skills in various sectors.
- The panel will set targets for expeditious implementation of all skill development initiatives by the ministries and to periodically review the progress in this regard.
- Prime Minister is part of six panels except for the Committee on Accommodation and Committee on Parliamentary Affairs.

Cabinet Committees

- They are **extra-constitutional** bodies, which are provided by the **Governments of India Transaction of Business Rules, 1961**.
- They are **set up by the Prime Minister** according to the exigencies of the time and requirements of the situation. Hence, their number, nomenclature, and composition varies from time to time.
- **Classification-** They are of two types—**standing and ad hoc**. The former are of permanent nature while the latter are of temporary nature.
- **Function-** They are an **organisational device to reduce the enormous workload** of the Cabinet. They also **facilitate in- depth examination of policy** issues and effective coordination.
- The **Cabinet can review** their decisions.
- **Composition-** They usually **include only Cabinet Ministers**. However, the **non-cabinet Ministers are not debarred** from their membership. They not only include the Ministers in charge of subjects covered by them but also include other senior Ministers. Their membership varies from three to eight.
- **Head of the Committee-** They are **mostly headed by the Prime Minister**. Sometimes other Cabinet Ministers also acts as their Chairman. But, in case the Prime Minister is a member of a committee, he invariably presides over it.

ONE NATION-ONE RATION CARD

In The News

Recently, central Government has given states and Union Territories June 30, 2020 deadline, to roll out the ‘one nation, one ration card’ system.

Background

- Partha Mukhopadhyay Working Group on Migration in 2017 recommended portability of Public Distribution System benefits.
- An intra-state access to the Public Distribution System (PDS) under the Integrated Management of Public Distribution System (IMPDS) is already in practice in a few states like Andhra Pradesh, Gujarat, Haryana etc.

About the scheme

- Under the scheme the beneficiaries can buy subsidized food grains from a ration shop in any part of the country.
- Ration card Aadhar linkage is must to access the scheme.
- A person will only be eligible for the subsidies supported by the centre such as those under Nation Food security act, 2013.
 1. Even if a beneficiary moves to a state where grains are given for free he/she will not be able to access those benefits.
- A migrant will be allowed to buy maximum of 50% of the family quota. This is to ensure that the individual, after shifting to another place does not buy the entire family quota in one go.
- The scheme will:
 - benefit migrant workers
 - remove fake ration card holders through an integrated online system
 - control rising food subsidy bill by removing united beneficiaries, preventing leakages etc.

About ration card

- A Ration Card is a document issued under an order or authority of the State Government, **as per the Public Distribution System, for the purchase of essential commodities** from fair price shops (FPS).
- State Governments **issue distinctive Ration Cards** to Above Poverty Line, Below Poverty Line and Antyodaya families and conduct periodical review and checking of Ration Cards.
 - Families living below the poverty line are entitled to **Blue Cards**, under which they can avail special subsidies.
- It helps save money by aiding in the procurement of essential commodities at a subsidised rate.
- **Proof of identification:** It has become an important tool of identification when applying for other documents like Domicile Certificate, for inclusion of your name in the Electoral Rolls, etc.

Integrated Management of Public Distribution System(IM-PDS) Scheme

IM-PDS is new **central sector scheme**, implemented under **Ministry of Consumer Affairs, Food & Public Distribution**.

Objectives

- Implementation of nation-wide portability in food grains distribution.
- Creation of national level data repository for de- duplication of beneficiary data (Aadhaar based).
- Use of advanced data analytics techniques to bring about continuous improvements.

SHANGHAI COOPERATION ORGANIZATION

In The News

Recently, the countries of Shanghai Cooperation Organisation adopted the Bishkek Declaration in 19th SCO summit, held at Kyrgyzstan's capital Bishkek.

About SCO

- SCO is a Eurasian political, economic, and military organisation. Along with BRICS, SCO is seen as an attempt by China & Russia to challenge the Western dominated global order and counterbalance the activities of United States and NATO in Central Asia.
- Currently, SCO has 8 Member States - China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Uzbekistan, India and Pakistan; 4 Observer States - Afghanistan, Belarus, Iran and Mongolia and 6 Dialogue Partners - Azerbaijan, Armenia, Cambodia, Nepal, Turkey and Sri Lanka.
- Official working languages of the Shanghai Cooperation Organisation are Chinese and Russian.
- It has two permanent bodies — the SCO Secretariat based in Beijing and the Executive Committee of the Regional Anti-Terrorist Structure (RATS) based in Tashkent.
- The SCO Secretariat is the main permanent executive body of the SCO, while the Council of Heads of State is the top decision-making body in the SCO.
- Its driving philosophy is known as the “Shanghai Spirit” which emphasizes harmony, working by consensus, respect for other cultures, non-interference in the internal affairs of others, and non-alignment. Culture has become an important element of the SCO, attuned to the group's search for an inclusive Eurasian identity.
- The Prime Minister of India, in his address to SCO in Bishkek Summit, presented his vision for the organization in the form of HEALTH (healthcare cooperation, economic cooperation, alternate energy,

literature and culture, terrorism-free society and humanitarian cooperation), which closely tied with the declaration.



Additional Information - Shanghai Five

- After the end of Cold War, China sought to establish **security cooperation with Central Asian states** to prevent Uighurs of Central Asia & Xinjiang province in China to create unrest together.
- Hence, a group called ‘**Shanghai-5’ (China, Kazakhstan, Kyrgyzstan, Russia & Tajikistan)** was established in 1996 to undertake confidence building measures & demilitarize borders.
- In **2001**, Uzbekistan joined the grouping & it was renamed as Shanghai Cooperation Organization (SCO).

Significance of SCO's membership to India:

- Security: SCO's main objective of working cooperatively against “three evils” of terrorism, separatism, and extremism is in consonance with India's interests.
 - Regular participation in Regional Anti-Terrorist Structure (RATS) and joint military exercises (India participated in 2018) will help enhance combat capabilities and intelligence sharing.
 - It could be a platform for bilateral

negotiations with Pakistan on issues of mutual interest without bringing in bilateral disputes. It can also help India counter Pakistan propaganda on other multi-national forums like Organization of Islamic Cooperation (OIC).

- Both Central Asian Region countries & India face serious threat from illegal drug trade emanating from ‘**Golden Crescent**’ of opium production (Iran-Pak-Afghan) and are also victims of illegal arms trade. SCO provides a platform for multilateral cooperation.
- **Connectivity:** SCO is also a potential platform to advance **India’s Connect Central Asia policy** - through trade, people to people contact and cultural connect.
 - This is much in line with India’s focus on connectivity as evident India’s efforts - **International North South Transport Corridor & Ashgabat Agreement**, construction of **Chabahar Port** and setting up an **air freight corridor between Kabul, Kandahar and New Delhi**.
- **Economic Interests:**
 - With SCO countries contributing almost **42% of the world population** and **20% of the GDP**, the proposed FTA with Eurasian Economic Union can **provide India with a wider market base** for its IT, telecommunications, banking, finance and pharmaceutical industries.
 - With cultural connect and shared history, it also has **potential to boost tourism sector** of the country (presently SCO countries constituted only 6% of India’s total tourists).
- **Energy & Minerals:** Being closer to India geographically, mineral trade with

Central Asia can entail significant cost savings. Being an energy deficient country with increasing demands, India provides an assured market for Central Asian countries and Russia.

1. SCO countries along with Iran, Azerbaijan & Turkmenistan hold some of the largest oil (~25%) and natural gas reserves (~50%) of the world. Kazakhstan is the largest producer of Uranium. Uzbekistan & Kyrgyzstan are important regional producers of Gold.
 2. SCO Energy Club can facilitate deeper interactions between producers (Russia, Kazakhstan, Uzbekistan and Iran) and consumers (China, Tajikistan, Kyrgyzstan, India, Pakistan and Mongolia)
 3. SCO membership could help advance talks on construction of stalled pipelines like TAPI & IPI
- **Political significance:** SCO also provides a stage to India for achieving some of its foreign policy goals
 1. It will help India to play an active role in its extended neighbourhood.
 2. Presence of Iran & Afghanistan as observers also makes it an important venue to discuss vital regional issues. Eurasian powers, along with China, Russia and Pakistan, are bound to play a major role in Afghanistan’s security affairs. SCO membership could help India from not being left out of the peace process.

Challenges for India at SCO

- **Trust Deficit** between members like India & Pakistan and India & China can be major drag on the effectiveness of the organization.
- **China’s Belt and Road initiative:** India’s position on BRI is contrary to other members, all of which have supported the initiative. Funds are being allocated for BRI projects by AIIB and NDB of which India is an active member. This could be a potential friction point.
- **Global geopolitics:** The growing proximity

of Russia and China and India's attempts towards better relations with the US makes the organization vulnerable to competitive geopolitics. For instance,

- Iran, who is an observer at SCO and a major trade partner of India, is engaged in a major conflict with US. The US sanctions has forced India to stop buying oil from Iran.
- India's position on Syria is at variance with the US and its regional allies like Saudi Arabia and Israel. It has supported the current regime during the ongoing conflict, while agreeing to get further involved in the reconstruction process.
- **Definition of terrorism:** India's definition of terrorism is different from the definition of SCO under RATS. For SCO, terrorism coincides with regime destabilization; whereas for India it is related to state-sponsored cross border terrorism.
- **Limited existing economic footprint:** India's bilateral trade with Central Asia stands at about \$2 bn and with Russia about \$10 bn in 2017. In contrast, China's trade with Russia has crossed \$100 bn in 2018 and stands at over \$50 billion with Central Asia.
- **Other regional organizations:** Proliferation of other regional undertakings – Eurasian Economic Union (EAEU), Belt and Road Initiative (BRI), Greater Eurasian Partnership, Collective Security Treaty Organization (CSTO), Conference on Interaction and Confidence-Building Measures in Asia (CICA) etc. - may also pose a challenge for SCO.

its own standing and enhance its presence in the Eurasian region. The opening of Chabahar port and entry into Ashgabat agreement should be utilized for a stronger presence in Eurasia besides a clear focus on operationalizing INSTC.

- Consistent efforts should be made by SCO mutual trust among the member states. India's concerns over violations of 'sovereignty and territorial integrity' must be adequately addressed by China.
- There should be consensus over issues like terrorism and extremism and RATS-SCO should be tasked to identify and assess the presence of major terrorist groups throughout the SCO region.

How India's inclusion will help SCO and Eurasian region?

- Inclusion of India makes SCO **one of the most powerful organizations** with membership of global powers from Eurasian region – China, India and Russia.
- Initially seen as a manifestation of China's regional ambitions and politically motivated axis, democratic **India's inclusion will give SCO a greater global acceptance.**
- India's **experience of working in multi- cultural groups and technical & managerial expertise** will greatly enhance the effectiveness of the organization.

Way Forward

Whether the SCO grows into a successful regional forum depends on its ability to overcome bilateral differences between its members and their respective geopolitical calculations.

- In this situation, India needs to improve

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G-20

In The News

Recently, the 14th G-20 summit was held in Osaka, Japan.

Background

- The G20 Summit on Financial Markets and the World Economy is held every year to discuss the critical issues affecting the global economy.
- The 2019 G20 Summit in Osaka discussed eight themes which are crucial to ensure Global Sustainable Development, that are Global Economy; Trade and Investment; Innovation; Environment and Energy; Employment; Women's Empowerment; Development; and Health

Important takeaways for India at G-20

- Taxing global digital companies- India has made a strong case for adoption of "significant economic presence" concept for taxing global digital companies.
 - India had introduced this concept in the Income Tax Act for taxation of non-residents in India or global digital companies.
- **Boycotting Osaka Track-** India, South Africa, and Indonesia have boycotted the “Osaka Track” on the “digital economy”, as it overtly undermines “multilateral” principles of consensus-based decisions in global trade negotiations, and denies “policy space” for digital-industrialisation in developing countries.
 - It is an initiative launched by Japan's Prime Minister Shinzo Abe that seeks the removal of prohibitions on data localisation and urges nations to negotiate rules on data flows, cloud computing among others. Countries such as US and Europe have supported it.
- India has also supported the fight against

fugitive economic offenders, need for WTO reforms and keeping a close watch on global current account imbalances.



Relevance of the G-20

- **Influence on the policies of the countries around the world-** It allows the leaders of the world's major economies to work together to lift growth in mutually-supportive ways and align their domestic policies to the decisions taken by the grouping across Ministerial level meetings and Summits.
- **Helps in reshaping the governance of global finance-** as done by developing strict rules on the "too big to fail" problem, increasing the lending capacity of the International Monetary Fund (IMF) and collecting richer information on the shadow banking system.

Conclusion

As trade tensions escalate among major powers and global growth decelerates, the G-20 countries need to go an extra mile to present a common framework to tackle global challenges.

UNSC NON PERMANENT SEAT: INDIA’S CANDIDATURE

In The News

India has won the unanimous support of all countries in the 55-member Asia-Pacific Group at the United Nations in support of its bid for a non-permanent seat at the UN Security Council (UNSC) for a two-year term in 2021-22.

UNSC Membership

- Along with the five permanent members, the Security Council of the United Nations has temporary members that hold their seats on a rotating basis by geographic region.
- Five permanent members: China, France, Russia, UK, and the US.
- The 10 non-permanent seats are distributed on a regional basis:
 - Five for African and Asian States;
 - One for Eastern European States;
 - Two for the Latin American and Caribbean States; and
 - Two for Western European and other States.
- Each year the 193-member of UNGA elects five non-permanent members for a two-year term at the UNSC, with five replaced each year.
- To be approved, a candidate must receive at least two-thirds of all votes cast for that seat, which can result in deadlock if there are two roughly evenly matched candidates.
- A retiring member is not eligible for immediate re-election.
- The Asia-Pacific Group gets to nominate one of its members for the 2020 elections to a non-permanent seat of UNSC.
- Currently the 10 non-permanent members are Belgium, Cote d'Ivoire, Dominican Republic, Equatorial Guinea, Germany, Indonesia, Kuwait, Peru, Poland and South Africa.

ASEAN OUTLOOK ON THE INDO-PACIFIC

In The News

Recently, the Association of Southeast Asian Nations (ASEAN) has adopted the ‘ASEAN Outlook on the Indo-Pacific’.

Background

- Countries like USA, Australia, France, India and Japan had come up with their own individual visions and strategies for cooperation in the Indo-Pacific region.
- The primary push for finally concluding the ‘ASEAN Outlook on the Indo-Pacific’ came with the growing US- China trade war as economies of many Southeast Asian countries has been affected negatively.

About ASEAN Outlook on the Indo-Pacific (AOIP)

- An initiative that reinforces the ASEAN-centered regional architecture which is not aimed at creating new mechanisms or replacing existing ones; rather, intended to enhance ASEAN’s Community building process and to strengthen and give new momentum for existing ASEAN-led mechanisms.
- It involves the further strengthening and optimization of ASEAN-led mechanisms, including the East Asia Summit (EAS), the ASEAN Regional Forum (ARF) etc.
- It enumerates the four functional areas through which ASEAN believes collaboration can be tangibly advanced:
 - Maritime cooperation
 - Connectivity
 - Sustainable development

India’s engagement in Indo-Pacific

- India views the **Indo-Pacific as a geographic and strategic expanse**, with the 10 ASEAN countries connecting the two great oceans.
- Inclusiveness, openness, and ASEAN centrality and unity lie at the heart of the **Indian notion of Indo-Pacific**.
- It has been an active participant in mechanisms like the **Indian Ocean Rim Association (IORA)**, the **East Asia Summit**, the **ASEAN Defence Ministers’ Meeting Plus**, the **ASEAN Regional Forum**, the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (**BIMSTEC**) and the **Mekong-Ganga Economic Corridor**.
- **Indian Ocean Naval Symposium**, in which the navies of the Indian Ocean Region (IOR) participate.
- Through, **Forum for India-Pacific Islands Cooperation (FIPIC)** India is stepping up its interactions with the Pacific Island countries.

EMPLOYEE STATE INSURANCE SCHEME

In The News

Recently, central government reduced the employer's contribution under the Employee's State Insurance (ESI) Act to 3.25 per cent from 4.75 per cent and employee contribution from 1.75 percent to 0.75 percent of the wages payable.

Objective:

To provide protection to employees as defined in the Employees' State Insurance Act, 1948 against sickness, disablement, death due to employment injury, maternity benefit, and to provide medical care to insured persons and their families.

Features:

- It is a self-financing scheme that caters to the social security and health insurance needs of the employees.
- The scheme is funded by both the employer and the employee, which would be remitted into the Employees State Insurance Fund.
- The fund is regulated by the **ESI Act, 1948**, and is administered by the Employees State Insurance Corporation (ESIC), which is an autonomous body that was statutorily formed by the **Ministry of Labour and Employment**.
- The ESI Act, 1948, applies to **organisations with 10 or more employees**, drawing a salary of up to ₹ 21,000.
- It is not applicable for seasonal factories, factories engaged in the pursuit of blending, packing or repacking tea or coffee or any other processes as notified by the Central Government.
- The act envisages six social security benefits to be provided by the scheme
- Medical Benefit: Full medical care is provided to an Insured person and his family members from the day he enters insurable employment. There is no ceiling on expenditure on the treatment of an Insured Person or his family member.
- Sickness Benefit: in the form of cash compensation at the rate of 70 per cent of wages is payable to insured workers during

the periods of certified sickness for a maximum of 91 days in a year. In order to qualify for sickness benefit the insured worker is required to contribute for 78 days in a contribution period of 6 months.

- Maternity Benefit: is payable for three months, which is extendable by further one month on medical advice.
- Disablement Benefit: paid at the rate of 90% of wage in the form of monthly payment to the dependants of a deceased Insured person in cases where death occurs due to employment injury or occupational hazards.
- Other Benefits such as funeral expenses and confinement expenses.
- In addition, the scheme also provides some other need based benefits to insured workers.
- Vocational Rehabilitation: To permanently disabled Insured Person for undergoing training.
- Physical Rehabilitation: In case of physical disablement due to employment injury.
- Old Age Medical Care: For Insured Person retiring on attaining the age of superannuation or under VRS/ERS and person having to leave service due to permanent disability insured person & spouse on payment of Rs. 120/- per annum.

Other recent changes:

- The income limit for availing medical benefit for dependent parents of an insured person covered under the scheme has been enhanced from Rs 5,000 per month from all sources to Rs 9,000 per month.
- ESIC will bear the full cost of the scheme in the prescribed ceiling of the per insured person (IP) expenditure for a period of three years beginning 2019-20. Till now, ESIC used to bear a 7/8th share of expenses of ESI scheme and 1/8th share was borne by the state governments.

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Easy to PICK – “UPSC Monthly Magazine” June- 2019

PRADHAN MANTRI AWAS YOJANA-URBAN

In The News

Recently, Ministry of Housing and Urban Affairs announced to advance the deadline for delivering one crore houses under PM Awas Yojna (PMAY) in urban areas by almost two years to 2020 (earlier deadline 2022).

Objectives:

- Ensure that the housing requirement of all urban poor including slum dwellers is met through different Programme verticals.
- To provide central assistance to implementing agencies through States and UTs for providing houses to all eligible families / beneficiaries by 2022.
- Provide pucca house with water connection, toilet & electricity facilities
- Ensure that urban localities are slums free & that all citizens have access to basic services.
- Provide houses designed and constructed to meet requirements of structural safety against earthquake, flood, cyclone, landslides etc. conforming to the National Building Code (NBC) and other relevant Bureau of Indian Standards (BIS) codes

Coverage:

- Beneficiaries include **Economically weaker section (EWS), low-income groups (LIGs) and Middle- Income Groups (MIGs)**.
- The annual income cap is up to **Rs 3 lakh for EWS, Rs 3-6 lakh for LIG and Rs 6 to 18 lakhs for MIG**.
- The **beneficiary family should not own a pucca house** either in his/her name or in the name of any member of his/her family in any part of India.
- Further such person with pakka house having built up area less than 21 sq meter may be included for enhancement of existing dwelling units upto 30sq meters. However if enhancement is not possible on account of lack of availability of land/space or any other reason, she/he may get a house under PMAY(U) elsewhere.

- **All Statutory Towns as per Census 2011 and towns notified** subsequently would be eligible for coverage under the Mission.

Features:

- It will provide central assistance to Urban Local Bodies (ULBs) and other implementing agencies through States/UTs for **(programme verticals)**:
 - In-situ Rehabilitation of existing slum dwellers using land as a resource through private participation
 - Credit Linked Subsidy (CLSS)
 - Affordable Housing in Partnership with public or private sector
 - Subsidy for Beneficiary-led individual house construction/enhancement.
- **Credit linked subsidy** component will be implemented as a **Central Sector Scheme** while **other three components** will be implemented as **Centrally Sponsored Scheme (CSS)**.
- **EWS category** of beneficiaries is eligible for assistance in **all four verticals** of the Missions whereas **LIG and MIG** categories are eligible under **only Credit linked subsidy scheme (CLSS)** component of the Mission.
- The houses constructed/acquired with central assistance under the mission should **be in the name of the female head of the household or in the joint name of the male head of the household and his wife**, and only in cases when there is no adult female member in the family, the house can be in the name of male member of the household.
- **Flexibility to States for choosing best options** to meet the demand of housing in their states
 - Central grant of Rs. one lakhs per house, on an average, will be available under the slum rehabilitation programme.
 - Government has also sanctioned **‘infrastructure status’** for the affordable housing sector, giving a boost to PMAY.

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ARTICLE 370

In The News

Article 370 only temporary provision, not permanent, Said Union Home Minister Amit Shah recently. He said this during a debate on extension of President's rule in J&K.

Important provisions under the article:

- According to this article, except for defence, foreign affairs, finance and communications, Parliament needs the state government's concurrence for applying all other laws. Thus the state's residents live under a separate set of laws, including those related to citizenship, ownership of property, and fundamental rights, as compared to other Indians.
- Indian citizens from other states cannot purchase land or property in Jammu & Kashmir.
- Under Article 370, the Centre has no power to declare financial emergency under Article 360 in the state. It can declare emergency in the state only in case of war or external aggression. The Union government can therefore not declare emergency on grounds of internal disturbance or imminent danger unless it is made at the request or with the concurrence of the state government.
- Under Article 370, the Indian Parliament cannot increase or reduce the borders of the state.
- The Jurisdiction of the Parliament of India in relation to Jammu and Kashmir is confined to the matters enumerated in the Union List, and also the concurrent list. There is no State list for the State of Jammu and Kashmir.
- At the same time, while in relation to the other States, the residuary power of legislation belongs to Parliament, in the case of Jammu and Kashmir, the residuary powers belong to the Legislature of the State, except certain matters to which Parliament has exclusive powers such as preventing the

activities relating to cession or secession, or disrupting the sovereignty or integrity of India.

- The power to make laws related to preventive detention in Jammu and Kashmir belong to the Legislature of J & K and not the Indian Parliament. Thus, no preventive detention law made in India extends to Jammu & Kashmir.
- Part IV (Directive Principles of the State Policy) and Part IVA (Fundamental Duties) of the Constitution are not applicable to J&K.

How should the centre counter the growing unrest in the region?

- Focus on investing in J&K's infrastructure.
- Absence of an effective information and communication plan has hobbled the government's ability to respond even when it is on the moral high ground. This must be immediately corrected.
- Standard operating procedures must require the use of lethal force only when there is an imminent threat to life and property, force should be used proportionately and not as a punitive measure.
- Lethal force should be the last resort, used only when lives are threatened. Promptly investigating allegations of abuses and prosecuting those responsible is key to resolving this mess.
- Externally, wide-ranging peace talks between India and Pakistan, the Indian administration and 'azaadi' groups are needed and internally, peace-building on the ground by multiple stakeholders involved is necessary.

RULE 49MA

In The News

The Election Commission may “revisit” the rule for prosecution of a voter for making a false complaint of malfunction of an electronic voting machine or a voter verifiable paper audit trail machine- Rule 49MA.

Background:

- The Supreme Court, in April 2019, sought a response from the Election Commission on a plea seeking abolition of a provision in election rules that provides for prosecution of an elector if a complaint alleging malfunctioning of EVMs and VVPATs turns out to be false.

What is rule 49MA?

- Rule 49MA is mentioned under ‘The Conduct of Elections Rules’.**
- Under the rule**, where printer for paper trail is used, if an elector after having recorded his vote under rule 49M alleges that the paper slip generated by the printer has shown the name or symbol of a candidate other than the one he voted for, the presiding officer shall obtain a written declaration from the elector as to the allegation, after warning the elector about the consequence of making a false declaration.
- The rules outline that if after investigation, the allegation of EVM malfunctioning is found to be false or incorrect, then the complainant can be prosecuted under Section 177 of the Indian Penal Code for “furnishing false information”.
- In such a case, **a jail term of six months or a fine of Rs 1,000 or both** is guaranteed.

Arguments against Rule 49MA:

- It is unconstitutional as **it criminalises reporting of malfunctioning of Electronic Voting Machines and Voter Verified Paper Audit Trails.**
- The obligation of proving an allegation cannot be on the voter when machines used for voting showed ‘arbitrary deviant behaviour’. Putting the responsibility on the elector in cases of arbitrary deviant behaviour of machines used in the election process, infringes upon a citizen’s right to freedom of expression under the Constitution.
- When an elector is asked to cast test vote as prescribed under Rule 49MA, he may not be able to reproduce the same result which he was complaining about, one more time in a sequence, because of the pre-programmed deviant behaviour of the electronic machines.
- Therefore, holding an elector accountable for deviant behaviours of EVMs and VVPATs could deter them from coming forth and making any complaint, which is essential for improving the process.
- Since only an elector could be a witness to the secrecy of his vote cast, it would violate **Article 20(3)** of the Constitution which says that no person accused of an offence shall be compelled to be a witness against himself.

PRO-TERM SPEAKER

In The News

Virendra Kumar a BJP MP from Madhya Pradesh will be the Pro-tem Speaker of the 17th Lok Sabha.

Nandakisore Das, Speaker, Orissa Legislative Assembly case when it said the “powers of the Speaker pro-tem are co-extensive with the powers of elected Speaker”.

What is Pro-tem Speaker?

- It is a Latin phrase which translates to for the ‘**time being**’ in English. So the Pro-tem Speaker is a temporary speaker appointed for a limited period of time.

The need for pro- tem speaker:

- The speaker of the Lok Sabha/legislative assembly vacates the office immediately before the first meeting of the newly elected house.
- Usually the senior most member is elected as the pro-tem speaker.
- The president/governor will administer the oath of the office for the pro-tem speaker.
- When the house elects the new speaker the office of the pro-tem speaker ceases to exist. Hence the office of the pro-tem speaker is a temporary one which will be in existence for few days.

Key Facts:

- Article 180 (1)** of the Constitution gives the Governor the power to appoint a pro-tem Speaker. The Article says that if the chair of the Speaker falls vacant and there is no Deputy Speaker to fill the position, the duties of the office shall be performed “by such member of the Assembly as the Governor may appoint for the purpose”.

Duties and functions:

- The main duty of the pro-tem speaker is to administer the oath to the newly elected members.
- Pro-tem also enables the house to elect the new speaker.

Powers:

- The Bombay High Court in its 1994 judgement in the **Surendra Vassant Sirsat case** holds that a pro-tem is Speaker of the House “for all purposes with all powers, privileges and immunities” until the Speaker is elected.
- The Odisha High Court also agreed in the **Godavaris Misra versus**

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LEADER OF OPPOSITION

In The News

Congress, with 52 MPs, has declined to stake claim for the position of Leader of Opposition in Parliament.

which only says that the largest opposition party should get the post

Background

Any party that has 55 members can get the post as recognised as such by the speaker/chairman.

Who is the Leader of Opposition?

- The LOP is leader of the largest party that has not less than one-tenth of the total strength of the house.
- It is a statutory post defined in the Salaries and Allowances of Leaders of Opposition in Parliament Act, 1977.

Significance of the office:

- LoP is referred to as the ‘shadow Prime Minister’.
- She/he is expected to be ready to take over if the government falls.
- The LoP also plays an important role in bringing cohesiveness and effectiveness to the opposition’s functioning in policy and legislative work.
- LoP plays a crucial role in bringing bipartisanship and neutrality to the appointments in institutions of accountability and transparency – CVC, CBI, CIC, Lokpal etc.

What reforms are needed?

- There arises a problem when no party in opposition secures 55 or more seats. In such situations, the numerically largest party in the opposition should have the right to have a leader recognised as leader of the opposition by the speaker.
- Besides, the 10% formulation is inconsistent with the law ‘**the salary and allowances of leaders of opposition in Parliament Act, 1977**’

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LEADER OF RAJYA SABHA

In The News

Thawarchand Gehlot, Union Minister of Social Justice and Empowerment was recently appointed as Leader of Rajya Sabha. The Leader of the Rajya Sabha is appointed by the party in power at Centre.

Leader of House:

- The term Leader of the House has been defined in Rules of Procedure of the Lok Sabha and the Rajya Sabha.
- Leader of the House, according to Rule 2 of the Rules of Procedure and Conduct of Business in the Lok Sabha means the prime Minister, if he is a Member of the House or a Minister who is a Member of the House and is nominated by the Prime Minister to function as the Leader of the House.
- The Prime Minister is invariably the Leader of the Lok Sabha. Roles and functions:
- The Leader of the House is an important parliamentary functionary and exercises direct influence on the course of parliamentary business.
- The whole policy of the Government especially in so far as it is expressed in the inner life of the House and in measures dealing with the course of its business, is concentrated in his person.
- The arrangement of Government business is the ultimate-responsibility of the Leader of the House, though the details are settled, subject to his approval, by the Chief Whip.
- The Leader of the House makes proposals for the dates of summoning and prorogation of the House for the approval of the Chair.
- He has to draw up the programme of official business to be transacted in the Session of Parliament, namely, Bills, motions, discussions on general or specific subjects like five-year plans, foreign policy, economic or industrial policy and other important State activities.
- He fixes inter se priorities for various items of business to ensure their smooth passage.
- After settling tentative programme for the whole session, he maps out weekly and daily programme depending upon the state of progress of work and announces the programme to the members in advances every week.
- The Business Advisory Committee determines the allocation of time for Government Bills and other business on the basis of suggestions made by or received from him from time to time.
- **The Leader of the Lok Sabha. viz., Prime Minister, never sits in the Business advisory Committee; he or she is represented by the Minister for Parliamentary Affairs in the Business Advisory Committee. The Leader of the House in the Rajya Sabha is generally a member of the Business Advisory Committee (BAC).** In the event, he is not a member of the BAC, he is invited to attend its meetings.

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SPEAKER OF THE LOK SABHA

In The News

Om Birla has been named as the new Lok Sabha Speaker by the NDA. He is elected Member of Parliament from Kota, Rajasthan.

Speaker of the Lok Sabha:

- The chairman or **the Presiding Officer of Lok Sabha** is called Speaker.
- The speaker of the Lok Sabha is **elected from all other members by simple majority**.
- Any member of Parliament is eligible to be nominated as a speaker but most commonly the candidate of ruling party or the party with majority wins this post.
- However, there are certain cases when the elected Speaker does not belong to the majority ruling party of Lok Sabha (G. M. C. Balyogi, Manohar Joshi, Somnath Chatterjee).

Functions and Powers of Lok Sabha Speakers:

- Speaker of Lok Sabha is basically the head of the house and presides over the sittings of Parliament and controls its working.
- The constitution has tried to ensure the independence of Speaker by charging his salary on the consolidated Fund of India and the same is not subject to vote of Parliament.
- While debating or during general discussion on a bill, the members of the parliament have to address only to the Speaker.
- Whenever there is a joint sitting of both houses of Parliament (Lok Sabha & Rajya Sabha) the Speaker of the Lok Sabha presides over this meeting.
- The Speaker of Lok Sabha comes at sixth position in the Order of Precedence of Government of India.
- In the normal circumstances the Speaker does not cast his vote over any matter in Lok Sabha. But when ever there is a tie on votes between the ruling party and

opposition, the Speaker at that time can exercise his vote.

- It is the Speaker who decides the agenda of various discussions.
- The speaker has the power to adjourn or suspend the house/meetings if the quorum is not met.
- The Speaker ensures the discipline and decorum of the house. If the speaker finds the behaviour of a member of Parliament is not good, he/she can punish the unruly members by suspending.
- The Speaker decides whether a bill brought to the house is a money bill or not. In the case Speaker decides some bill as a money bill, this decision cannot be challenged.
- Speaker is the final and sole authority to allow different types of motions and resolutions such as No Confidence Motion, Motion of Adjournment, Censure Motion etc.
- The Speaker of Lok Sabha does not leave the office just after dissolution of the assembly. He continues to be in the office till the newly formed assembly takes its first meeting and elects the new Speaker.

The Speaker of Lok Sabha automatically disqualifies from his post if:

1. he is no longer the Member of Parliament.
2. if he tenders his resignation to the Deputy Speaker.
3. if he holds the office of profit under central government or any state government.
4. if he is of unsound mind and that too declared by the court of law.
5. if he is declared undischarged insolvent.
6. if he is no longer the citizen of India or voluntarily accepts the citizenship of any other country.
7. if he is removed from the post of

Speaker by passing a resolution by majority of the members of Lok Sabha. This is to note that during resolution for removal of Speaker, the Speaker is not in position to cast his vote even if there is tie.

Speaker and the Committees:

- The Committees of the House function under the overall direction of the Speaker. All such Committees are constituted by her or by the House.
- The Chairmen of all Parliamentary Committees are nominated by her.
- Any procedural problems in the functioning of the Committees are referred to her for directions.
- Committees like the Business Advisory Committee, the General Purposes Committee and the Rules Committee work directly under her Chairmanship.

PRESIDENT’S ADDRESS TO BOTH HOUSE OF PARLIAMENT

In The News

President Ramnath Kovind recently addressed joint sitting of Parliament outlining the govt’s goals for next five years.

What does the Constitution say about this?

- Article 87(1) says: “At the commencement of the first session after each general election to the House of the People and at the commencement of the first session of each year the President shall address both Houses of Parliament assembled together and inform Parliament of the causes of its summons.”
- First Constitutional Amendment: Originally, the Constitution required the President to address both Houses of Parliament at the commencement of “every session”. This requirement was changed by the First Amendment to the Constitution.

President’s address:

The President’s speech essentially highlights the government’s policy priorities and plans for the upcoming year. It is drafted by the Cabinet, and provides a broad framework of the government’s agenda and direction

MOTION OF THANKS TO PRESIDENT’S ADDRESS

Amendments to the “Motion of Thanks”:

- Notices of amendments to Motion of Thanks on the President’s Address can be tabled after the President has delivered his Address. Amendments may refer to matters contained in the Address as well as to matters, in the opinion of the member, the Address has failed to mention. Amendments can be moved to the Motion of Thanks in such form as may be considered appropriate by the Speaker.

address by the President. Clause (1) of that article provides that at the commencement of the first session after each general election to the House of the People and at the commencement of the first session of each year, the President shall address both Houses of Parliament assembled together and inform Parliament of the causes of its summons. No other business is transacted till the President has addressed both Houses of Parliament assembled together.

Limitations:

- The only limitations are that members cannot refer to matters which are not the direct responsibility of the Central Government and that the name of the President cannot be brought in during the debate since the Government and not the President is responsible for the contents of the Address.

Provisions governing them:

- President’s Address and Motion of Thanks are governed by Articles 86 (1) and 87 (1) of the Constitution and Rules 16 to 24 of the Rules of Procedure and Conduct of Business in Lok Sabha.
- Its passage:
- Members of Parliament vote on this motion of thanks. This motion must be passed in both of the houses.
- A failure to get motion of thanks passed amounts to defeat of government and leads to collapse of government. This is why, the Motion of Thanks is deemed to be a no-confidence motion.

Constitutional provisions on this:

- **Article 86(1)** of the Constitution provides that the President may address either House of Parliament or both Houses assembled together, and for that purpose require the attendance of members.
- **Article 87** provides for the special

MUSLIM WOMEN (PROTECTION OF RIGHTS ON MARRIAGE) BILL 2019

In The News

The Union Cabinet has approved the **Muslim Women (Protection of Rights on Marriage) Bill 2019**.

Benefits:

- The proposed Bill will protect the rights of married Muslim women and prevent divorce by the practice of instantaneous and irrevocable ‘talaq-e-biddat’ by their husbands.
- It provides the rights of subsistence allowance, custody of minor children to victims of triple talaq i.e. talaq-e-biddat.

Key provisions of the Bill:

- The Bill makes **all declaration of talaq**, including in written or electronic form, to be void (i.e. not enforceable in law) and **illegal**.
- **Definition:** It defines talaq as talaq-e-biddat or any other similar form of talaq pronounced by a Muslim man resulting in instant and irrevocable divorce. Talaq-e-biddat refers to the practice under Muslim personal laws where pronouncement of the word ‘talaq’ thrice in one sitting by a Muslim man to his wife results in an instant and irrevocable divorce.
- **Offence and penalty:** The Bill makes declaration of talaq a cognizable offence, attracting up to three years’ imprisonment with a fine. (A cognizable offence is one for which a police officer may arrest an accused person without warrant.)
- **The offence will be cognizable only if information relating to the offence is given by:** (i) the married woman (against whom talaq has been declared), or (ii) any person related to her by blood or marriage.
- **The Bill provides that the**

Magistrate may grant bail to the accused. The bail may be granted only after hearing the woman (against whom talaq has been pronounced), and if the Magistrate is satisfied that there are reasonable grounds for granting bail.

- **The offence may be compounded by the Magistrate** upon the request of the woman (against whom talaq has been declared). Compounding refers to the procedure where the two sides agree to stop legal proceedings, and settle the dispute. The terms and conditions of the compounding of the offence will be determined by the Magistrate.
- **Allowance:** A Muslim woman against whom talaq has been declared, is entitled to seek subsistence allowance from her husband for herself and for her dependent children. The amount of the allowance will be determined by the Magistrate.
- **Custody:** A Muslim woman, against whom such talaq has been declared, is entitled to seek custody of her minor children. The manner of custody will be determined by the Magistrate.

Significance:

Time has come to put an end to the suffering of Muslim women who have been at the receiving end of instant talaq for several years. More than 20 Islamic countries have already banned the practice.

SHYAMA PRASAD MUKHERJEE RURBAN MISSION

In The News

National Workshop on Experience Sharing under Shyama Prasad Mukherji Rurban Mission.

About SPMRM:

- The Shyama Prasad Mukherji Rurban Mission (SPMRM) is a unique programme, designed to deliver catalytic interventions to rural areas on the threshold of growth.

Funding Support:

- There is a funding support of up to 30% of the estimated investment for each Rurban cluster, given as Critical Gap Funding (CGF), while 70% of the funds is mobilized by the States through convergence with synergic State and Central programmes and private investment and institutional funding.
- The CGF is now shared between the Centre and the State in a ratio of 60:40 for Plain area States and 90:10 for Himalayan and NE States.

Various Provisions:

1.Provision of basic amenities –

- Provision of 24/7 Water Supply to all households,
- Solid and Liquid Waste Management facilities at the household and cluster level

2.Provision of Inter and Intra village roads–

- Adequate Street Lights and Public Transport facilities using green technologies.

3. Provision of Economic Amenities –

- Various thematic areas in the sectors of Agri Services and Processing, Tourism, and Skill development to promote Small and Medium Scale Enterprises.

Mission's Objective:

- The objective of the National Rurban Mission (NRuM) is to stimulate local economic development, enhance basic services, and create well planned Rurban clusters.

Need for development of such clusters:

- As per Census of India Statistics, the rural population in India stands at 833 million, constituting almost 68% of the total population.
- The rural population has shown a growth of 12% during the 2001-2011 period and there has been an increase in the absolute number of villages during the same period.
- Large parts of rural areas are not stand-alone settlements but part of a cluster of settlements, which are relatively proximate to each other.
- These clusters typically illustrate potential for growth, have economic drivers and derive location and competitive advantages.
- Hence, making a case for concerted policy directives for such clusters; these clusters once developed can then be classified as 'Rurban'.

NATIONAL REGISTER OF CITIZEN (NRC)

In The News

Over one lakh people who were part of the final draft of the **National Register of Citizens (NRC)** published in July last year but were found ineligible thereafter — they have been named in the Additional Draft Exclusion List published recently.

Why they are out of Assam NRC additional draft exclusion list?

- These over one lakh people were found ineligible during re-verification for any one of the following reasons: Persons who were found to be DF (Declared Foreigner) or DV (Doubtful Voter) or PFT (persons with cases Pending at Foreigners Tribunals) or their descendants, as applicable, discovered after publication of draft NRC, persons who were found to be ineligible while appearing as witness in hearings held for disposal of Claims & Objections, persons who were found to be ineligible during the process of verification carried out by the Local Registrars of Citizens Registration (LRCRs) after publication of draft NRC.

NRC Assam Additional Draft List 2019: What happens now?

- People in the latest list will be informed individually through Letters of Information (LOI) to be delivered at their residential addresses along with the **reason for exclusion**.
- Such persons will have the opportunity to **file their Claims which will be disposed through a hearing by a Disposing Officer**. The submission of Claim and its disposal by the Disposing Officer through a hearing will happen together.

On what basis was the Assam NRC additional draft exclusion list prepared?

- The preparation of the draft exclusion list of the NRC was approved by the SC under the **Clause 5 of the Schedule of the Citizenship (Registration of Citizens and Issue of National Identity Cards) Rules, 2003**.
- The provision of suo moto verification is mentioned in **Section 4 (3) of the Schedule of the above mentioned Citizenship Rules, 2003**, which says that the local registrar of citizen registration (LRCR) may at any time before the final publication of NRC in the state of Assam may verify names already in the final draft NRC if considered necessary.

What is the Assam NRC?

- The NRC is basically a **list of Indian citizens of Assam**.
- NRC **prepared in 1951** is being updated to include the names of people or their descendants who appear in the 1951 NRC, in any of the Electoral Rolls, or in any one of the other admissible documents issued up to the midnight of March 24, 1971.

Why is March 24, 1971 the cut-off date?

There have been several waves of migration to Assam from Bangladesh, but the biggest was in March 1971 when the Pakistan army crackdown forced many to flee to India. The Assam Accord of 1985 that ended the six-year anti-foreigners' agitation decided upon the midnight of March 24, 1971 as the cut-off date.

ATAL TINKERING LABS

In The News

8878 schools have been selected for establishing Atal Tinkering Lab (ATLs) to promote research and innovation in schools.

What are ATLs?

- With a vision to ‘Cultivate one Million children in India as Neoteric Innovators’, Atal Innovation Mission is establishing Atal Tinkering Laboratories (ATLs) in schools across India.

Objective:

- The objective of this scheme is to foster curiosity, creativity and imagination in young minds; and inculcate skills such as design mindset, computational thinking, adaptive learning, physical computing etc.
- Financial Support: AIM will provide grant-in-aid that includes a one-time establishment cost of Rs. 10 lakh and operational expenses of Rs. 10 lakh for a maximum period of 5 years to each ATL.
- Eligibility: Schools (minimum Grade VI – X) managed by Government, local body or private trusts/society can set up ATL.

Significance of ATLs:

- Atal Tinkering Labs have evolved as epicenters for imparting these ‘skills of the future’ through practical applications based on self-learning.
- Bridging a crucial social divide, Atal Tinkering Labs provide equal opportunity to all children across the spectrum by working at the grassroot level, introducing children to the world of innovation and tinkering.

PENSION SCHEMES FOR SMALL RETAIL TRADERS & SHOPKEEPERS

In The News

The Union Cabinet has approved a monthly **pension scheme for small retail traders and shopkeepers**. The scheme that offers pension coverage to the trading community will cover 3 crore small retail traders and shop keepers.

Key features:

- Under the scheme **all small shopkeepers, retail traders and self-employed persons** are assured a **minimum of Rs.3,000 monthly pension after attaining 60 years of age**.
- **Eligibility:** All small shopkeepers, self-employed persons and retail traders aged between 18-40 years and with Goods and Service Tax (GST) turnover below Rs.1.5 crore can enrol for pension scheme.
- The scheme is based on **self-declaration** as no documents are required except bank account and Aadhaar Card.
- The **Central Government will make matching contribution** (same amount as subscriber contribution) i.e. equal amount as subsidy into subscriber's pension account every month.

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GDP ESTIMATION

In The News

- Recently, there has been a controversy over India's new GDP series and its estimation methodology.
- In a recent published research paper, Former Chief Economic Adviser Arvind Subramanian has concluded that the country's growth has been overestimated by around 2.5% between 2011-12 and 2016-17.

Gross Domestic Product (GDP) vs Gross Value Added (GVA)

- Gross Domestic Product (GDP) is the **monetary value all final economic goods and services** produced in a country during a specific period of time.
 - o Domestic territory means **political frontiers of the country** including its territorial waters, commercial vessels operated by country's residents etc. & also **includes country's embassies & consulates located abroad.**
- GVA is **measure of value added** in goods and services produced in economy **i.e. GVA = economic output – input.**
- **GVA is sector specific while GDP is calculated by summation of GVA of all sectors** of economy with taxes added and subsidies are deducted.
- **Central Statistics Office (CSO)** in the **Ministry of Statistics and Programme Implementation (MoSPI)** is responsible for the compilation of National Account Statistics including GDP.

2008:

- o Valuation of Gross Value Added (GVA) & Net Value Added (NVA) at basic prices
- o Considering GDP at market prices as headline GDP instead of GDP at factor cost, to make the new calculation more consumer-centric.
- o Treating unincorporated enterprises maintaining accounts as quasi-corporations
- Incorporation of MCA21 database: Ensuring comprehensive coverage of corporate sector in mining, manufacturing & services.
 - o Earlier, contribution of enterprises was assessed using Index of Industrial Production & Annual Survey of Industries.
- Broader coverage of financial sector by including stock brokers, stock exchanges, asset management companies, mutual funds and pension funds, as well as regulatory bodies, SEBI, PFRDA and IRDA.
 - o Earlier estimates primarily covered commercial banks and NBFCs.
- Adopted Effective Labour Input (ELI) Method: Earlier, it was assumed that all categories of workers contribute equally. New method addresses differential labour productivity issue by assigning weights to different categories of workers based on their productivity.
- Use of results of recent surveys and censuses: Current data from latest surveys have been incorporated in the GDP calculation. E.g. Agricultural Census 2010-11; All India Livestock Census, 2012; All India Debt and Investment Survey, 2013 etc.

Issues in GDP Estimation in India

- Concerns about the accuracy of India's new GDP series stems from legacy problems with the national accounts

Changes made in Indian GDP Series

- In 2015, the Central Statistics Office came up with a revised methodology for the calculation of GDP of the country.
- Change of base year to 2011-12 (from 2004-05) to capture the unorganized sector data from NSSO's
- Employment-Unemployment Survey (EUS) of 2011-12.
- Incorporation of Recommendations of System of National Accounts (SNA),

system in the country, which were either left unaddressed or were aggravated during the base year change exercise in 2014-15.

- **Volatile Revisions:** The revisions (between advance estimates & revised estimates) in overall GDP numbers tend to have an upward bias, which raises questions on the credibility of GDP data. Moreover, volatile revisions create challenges for policymakers who make decisions based on initial estimates.
- **Overestimation bias in informal sector:** The new GDP series assumes that the informal manufacturing ('quasi-corporations') sector grew at the same rate as the formal manufacturing sector, which might have inflated informal sector growth in the new series.
- **Use of Deflators:**

GDP Deflator

- **GDP price deflator** is a ratio of price levels in two different years that accounts for inflation in the prices of goods and services.
- $\text{GDP Deflator} = \frac{\text{Nominal GDP at Current Prices (2018)}}{\text{Real GDP at Constant Prices (Base Year 2011)}} \times 100$
- Quantitatively, the production may not have improved and the growth rate may appear to be high only because of inflation in the prices.
- GDP Deflator enables comparisons of real GDP from one year to another.

- Wholesale price index (WPI) as deflator for several sectors of the economy (particularly services) is inappropriate.
- Currently, in GVA calculation, instead of deflating output and input with their respective prices, common output deflator is used, which assumes that input & output prices move in same direction and thus, creates a bias. E.g. When oil prices

were low, and input inflation was falling, while output inflation continued to rise, there had been a tendency of growth overestimation

- **Use of MCA21 database:** The use of an untested corporate database, MCA-21 and the manner in which it is used in National Accounts for calculation under new GDP series is contentious.

Income distance measures the difference between the per capita GSDP of a state and the per capita GSDP of the state with the highest per capita income.

- MCA-21 database also lacks state-wise details, which has distorted state-level GDP. These changes have enormous implications for the borrowing limits of states (3% of GSDP as mandated by FRBM Act 2003), and on the devolution of resources to states by the Finance Commission.
- Most of the relatively prosperous states such as Delhi, Kerala and Karnataka saw a further boost to their GSDP, which allowed them to borrow more.
- Some states like Bihar and West Bengal saw their economies shrink, forcing them to reduce spending to meet fiscal deficit targets.
- Devolution of funds by Finance Commission will be impacted as formula includes both fiscal performance & income distance.
- **Shift from establishment to enterprise approach:** The new GVA methodology shifted data collection from establishments (or factories) to enterprises (or firms). All the value added at enterprises classified as "manufacturing firms" goes into the calculation of manufacturing GVA. But, the activities of firms are much

more diverse than factories (e.g. some subsidiaries may only look into services like transportation) and would not qualify as manufacturing.

- **Administrative Issues:** Lack of transparency and effective audit of the GDP database point to inadequate oversight of the Central Statistics Office (CSO), which is responsible for the National Accounts Statistics. Recent resignation of 2 members of National Statistical Commission (NSC) and non-appointment of new independent members appointed by the government further indicates lack of autonomy in statistical system in India.

- Greater **transparency** on the methodology and **better data dissemination standards** can help improve the credibility of the official GDP numbers. The recent **merger of Central Statistics Office (CSO) and National Sample Survey Office (NSSO)** can help CSO to adopt transparent data practices of the latter.

Benefits of adopting new series

- India has been able to **numerically improve its GDP estimates**.
- It would improve **India's sovereign credit rating** and **bring in more foreign investment**.
- It would also help India to claim bigger **quota at IMF**
 - Quota determines country's subscription to IMF, access to fund & voting rights to influence lending decisions.
 - Current quota formula is weighted average of GDP (50%), Openness (30%), Economic Variability (15%) and International Reserves (5%).

Way Forward

- **Existing data sources** including MCA21 database should be properly **authenticated** before plugging it into National Account Statistics.
- **New data sources and methodologies** can be explored e.g. using transactions-level GST data to estimate expenditure-based estimates of GDP.
- The shift from **establishment approach** to **enterprise approach** will be successful only if all the disaggregated information in MCA21 database on activities of a firm is classified properly into appropriate sectors.

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2 YEARS OF GOODS & SERVICE TAX

In The News

Hailed as the biggest tax reform, GST has completed 2 years of operation. It was launched on 1st July, 2017 in a special session of Parliament.

About Goods and Services Tax (GST) and its present structure

- GST is a **destination-based indirect tax** and is **levied at the final consumption point**.
- Under GST, a gamut of **17 indirect taxes** like excise duty, VAT, service tax, luxury tax etc are subsumed.
 - **Taxes NOT subsumed under GST:** Basic Custom Duty, Anti-Dumping Duty, Central Excise on Petroleum Products, VAT on alcohol for human consumption, Stamp Duty, Property Tax (levied by local bodies), Professional Tax etc.
- GST is currently levied on every product [except **petroleum products, alcohol, real estate & electricity**] in four slabs of **5, 12, 18 and 28%**.
 - Most of the daily use articles have zero GST as per the latest revision of the tax rates last year.
 - In addition, a cess is levied on automobiles, luxury, and demerit and sin goods.
- From Government's perspective, it is **easier to collect** and **reduces tax evasion**, for customer it is **easier to understand** & will **reduce tax burden** and for industry, it ensures that there is **no cascading effect of the tax** and there is **harmonization of tax laws, procedures and rates of tax**.

Successes of GST

GST marks a fundamental resetting of the Indian economy. It redefines the way business is done (with increased formalisation), expands the market for goods

and services (replacing many small and fractured markets with a single common one) and totally overhauls the Indirect Tax regime (one nation one tax regime)

• Tax Compliance:

Reverse Charge Mechanism

- The GST has to be typically paid by the supplier of goods and services. But in some cases, the liability to pay the tax falls on the buyer. This is called reverse charge.
- This is only applicable in certain instances e.g. when a business buys goods or services from a supplier who is not registered to pay GST or in cases of import.

- In the pre-GST period, traders had to comply with rules & regulations of various tax departments & laws. Now, tax compliance has been easier for traders with single set of norms.
- GST has been successful in increasing compliance among small traders through Composition Scheme. At present, small dealers up to a turnover of Rs 1.5 cr can opt for composition scheme and pay only 1% tax, facing a lesser compliance burden.
- There is now a single online system from filings to returns that has made transactions more transparent.
- Self-policing mechanism of GST helps to check tax evasion and expand the tax net
 - Seamless flow of input tax credit is possible only when all the suppliers of a business pay GST. So each business will make sure that its suppliers have paid the GST, so that they can take input tax credit.
 - By putting the burden of paying the tax on the buyer (called reverse charge), in

cases where the supplier does not pay GST, the Government is nudging all businesses to sign up for GST.

- **Revenue Base:** GST has helped the Government to expand the revenue base by about 85% in the past two years from 65 lakhs to 1.2 crore.
- **Revenue Collections and Buoyancy:** The relative buoyancy of GST revenue compared to the pre-GST period is a result of two factors. 1) the design of GST that integrated the entire value chain from raw material to retail for the purpose of indirect taxation. 2) The tax incidence on services increasing from 14% pre-GST to 18% post-GST.
 - Government's monthly average revenue collection increased by 10% from ₹ 89,700 cr in 2017-18 (July to March) to ₹ 97,100 cr in 2018-19.
 - A buoyancy ratio of over 1 shows the progressiveness in the revenue growth and opens the prospect of rising tax-to-GDP ratio in future.
- **Rationalization of taxes:**
 - Currently, around 97.5% articles are covered by 18% or lower GST slab, a significant reduction from tax rates under the VAT regime where standard VAT rate was 14.5% and excise duty was 12.5% (topped by additional sales tax & cess in many cases).
 - A good fiscal system should not tax the production of intermediate goods. That is the logic underlying all value-added taxes such as GST that intend to eliminate taxes on production & distribution. It is a destination tax that is collected at the point of final consumption.
- **Re-engineering of supply chain:** GST has presented an opportunity to reduce physical supply chain costs (costs attributable to transportation, warehousing, inventory, etc.)

- A unified tax and seamless availability of credit has reduced the cost of procurement of raw material.

• Introduction of E-Way Bills:

Introduction of E-Way bill marks a shift from departmental policing model to self-declaration model for movement of goods

- It would enable hassle free movement of goods by eliminating the requirement of separate transit pass for each state.
- Government has introduced several changes in e-way bill system including auto-calculation of distance based on PIN codes and blocking generation of multiple bills on one invoice to make the system more efficient.

E-way Bill

E-way bill is a document required to be carried by a person in charge of the conveyance carrying any consignment of goods of value exceeding Rs. 50,000 for sales beyond 10 km in GST regime.

- It is generated from the GST Common Portal by the registered persons or transporters before commencement of movement of goods of consignment.

- **Use of technology:** All the operations ranging from front-end services of registration, returns and payments to all taxpayers, as well as the backend IT modules for States that include processing of returns, audits, assessments, appeals etc. have been digitalized
 - **Reduced the interface** between tax collector and taxpayer, thereby reducing the scope for corruption.
 - **High quality quantifiable data** on the formal-informal, state specific production, state-wise distribution of exports, point of origin of goods/services, and other economic data will enable better policy making and governance.

- Per capita gross state domestic product has a high correlation with exports. Use of GST data can significantly **improve GDP estimation**.
- **Reinforces Cooperative Federalism:** **GST council** has emerged as a successful example of cooperative federalism and its functioning has been free from political biases.

Challenges that still remain:

- **List of exclusions:** Petroleum products (crude oil & natural gas), diesel, petrol, aviation turbine fuel, potable alcohol and real estate, which contribute 35-40% of indirect tax revenue, are still out of GST's ambit.
- **Complex GST Structure with multiple tax slabs:**
 - **4 different rates** undermine eventual goal of simplifying tax compliance & leads to foregoing of efficiency gains. It is incongruent with globally acceptable practice of single GST.
 - **Administering multiple rates** is challenging, such as high cost of auditing the classification of products into exempt, high & low tax slabs across every stage of production, distribution & consumption and long-standing litigation in case of disputes.
- **Digital infrastructure and data privacy:**
 - Implementation of GST required **registration at humungous scale** for input based tax crediting and **creating a common database of registered traders to be managed centrally**. This has emerged as a major challenge to GST's IT landscape. Until now, states maintained the database individually.
 - **Technical glitches** e.g. Introduction of E-Way Bill was delayed due frequent website

crashes

- **Anti-profiteering norms:**
 - Provisions in Central GST legislation require industry to reduce prices and pass on the net benefits arising from implementation of the GST to end consumers to keep inflation under control. But, implementation of the regulations is facing several roadblocks.
 - Power given to taxmen to conduct 'mock purchases', visit premises, search and check invoices might lead to misuse.

Way Forward

- **GST taxable base must include petroleum products**, especially aviation turbine fuel and natural gas, real estate and electricity. Inclusion of real estate will clean up the land market and will lead to revenue gains on direct tax side as well as more transactions will be reported.
- Although indirect taxes tend to be regressive in nature, a **low standard or modal rate with a small list of exemptions** is the ideal GST structure that Government should try to achieve.
 - **World Bank study** said that the Indian GST rate was 2nd highest among the 115 countries with a national value-added tax. It was also the most complicated, with five main tax rates, several exemptions, a cess and a special rate for gold.
- **Revenue performance of Composition Scheme** needs to be improved by ensuring better compliance among small traders. **Imposition of additional duty on Reverse Charge Mechanism** to be paid by Composition Dealers could be an important anti-evasion measure.

- A single authority for sanctioning and processing GST refunds has been proposed to simplify the procedure for exporters. Under the proposed reform, a single tax office will assess, check and sanction refunds of both centre and state GST portions

Conclusion

- Governments pushing reforms have to beat the political costs upfront and early, with the benefits evolving over the medium term. Although it is at its early days still, the GST started on a positive note and the benefits for all stakeholders are evident. It is now time for the Government to stabilise the system, remove uncertainty, facilitate compliance by easing processes and expand the tax base to make the GST a real success

LEVERAGE RATIO

In The News

The Reserve Bank of India (RBI) relaxed the leverage ratio (LR) for banks in a bid to help them expand their lending activities.

About Leverage Ratio

- The Basel Committee on Banking Supervision (BCBS) introduced the concept of a leverage ratio in the 2010 Basel III package of reforms to indicate the level of debt incurred by banks. Banks had to publicly disclose their Basel-III leverage ratio on a consolidated basis from 1st April 2015.
- It was introduced in the backdrop of the global financial crisis, which was the result of the build-up of excessive on and off-balance sheet leverage in the banking system.
- The leverage ratio, as defined under Basel-III norms, is Tier-I capital as a percentage of the bank's exposures.
- Bank's total exposure is defined as the sum of the following exposures: on-balance sheet exposures; derivative exposures; securities financing transaction exposures; and off-balance sheet items.
- Leverage Ratio is one the four indicators under the RBI's prompt corrective action (PCA) framework.
- Recently, leverage ratio has been reduced to 4% for Domestic Systemically Important Banks (DSIBs) and 3.5% for other banks for moving towards synchronisation with Basel III standards.

Bank for International Settlements

- It is an international financial institution owned by central banks which "fosters international monetary and financial cooperation and serves as a bank for central banks.
- Its head office is in Basel, Switzerland.
- The Bank for International Settlements

(BIS) hosts and supports a number of international institutions engaged in standard setting and financial stability, one of which is BCBS.

Basel Committee on Banking Supervision (BCBS)

- It is an international committee formed in 1974 to develop standards for banking regulation.
- It consists of central bankers from 27 countries and the European Union.
- It is headquartered in the office of Bank for International Settlements (BIS) in Basel, Switzerland.
- It developed a series of policy recommendations known as **Basel Accords**, which suggested minimum capital requirements to keep bank solvent during the times of financial stress.
 - Reserve Bank issues guidelines based on **Basel III reforms** for banks operating in India.
 - The Basel III capital regulation has been implemented from April 1, 2013 in India in phases and it was to be fully implemented as on March 31, 2019.
 - The other important Basel Standards are Minimum Common Equity Capital Ratio, Countercyclical Capital Buffer Framework, Minimum tier 1 Capital, Minimum total capital, D-sib requirements etc.

Tiers of Bank Capital

- **Tier I capital (Core Capital):** It consists of money kept as Statutory Liquidity Ratio (SLR), in physical cash form & as share capital and secured loans. At least 6% of CAR must come from Tier 1 capital. This capital can absorb losses without bank ceasing its trading operations.
- **Tier II capital (supplementary capital):** It includes after tax income, retail earnings of the bank, capital in the form of bonds/hybrid instruments & unsecured loans (getting serviced).
- **Tier III capital:** Includes Non-Performing Assets (NPAs), subordinated loans (not getting serviced) & undisclosed reserves from the balance sheet.

Total loss-absorbing capacity

- It is an international standard, finalised by the Financial Stability Board (FSB), intended to ensure that global systemically important banks (G-Sibs) have adequate loss absorbing and recapitalisation capacity so that critical functions can be continued without taxpayers' funds or financial stability being put at risk.
- G-Sib is bank whose systemic risk profile is deemed to be of such importance that the bank's failure would trigger a wider financial crisis and threaten the global economy.
- Currently there is no G-sibs in India.

Pillar 3 disclosure

- The Capital Adequacy Framework under Basel III norms rests on three components or three Pillars.
- **Pillar 3** disclosures aim at **ensuring market discipline** through disclosures in prescribed format, while **Pillar1 focuses on capital adequacy** and **Pillar 2 looks at the supervisory review process**.

DECLINE IN NPA's

In The News

- Due to various steps taken by Government and RBI, there has been a reduction in NPAs.
- According to Economic survey 2018-19, the performance of the banking sector (domestic operations), and Public Sector Banks in particular, improved in 2018-19.
- The Gross Non- Performing Advances (GNPA) ratio of Scheduled Commercial Banks (SCBs) decreased from 11.5 % to 10.1 % between March 2018 and December 2018 while for PSBs it declined from 15.5 % to 13.9 %.
- Capital to risk-weighted asset ratio (CRAR) of SCBs increased from 13.8 per cent to 14.0 per cent between March 2018 and December 2018 largely due to improvement of CRAR of Public sector banks (PSBs).
- However, the GNPA ratio of NBFC sector deteriorated to 6.5 per cent as in December 2018 from 6.1 per cent in March 2018.

Why there has been decrease in NPAs?

- Government has taken comprehensive steps under its 4R's strategy of
 - Recognising NPAs transparently-through Asset Quality Reviews and Joint Lenders' Forum.
- Banks are now required to acquire Legal Entity Identifier (LEI) number from the borrower and report it to Central Repository of Information on Large Credit.
 - Resolving and recovering value from stressed accounts-
 - New Insolvency and Bankruptcy Code, 2016 (IBC), has been enacted, which has provided for the taking over management of the affairs of the corporate debtor at the outset of the corporate insolvency resolution process.
 - Amendment to the **Banking**

Regulation Act, 1949 to empower the RBI.

- Amendment to the **Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002** to make it more effective.
- **Project Sakshat**: to resolve the problem of NPAs through a market- led approach.

2. Recapitalising-

- Government of India announced recapitalization of PSBs to the tune of **Rs. 2.11 lakh crore** in October 2017, through infusion of capital by the Government and raising of capital by banks from the markets.
- **Deposits with the banking system**, both demand and time has recorded acceleration in their growth, leading to an **increase** in aggregate deposits by 9.6 percent in 2018-19.

3. Reforms in banks and financial ecosystem to ensure a responsible and clean system.

- Comprehensive framework for transforming the PSBs under **Mission Indradhanush, 2015**.
- Under the **PSB Reforms Agenda**, PSBs have created Stressed Asset Management Verticals to focus attention on recovery and entrusted monitoring of loan accounts of above Rs. 250 crore to specialised monitoring agencies.
- **Fugitive Economic Offenders Act, 2018**: It has been enacted to deter economic offenders from evading the process of

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Indian law by remaining outside the jurisdiction of Indian courts.

- With a view to removing the regulatory arbitrage between banks and non-banks, the Reserve Bank has been **aligning** the regulatory and supervisory frameworks for **NBFCs with that of SCBs**.
- Owing to the sharp deterioration in finances of state-owned banks on the back of rising NPAs, 11 public sector banks were put under **Prompt Corrective Action (PCA)** last year.
- The **consolidation of Banks** is also seen as a way out of the NPA issue through the “strong” banks absorbing the strain on the books of weaker banks.

Stressed Assets

It is a broader term and comprises of NPAs, restructured loans and written off assets.

- **Restructured Loans:** Assets/loans which have been restructured by giving a longer duration for repayment, lowering interest or by converting them to equity.
- **Written off Assets:** Assets/loans which aren't counted as dues, but recovery efforts are continued at branch level – done by banks to clean up their balance books.

Non-performing asset (NPA)

It is a loan or advance for which the **principal or interest payment remained overdue for a period of 90 days or more**. In case of Agriculture/Farm Loans, the NPA varies for short duration crop (interest not paid for 2 crop seasons) and long duration crops (interest not paid for 1 Crop season).

Banks are required to classify NPAs further into Substandard, Doubtful & Loss assets.

- **Doubtful assets:** Assets which have remained in the substandard category for a period of 12 months
- **Loss assets:** It is considered uncollectible and of such little value that its continuance as a bankable asset is not warranted, although there may be some salvage or recovery value.

How can it be further improved?

- **Managing Risks:** Risk management processes still need substantial improvement in PSBs. Compliance is still not adequate, and cyber risk needs greater attention.
- **Improve the process of project evaluation:** and monitoring to lower the risk of project NPAs. Significantly more in-house expertise can be brought for project evaluation.
- **Strengthen the recovery process further:** Both the out of court restructuring process and the bankruptcy process need to be made faster and strengthened.
- **Infusion of Capital:** The government must infuse at one go whatever additional capital is needed to recapitalise banks — providing such capital in multiple instalments is not helpful.

RBI'S NEW NORMS FOR RESOLUTION OF STRESSED ASSETS

1. Lenders shall recognise incipient stress in loan accounts, immediately on default, by classifying such assets as special mention accounts (SMA). Accordingly, the SMA-0 list will have companies, which are in default for 1-30 days, SMA-1 for 31-60 days and SMA-2 for 61-90 days.
2. All lenders must put in place board approved policies for resolution of stressed assets, including the timelines for resolution.
3. Lenders must resolve non-performing assets (NPA) over Rs 2,000 crore within 180 days.
4. If resolution plan is delayed beyond 180 days, banks will have to incur additional 20% provision on the outstanding.
5. If plan is not implemented within 365 days of default, 35% of the outstanding will have to be provided.
6. New framework mandates inter-creditor agreement.
7. In case of a default by a borrower, lenders have to undertake a prima facie review of the borrower account within 30 days from such default (called the review period).
8. During this Review Period of 30 days, lenders may decide on the resolution strategy, including the nature of the resolution plan (RP) and how it will be implemented. They can also choose to initiate legal proceedings for insolvency or recovery.
9. Decision of banks holding 75% of value and 60% in numbers is enough to start resolution proceedings.
10. For now, it applies to accounts worth ₹ 2,000 crore and above.
11. From January 1, 2020, accounts of ₹ 1,500cr and above will fall under the framework.
12. Lenders shall submit weekly report of instances of default by all borrowers with aggregate exposure of ₹ 5 crore and above.
13. Borrowers who have committed frauds or wilful default will remain ineligible for restructuring.

Implications of declining NPA

- **On banks-**
 - It increases the **profitability & liquidity** of the banks as annual return on assets comes increases and also the amount given as loan also gets opened which can now be used for some return earning asset otherwise. Banks can grow faster when the availability of credit increases.
 - The **Monetary Policy Transmission** becomes faster for banks to pass on the RBI-induced rate reductions.
 - Banks eases credit to small and medium enterprises (SMEs) that are India's potential for prosperity of an entrepreneurial middle class.
- **On borrowers-** Banks may begin lowering interest rates on some products once Non-performing assets decrease. As a result, the **cost of capital** will decrease, making the different businesses financially viable.
- **On overall economy**
 - Economy will grow as there will be more availability of credit from the security market which increases employment generation and development of the country.

Other external factors:

- Economic condition of a region effected by natural calamities
- Ineffective recovery tribunals
- Change in government policies – For example – any government scheme diverting manpower of PSBs for its implementation affecting the regular activities of banks.
- Administrative hurdles – delay in getting permits and other clearances affects the cost of project.

Reasons for high NPAs

Borrower's side

- Domestic economy slowdown - Lack of demand for their products as foreseen by the industrialists
- Wilful default
- Diversion of funds by borrowers for purposes other than mentioned in loan documents.
- Global economy slowdown
- Volatility in prices of raw material and the shortage in availability of power etc. impacts the performance of the corporate sector

Bank's side

- Bad lending practices. Sometimes banks provide loans to borrowers with bad credit history. There is high probability of default in these cases.
- Inadequate Capacity to evaluate projects – poor credit appraisal system
- Absence of regular industrial visits.

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BASE EROSION & PROFIT SHIFTING

In The News

The Union cabinet approved ratification of a multilateral convention to implement OECD's project on checking tax evasion.

About the Convention

- The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS) was signed in Paris in 2017.
- It entered into force on 1st July 2018.
- The Multilateral Convention is an outcome of the OECD/G20 Project to tackle Base Erosion and Profit Shifting (BEPS).
- The Convention will modify India's treaties in order to curb revenue loss through treaty abuse and base erosion and profit-shifting strategies by ensuring that profits are taxed where substantive economic activities generating the profits are carried out and where value is created.
- The Convention enables all signatories to meet treaty-related minimum standards to counter treaty abuse and eliminate double taxation that were agreed as part of the BEPS package.

Base Erosion and Profit Shifting (BEPS)

- It refers to **tax avoidance strategies** that exploit gaps and mismatches in tax rules to artificially shift profits to low or no tax locations resulting in little or no overall corporate tax being paid.
- The OECD, under the authority of the Group of 20 countries, has considered ways to revise tax treaties, tighten rules, and to share more government tax information under the **BEPS project**, and had issued **action plans in 2015**.
- The BEPS project would:
 - **increase tax revenues** which were earlier lost due to BEPS. BEPS is of major significance for developing countries due to their heavy reliance on corporate income tax, particularly from multinational enterprises.
 - give **level playing field** for both and domestic and global companies by allowing them to conduct businesses under similar circumstances. Tax savings from BEPS give multinational companies an edge over domestic companies, who may lack the wherewithal to employ such strategies.
 - **prevent double taxation**.

RATING AGENCIES

In The News

- Recently, SEBI came up with set of wider disclosure norms for the Credit Rating Agencies (CRA).
- It introduced a “probability of default” mechanism under which rating agencies have to disclose the probability of default for the issuers they rate by December 2019.
- It also provides for formulation of Uniform Standard Operating Procedure for tracking and timely recognition of default.

Importance of Credit Rating Agencies

- They provide retail and institutional **investors with information** that assists them in determining if debtor will be able to meet their obligations.
- They help investors, customers etc. to get an overall **idea of the strength and stability** of an organization and enable them to make informed decisions.
- These agencies also help **build trust** between the investors and the governments by quantifying the level of risk associated with investing in a particular country. For example-Sovereign credit ratings are given to the national governments which highlight a country's economic and political environment.
- CRAs help **strengthening of secondary market** by increasing borrower pool.
- CRAs **ensure a discipline** amongst corporate borrowers due to because of this desire to have a good image.

is engaged in, or proposes to be engaged in, the business of rating of securities offered by way of public or rights issue”.

- **SEBI (Credit Rating Agencies) Regulations, 1999** provide for a **disclosure-based regulatory regime**, where the agencies are required to disclose their rating criteria, methodology, default recognition policy, and guidelines on dealing with conflict of interest.
- All the credit agencies need to **be registered with SEBI** in order to operate in India.
- There are **seven Credit Rating Agencies** registered with SEBI, viz. CRISIL, ICRA, CARE, India Ratings and Research, SMERA, Informatics and Brickworks.

Issues with Credit Rating Framework in India

- **Conflict of interest:** CRAs follow the '**issuer pays model**', under which the entity issuing the financial instrument pays the agency upfront to rate the underlying securities. However, such payment arrangement may **lead to a 'conflict of interest'** and could result in **compromising the quality of analysis**.
 - o Another example of conflict of interest is non-rating services such as risk consulting, funds research and advisory services given to issuers for which ratings have been provided.
- **Rating shopping:** It is the practice of an issuer choosing the rating agency that will either assign the highest rating or that has the most lax criteria for achieving a desired rating. Hence, the system does not permit publishing a rating without the issuer's consent.
- **Less competition:** Credit-rating market in India is oligopolistic, with high barriers to entry. Lack of competition in the market enables CRAs to have longer, well- established relationships with the

Credit Rating Agencies in India

- **The Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999** empowers SEBI to regulate CRAs operating in India.
- As per the Regulations, **CRA is defined as** “a body corporate which

issuers which can hamper their independence.

- **Poor Rating Quality:** Often ratings are provided on limited information. For e.g. If the issuer decides not to answer some determinant questions, the rating may be principally based on public information. Many rating agencies don't have enough manpower which often leads to poor quality.
- **Multiple Regulators:** Other than SEBI, there are certain other regulatory agencies, such as the Reserve Bank of India (RBI), Insurance Regulatory and Development Authority, and Pension Fund Regulatory and Development Authority, which also regulate certain aspects of credit rating agencies under their respective sectoral jurisdiction.

agency.

- It will **help reduce recurrence of major default** cases such as the Infrastructure Leasing & Financial Services (IL&FS) crisis.
- **Increase competition among rating agencies** by lowering threshold for registration for CRA to encourage more entities, particularly start-ups with the requisite capability and expertise.
 - It will help investors to better gauge the performance of credit rating agencies.
- **Legal protection for CRAs:** There are instances of Indian CRAs being sued by the company it rates, in a bid to prevent the rating downgrade. The regulator should consider framing laws that allow CRAs to express their rating opinion without fear of being sued.

Strengthening of the Credit Rating Framework

- **Role of Regulators:** They should **review their regulations and suitably modify** them to ensure greater objectivity, transparency and credibility in the whole credit rating framework.
 - **Ministry of Finance should seek a factual report** from the concerned regulators regarding the enforcement of the regulations and assess the action taken by the regulators against the CRAs.
- **Holistic Disclosures Norm:** It should also include important determinants such as: (i) extent of promoter support, (ii) linkages with subsidiaries, and (iii) liquidity position for meeting near-term payment obligations.
- **Alternative Innovative Model for Rating Agencies** such as 'investor pays model' or 'regulator pays model' for avoiding conflict of interest.
- **Mandatory Rotation of Rating Agencies** for avoiding negative consequences of long term associations between the issuer and the credit rating

FOOD GRAIN MANAGEMENT IN INDIA

In The News

- With food grain stocks held by Food Corporation of India (FCI) in the central pool has hit 6 year high, the Government plans to increase allocations to below-poverty-line (BPL) families.
- Additionally, the Food Corporation of India has commissioned a new roadmap to speed up silo construction to meet its target of 100 lakh tonnes of storage space by 2022.

About FCI

FCI was set up in 1965 (under the Food Corporation Act, 1964) with three basic objectives:

- provide effective price support to farmers by procuring the crop at Minimum Support Price (MSP) if they are not able to sell it in Agricultural Produce Marketing Committee (APMC) authorized mandis
- procure & supply grains to PDS for distributing subsidized staples to economically vulnerable sections of society
- keep strategic reserve to stabilize markets for basic food grains.

Central Pool. The grains are moved from the surplus states to the **consuming states for distribution and for creation of buffer stocks** and stored in FCI godowns.

- The food grains are also disposed by FCI and State Governments through sale under **Open Market Sales Scheme (OMSS)** i.e., selling food grains at predetermined prices in the open market from time to time to enhance the supply of grains especially during the lean season and thereby to moderate the open market prices especially in the deficit regions.
- The **economic cost to FCI** includes **acquisition cost of food grains at MSP, procurement incidentals** (e.g. labour & transport charges, godown rentals) and **distribution cost** (freight, handling, storage & interest charges, losses during storage etc).
- **Difference between Economic Cost and Central Issue Price (CIP)** of food grains under various schemes (including National Food Security Act, 2013) is the operational loss to FCI and is **reimbursed by Government of India as food subsidy**.

About Food grain Management in India

- Food Corporation of India (FCI) is the nodal agency under Ministry of Consumer Affairs, Food and Public Distribution responsible for the procurement, storage and movement of food grains, public distribution and maintenance of buffer stocks.
- FCI procures food grains at minimum support price (MSP) from farmers on an open ended basis (i.e., accepting all the grains that are sold to it by farmers), provided the food grains meet Govt. of India's uniform quality specifications. The procurement is also done by State Government Agencies (SGAs) and private rice millers on behalf of the FCI.
- All the procured food grains form the

Why there is a problem of excess buffer stocks?

- **Oversupply of food grains** due to skewed cropping pattern. **Excess production** of food grains due to higher MSPs, additional bonuses offered on food crops by the states and no viable export outlets.
- **Lack of coordination** between FCI and Consumer Ministry which decides buffer norms.
- **Open ended procurement** i.e. procures all food grains supplied to it by farmers, state agencies etc.
- **No automatic liquidation rule:** Ideally, FCI should sell all grains above buffer stocks in open markets. But, there is no such rule and offtake happens only on the directive of the ministry.

Issues with India's food management system

- **Excess of buffer stocks:** Open ended grain procurement has increased food grain stockpiles beyond the needs of food security. E.g. By June 2019, FCI and state agencies stockpiled 76.1 million tonnes of staples (wheat and rice) against the requirement of 61 million tonnes.
- **Lack of storage:** Due to inadequate number of godowns for storage, a part of procured grains is maintained as outdoor stacks ('Cover-and-Plinth' system), which face high risk of rain damage and pilferage.
- **Food inflation:** More than 75% of the marketable surplus is procured by the Government. Such stocking of food grains which otherwise could have been sold in open markets adds to food inflation
- **Poor quality of food grains & high wastage:** Due to insect infestation, microbiological contamination, physiological changes due to sprouting and ripening etc., the shelf life of food grains remain poor. Lack of irradiation facilities also impedes long term storage.
- **High costs for government:** Fiscal load of procuring, carrying & maintaining excess stock is over ₹ 1 trillion and adds to the food subsidy bill.
- **Countercyclical procurement policy:** In drought years, when the production is low, Government increases MSP and stock uptake from farmers. This reduces the supply of grains in open market and pushes the prices high.
- **Marginalization of private trade:** Existing system of food grain management in India is **dominated by the Government**, right from production (as cropping pattern is influenced by MSPs) to stocking (FCI) and marketing (APMCs).
 - o Even in traditionally high producing states like Punjab and Haryana,

private trade been marginalized due to **open ended procurement** by FCI.

- o Further, **limitations on private stock holding** and **additional state levies** make private participation unviable.
- **Uncompetitive Exports:** Additional state levies make Indian exports uncompetitive in global markets. Moreover, reactionary policies like rising **minimum export price (MEP)** and putting **ceiling limits on exports to check food inflation** adversely affected India's exports in food grains.
- **Corruption:** According to Shanta Kumar Committee, **40-60% PDS food grains** are siphoned from FCI godowns to **black markets**. Many such scams, like Punjab Wheat Procurement Crisis 2016, have come into the light recently.
- **Economic Burden on FCI:** FCI incurs the cost of around ₹ 23 per kg for wheat, which then gets sold at ₹ 2/kg under the National Food Security Act. However, Ministry of Finance constantly underpays FCI to keep in check food subsidy numbers and as a result, it has to borrow money commercially leading to an extra interest burden (₹ 35,700 cr between 2011-16).

Way Forward

- There is a need to reorient crop production in favour of high value & export worthy products E.g. Paddy can be substituted in north-western non-rice consuming region of India with basmati, cotton, maize, soyabean etc which are in high demand domestically and abroad. Haryana has started incentivising farmers to sow alternative crops.
- Procurement as a means of price support can be replaced with price deficiency payment and direct income support to the farmers, as envisaged in PM-AASHA and PM-KISAN schemes.
- Excess buffer stocks can be allocated to poor over and above their monthly quota of 5 kg under National Food Security Act

(NFSA).

- Further, decentralization in procurement should be encouraged. **Decentralized Procurement Scheme (DCP)**, introduced to reduce transport cost and leakages, has been adopted by a very few states.
 - Under this scheme, the respective state governments themselves will procure food grains from farmers on the behalf of FCI and distribute them among poor beneficiaries.
- Lastly, FCI needs an organizational overhaul to make it more functionally efficient. Efficiency is even more important consideration to prevent ‘moral hazard’ as it is bound to operate under operational losses.

Restructuring FCI

To address the aforementioned issues in food management in India and restructure the role of Food Corporation of India, a High Level Committee was setup under **Shanta Kumar** in 2014. Its important recommendations include-

- **Procurement:** Downsize FCI by outsourcing many of its tasks to state govt., public sector bodies & private companies.
 - Grain procurement, especially in production surplus states like Punjab, Haryana, Andhra Pradesh, Chhatisgarh, MP etc, should be delegated to State Govt.
 - FCI should focus more on its price support operations in Eastern states like UP, Bihar, West Bengal, Assam etc. where majority of the farmers are small and marginal.
 - FCI should not procure more grains (beyond the quantity needed for PDS) from states offering additional bonuses.
 - On FCI procurements, State government levy commission between 2% to 15%. Uniform rate (~3-4%) should be fixed for entire India.
- **Procurement Payment Systems:**
 - Popularize **Negotiable Warehouse Receipts (NWRs)** system. Under this system, farmers can deposit their produce

to the FCI authorized warehouses, and can get advance from banks against their produce valued at MSP. This will bring back the private sector, reduce massively the costs of storage to the government, and be more compatible with a market economy.

- No need of physical procurement if market prices are less than the MSP. Farmers should be given the difference
 - the two, through DBT directly into their bank accounts.
- **Buffer stocks:** Only a stripped-down buffer stock of 10 million tonnes should be maintained and grains should be imported in case of dire need. The government can also buy **options/futures in commodity markets** to hedge future price risks.
- **Storage Reforms:**
 - Outsource grain-storage function to central warehousing corporation (CWC), state warehousing corporation (SWC), and private sector players.
 - **Private Entrepreneur Guarantee (PEG) Scheme** to construct godowns in PPP mode
 - **Grameen Bhandaran Yojana** to provide capital investment subsidy scheme to build and renovate rural godowns
 - Replace **"cover and plinth" godowns with "Silos"** with mechanized / robotic assemblies
- **Transport Reforms:**
 - Transport grains **in containers rather than gunny bags** to reduce losses and faster-turn-around time at railways and waterways.
 - Construct **silos at mandis**, and provide **rail connectivity** to them
 - **Perishable commodities** should be **transported in Reefer Vehicles** for refrigerated transport

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SOLAR MANUFACTURING IN INDIA

In The News

Recently, there has been a view among experts, that India needs a Solar Manufacturing Strategy, if it wants to achieve its ambitious Solar Program.

Background

- India has made significant progress in creating capacity for solar energy generation in the last few years. India expanded its solar generation capacity eight times from **2,650 MW** in 2014 to **28.18 GW** on March 31, 2019.
- The government had an initial target of 20 GW of solar capacity by 2022, which was achieved four years ahead of schedule. In 2015, the target was raised to 100 GW of solar capacity by 2022.
- Despite the new policy focus on solar plant installation, India is **still not a solar panel manufacturer. Issues in Solar Manufacturing in India**
- **Overdependence on low-cost imports-** India met 92.11 per cent requirement of its solar equipment through imports in 2017-18.
 - China is the largest supplier of solar equipment accounting for about 89 per cent of India's total imports of solar cells in 2017-18.
- **Lack of a manufacturing base** for Poly-silicon, Ingots/wafers, the upstream stages of solar PV manufacturing chain, which is a very energy intensive process. Most Indian companies are engaged in only module assembly or wafer manufacturing and module assembly.
- **Higher cost of production-** due to lack of integrated set up, economies of scale & modern technology.

Potential of Solar Manufacturing in India

- **Employment generation:** It has a potential to create 50,000 direct jobs and at least 125,000 indirect jobs in the next 5 years.
- **Reduction in imports:** Domestic solar

manufacturing can save USD 42 bn. in equipment imports by 2030, besides providing equipment supply security.

- **Domestic demand:** India's large demand (planned solar power growth) in the coming years is the perfect opportunity to build a domestic manufacturing base for equipment (panels and cells) and scale them up much like China did.
 - According to the Ministry of New and Renewable Energy (2018), India has an annual solar cell manufacturing capacity of about 3 GW while the **average annual demand is 20 GW.**
- **Expanding overseas market:** India has taken a lead in the **International Solar Alliance (ISA)**, which will help in the transfer of solar technologies across members.
 - India also sees this as an opportunity for the domestic solar industry to find inroads in some of the smaller and untapped markets like Africa and South America.

Issues in Solar Manufacturing in India

- **Overdependence on low-cost imports-** India met 92.11 per cent requirement of its solar equipment through imports in 2017-18.
 - China is the largest supplier of solar equipment accounting for about 89 per cent of India's total imports of solar cells in 2017-18.
- **Lack of a manufacturing base** for Poly-silicon, Ingots/wafers, the upstream stages of solar PV manufacturing chain, which is a very energy intensive process. Most Indian companies are engaged in only module assembly or wafer manufacturing and module assembly.

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- **Higher cost of production-** due to lack of integrated set up, economies of scale & modern technology.

1. Also, the domestic manufactures have to borrow at higher interest rates, compared to foreign manufacturers, pushing up their cost of production.
2. Thus, the price of solar equipment produced in the country is not competitive as compared to that of foreign manufacturers.

- **Government's attempts faced different challenges-**

- India's attempt to provide a leg-up to local manufacturers through **Domestic Content Requirement** was thwarted when World Trade Organisation overruled the local sourcing requirements on imports placed by the Government.
- In 2018, India imposed a **Safeguard Duty** on imported solar panels.
 - While imposition of this duty was aimed at incentivising domestic manufacturing, it led to an **increase in tariffs**, resulting in the cancellation of many solar auctions.
 - But, for Indian manufacturers, protection from the safeguard duty soon disappeared since Chinese panel manufacturers also reduced the module prices.

- **Other regulatory issues-** such as high cost of land/ electricity, low capacity utilization, and lack of skilled workforce. These along with the aforementioned issues have led to a poor response from industries.

Concept Note on Solar PV Manufacturing Scheme by Ministry of New and Renewable Energy

- To create end-to-end solar PV manufacturing capacity in India by way of building up manufacturing capacity of solar PV modules, cells, wafers/ ingots and polysilicon in India.
- To strengthen Make in India campaign, so as to reduce the dependency on foreign manufactures.
- To make domestic manufactures competitive with international manufactures.
- To ensure manufacture of quality solar PV equipment in the country.
- To insulate the domestic solar power industry from the vicissitudes of international market.
- To use this policy to create skilled jobs, and in domestic technology self-sufficiency.
- To convert India from a net importer country to a net exporter country and becoming a global player in solar manufacturing.

Steps taken by Government

- India's Manufacturing Policy recognizes solar manufacturing as an industry with '**strategic importance**'.
- One of the objectives of the **National Solar Mission** is "to create favourable conditions for solar manufacturing capacity, particularly solar thermal, for indigenous production and market leadership".
- In the **solar panel manufacturing sector**, the Indian government **allows 100% foreign investment** as equity and it qualifies for automatic approval.
- The government is also encouraging foreign investors to set up renewable energy-based power generation projects on build-own-operate basis.
- A 25 percent capital subsidy for solar manufacturing units is available under the '**Modified Special Incentives Package Scheme**' (M-SIPS).
- The Cabinet Committee on Economic

Affairs (CCEA) approved a **viability gap funding (VGF) scheme** worth ₹ 8,580 crore, which would enable government-owned companies to set up 12 GW of solar power plants over the next four years using the costlier, made-in-India modules.

Measures, which need to be taken

- **India needs a solar manufacturing strategy**, on the lines of the Automotive Mission Plan (2006-2016), which is credited with making India one of the largest manufacturers of automobiles in the world. A right policy framework with well-defined objectives will help India set up a robust PV manufacturing ecosystem.
- **Focus on large-scale public procurement-** The government can call out bids for solar power plants with the requirement that these be made fully in India. This will not violate any WTO commitment.
- **Cluster Approach-** Globally, manufacturing bases are being planned as integrated solar industrial clusters with strong Government support. A SEZ that focuses only on integrated module manufacturing could be planned to create a conducive environment.
- **Ideas which can be adopted from China-**
 - **Develop ‘Solar Champions’-** in a systematic manner through massive subsidies, low interest loans, grants and easy access to land and utilities.
 - **The Technology Top Runner Program-** which aims to achieve higher-efficiency solar products for 1.5 GW of next-generation PV technology. Through such targets, China is able to drive mass production of cells.

CIRCULAR ECONOMY

In The News

Recently at Circular Economy Symposium 2019, NITI Aayog CEO said that Circular Economy has the potential to generate 1.4 crore jobs in next 5-7 years.

What is Circular Economy?

- The circular economy is a model of production and consumption, which involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible. In this way, the life cycle of products is extended.
- This is a departure from the traditional, linear economic model, which is based on a take-make-consume-throw away pattern. It relies on large quantities of cheap, easily accessible materials and energy.

Need for a Circular Economy

- **Rise in consumerism:** The robust economic growth coupled with rising household incomes have resulted in increased consumer spending, which is expected to reach USD 4 trillion by 2025. The rise in consumerism has led to more frequent replacement of assets on account of increased spending power and economies of scale.
- **High resource demand:** Increased domestic resource extraction due to urbanisation exerts increasing pressure on natural resources such as land, forest, air and water. **At the current rate of growth of the economy, India's resource requirements are projected to be nearly 15 billion tonnes by 2030.** Therefore, an urgent need for **decoupling economic growth from resources**, which can be achieved through a circular economy approach.
- **Import dependence:** India's dependence on the international market for accessing critical resources like rare earth minerals etc. due to **shrinking reserves, technical constraints etc.**

- **Waste creation:** The traditional linear economy approach results in massive waste generation at all stages of a product life cycle right from resource extraction, processing, value addition, consumption to end of life stage.



Principles of circular economy

- The following ‘5R’ principles lie at the heart of achieving circularity in any product, process or service:
- **Reduce:** The emphasis is on achieving resource efficiency by prioritizing use of regenerative and restorative resources.
- **Reuse:** This encompasses two aspects – first is to reuse the useful parts / components of a product, wherever possible and second is to promote greater use of product-as-a-service through sharing platforms.
- **Recycle:** Focus is on creating a closed loop system to utilize discarded material as a source of secondary resource, through extensive recycling.
- **Re-manufacture:** To create new products by utilizing waste streams through cooperation and collaboration between multi-sector industries actors.
- **Repair/refurbish:** The aim is to preserve and extend the life of a product that is already made by designing for the future.

Benefits of a Circular Economy

- **Fewer Greenhouse Gas Emissions:** When it comes to reducing greenhouse gases, a circular economy can be helpful because it uses renewable energy that in the long run is less polluting than fossil fuels.
 - A circular economy development path could halve carbon dioxide emissions by 2030, relative to today's levels.
- **Fewer Negative Externalities** – Following the circular economy's principles, negative externalities such as land use, soil, and water and air pollution are better managed, as well as the emission of toxic substances and climate change.
- **Increased Potential for Economic Growth:** The increase in revenues from new circular activities, together with a cheaper production by getting products and materials more functional and easily disassembled and reused, has the power to increase GDP.
- **Employment Growth** – According to the ‘**World Economic Forum**’, the development of a circular economy model, can bring greater local employment in entry-level and semi-skilled jobs. New job will be created through increases in:
 - Recycling and repairing practices,
 - An increase in new businesses due to innovation processes and new business models
- **Volatility Reduction and Safeguarded Supplies:** More recycled inputs would be used, leaving companies less dependent on the volatility of the price of raw materials.

Electricity Mobility Mission Plan in consumption stage, and the various **Waste Management Rules** in disposal stage, if tweaked properly, can be the ideal for integrating circular economy into the fabric of the Indian economy.

- Ensuring the transition to circular economy call for **extensive collaborative** efforts between **key stakeholders**, including regulators, policy makers, corporates, and financial institutions would need to work to adopt circular business models.
- **Adequate financing** needed for realization of these newer opportunities through innovative financing instruments, such as **Green bonds, municipal bonds, SDG-aligned bonds.**

Barriers to the implementation of a Circular Economy Model

- **Economic Barriers:**
 - **Social and environmental externalities** are not considered in prices;
 - Prices of raw materials are fickle and at low prices alternative, good quality secondary resources are not competitive;
 - These models are **harder to develop**, as most investors are still working under a linear economy logic.
 - Lack of **qualified professionals** with technical or ICT knowledge.
- **Institutional Barriers:**
 - Many companies still have goals that **focus on short-term value** creation, whereas the circular economy model is a long-term value creation model.
 - The **GDP index doesn't consider social and environmental externalities**, discouraging the creation of value in both these areas.

Way Ahead

- **Need for Legislation** to promote the circular economy in the country. Several countries have recognised the centrality of the circularity as the new paradigm for sustainable development.
- Policies like **Zero Effect, Zero Defect in manufacturing stage, National**

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SMART CITIES MISSION

In The News

The number of projects completed under the Smart Cities Mission has witnessed quantum jump of 182% in last one year.

Background

- The Government of India launched the Smart Cities Mission (SCM) in 2015, to improve ease of living of citizens and create cities that are ahead of the curve in decision- making and problem solving.
- Although there is no universal definition of a Smart City, but broadly it can be described as an urban region that is highly advanced in terms of overall infrastructure, sustainable real estate, communications and market viability.
- Its focus is on sustainable and inclusive development and to set examples that can be replicated both within and outside the Smart City, thus catalysing the creation of similar Smart Cities in various regions and parts of the country.

Strategy of Smart Cities Mission

- The strategic components of Area-based development in the Smart Cities Mission are city improvement (**retrofitting**), city renewal (redevelopment) and city extension (**Greenfield development**) plus a **Pan-city initiative** in which Smart Solutions are applied covering larger parts of the city.
- The implementation of the Mission at the City level will be done by a **Special Purpose Vehicle (SPV)** created for the purpose.
- It will be operated as a **Centrally Sponsored Scheme (CSS)** and the Central Government proposes to give financial support to the Mission to the extent of Rs. 48,000 crores over five years i.e. on an average Rs. 100 crores per city per year. An equal amount, on a matching basis, will have to be contributed by the State/ULB.
- Every Smart City will have a **Smart City**

Centre (SCC) (i.e. Integrated Command and Control Centre). The SCC functions as a city's nervous system where digital technologies are integrated with social, physical, and environmental aspects of the city, to enable centralised monitoring and decision making.

- In the **SCC architecture**, Internet of Things (IoT) devices such as sensors, GPS equipments and cameras located at the front-end (trash bins, vehicles, streets, poles etc.) collect and transmit data through a communication network to a central facility. Applications then convert the data and information received into insights, which further facilitates a decision support system.

Success Stories in Smart Cities Mission

- **Rajkot**- the crime rate has reduced by 18% over the past two quarters and there is an improvement in traffic challans issuance, indicating behavioural change. Monitoring of cleaning work through CCTV camera has led to reduction in instances of littering, urination in public, and nighttime burning of garbage.
- **Pune**- has installed flood sensors at key points around the city, which feed data to the SCC, enabling timely warning and response mechanism. Emergency callboxes have been installed at 120 locations to contact the nearest police station with just the press of a button.
- **Ahmedabad**- free Wi-Fi on BRTS corridors has increased ridership by 20,000 in March 2018, compared to Feb 2018.
- **Bhopal** has seen a rise in its property tax collections and is also able to track its transport services online.

Achievements of the Mission

- **Completion of Projects**- The number of projects completed has seen a quantum jump of 182% over the last one year. The projects completed have jumped from 318 in June 2018 to 897 in June 2019.

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- Establishment of Smart City Centres (SCC)- has already been done in 10 cities such as Ahmedabad, Vadodara, Surat, Pune, Nagpur etc. Various success stories have come up (refer the box).
- Improvement in urban landscape- Impact of SCCs is being felt, especially in five areas such as enhanced quality of services, safety and resilience, inclusiveness in city operations, faster emergency response management, and environmental sustainability.
- Boost to the start up industry- it has provided a fillip to the entrepreneurial spirit of urban residents, thereby increasing employment.

constitute only 15% of the funding.

- **Recentralisation of Power-** There has been increasing role of the Special Purpose Vehicles (SPV) in the cities, which have encroached the functions of the Urban Local Bodies. Also there is lack of clarity about relationship and hierarchy between the SPV and the municipality.

Way Forward

- The efficacy of SCCs will improve with the integration of more and more services. The aim of the mission should be convergence with other city projects and breaking through the silos of various government departments.
- An enabling environment including governance frameworks, policy protocols, capacities of urban local bodies, and the nature of citizen-government engagement needs to be developed to further improve the urban space.

Challenges in the Mission

- **Inadequate private participation-** At the outset, Smart City Mission had set a target of financing 21% of the total mission cost through private participation. So far, only 15% of the projects under implementation are under public-private partnership (PPP) mode.
- **Sources of funding are not clear-** While the top 60 cities have reported all their projects and the costs of most projects are stated in the project proposals (94%), but only 17 cities could identify the sources of finance at the level of each project.
- **Increasing inequality-** The mission has focused on the Area Based Development (ABD) model, where it indirectly incentivizes cities to focus the bulk of their funding on a small portion of the city. Thus, the ABD projects of 99 cities are found to be covering mere 7% of the total area and 80% of the total budget. Such approach creates inequality in and among cities.
- **Increasing focus on limited sectors of the Smart City-** such as 5 development categories of Transportation, Energy and Ecology, Water and Sanitation, Housing and Economy constitute almost 80% of the SCM budget. Other categories of IT, Governance, Culture and Heritage, and Health and Education

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CROSS BORDER LINKAGE IN NORTHEAST INSURGENCY

In The News

The armies of India and Myanmar carried out a coordinated operation called Operation Sunrise 2 in their respective border areas, targeting several militant groups operating in Manipur, Nagaland and Assam.

About Operation Sunrise 2

- The armies coordinated with each other to bust camps of militant outfits, including the Kamtapur Liberation Organisation, the National Socialist Council of Nagaland (Khaplang), the United Liberation Front of Assam (I) and the National Democratic Front of Boroland.
- The first phase of “Operation Sunrise” was conducted in February 2019 along the Indo-Myanmar border, during which a number of camps of north-east-based militant groups were busted.



Background

- 90% of the North-East is contiguous with the international border, which allows terror outfits to get sanctuaries in Bhutan, Myanmar, Bangladesh and even China and Nepal.
- The insurgent groups started developing their international linkages immediately after the independence in 1947.
- India's 5,800-km long land border with Myanmar and Bangladesh extends across Assam, Tripura, Mizoram, Meghalaya,

West Bengal, Nagaland, Manipur and Arunachal Pradesh. All these States have faced, or continue to face, trans-border terrorist and separatist challenges.

Reasons for cross border insurgency

- **Safe Havens:** The shelter and support that the Indian insurgent groups receive from across the border have been one of the most important factors which has helped them in sustaining their rebellion.
- **Economic support:** The Golden Triangle (comprising Myanmar, Laos and Thailand) has provided an economic boom for the insurgent groups to sustain themselves.
- **Availability of weapons:** Easy availability of small arms in neighboring countries like Bangladesh and Myanmar has been another factor behind the sustenance of insurgency in the region.
- **Ethnic affinity:** Many ethnic groups in the region, especially in the areas bordering the international boundaries, have more in common with the population living across the boundary than with their own nationals.
- **Border issues in North east**
 - **Terrain of Border:** Difficult terrain along border with different countries in north east make means of transportation and communication difficult and as a result, the border area remains sparsely populated with depressed economic development.
 - **High mountains, deep river channels** together with lush forest characterize the borderland with Myanmar.
 - **Inaccessible forested areas** along the Assam–Bhutan border continue to serve as temporary bases and safe havens for the insurgent groups.
 - **River line borders in**

Bangladesh tend to change course periodically, leading to a host of disputes associated with the difficulties in establishing ownership of the newly created territories.

- **Boundary issue:** Even though the international boundary between countries like India and Myanmar had been formally delimited and demarcated following the boundary agreement in March, 1967, the boundary has not crystallised on the ground as lines separating two sovereign countries.
- **Free movement regime:** India-Myanmar border has a unique arrangement in place called the Free Movement Regime (FMR). The FMR permits the tribes residing along the border to travel 16-km across the boundary without visa restrictions.

cooperation with these countries which will lead to a better understanding of benefits of peace in North-East India.

- **Effective Border Management** through ‘smart borders’ which ensure quick and easy, legal flow of people and goods, while maintaining a steady momentum in the process of improvement of infrastructure and other facilities at checkpoints.
- **Joint Training and operations:** Exercises like “Hand in hand” with China, “Operation Sampriti” between India and Bangladesh etc. can help to combat terrorism.
 - ‘Operation All Clear’ by Bhutan was a landmark operation which was conducted against Assam separatist insurgent groups in the southern regions of Bhutan. These type of joint operations can help fight insurgency in north east.

Way Forward

- **Sensitization of people:** The border community should be sensitised to participate in the nation building project through sustained community interaction programmes.
 - Increase cultural exchanges, tourism and people-to-people contact, including provision of job permits and work visas, for the South Asian countries.
- **Cooperation with neighboring countries:** International borders are best managed when neighbours cooperate to secure their mutual borders. For such cooperation to materialise, political and diplomatic initiatives are required to be carefully crafted.
- **Strengthening of Regional Forums:** Regional groupings like SAARC, BIMSTEC, BCIM can help in enhancing economic and security

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STRATEGIC PARTNERSHIP POLICY

In The News

The Government of India has started acquisition of defense infrastructure under the newly adopted Strategic Partnership Policy.

Proposed projects to be undertaken under this model

- 111 Naval Utility Helicopters (NUH)
- 6 P-75 (I) submarines

About Strategic Partnership Policy

- It intends to promote Indian private sector participation in defence manufacturing.
- It was approved by Defence Acquisition Council (DAC) in 2017 and placed in the Defence Procurement Procedure (DPP) – 2016 titled as ‘Revitalising Defence Industrial Ecosystem through Strategic Partnerships’.
- The concept of this model was first suggested by the Dhirendra Singh Committee.
- The partnership model broadly involves creating two separate pools of Indian private companies and foreign Original Equipment Manufacturer (OEMs).
- The policy aims to promote Joint ventures between indigenous private sector and global defence majors.
- These few Indian private companies will be designated as Strategic Partners (SP) that would assume the role of system integrators and also lay a strong defence industrial foundation. The Government will co-opt them for ‘Buy and Make’ and Government-to-Government procurement programmes.
- The selected SPs by the Defence Ministry will tie up with foreign original equipment manufacturer (OEM) to build weapon platforms in India under four segments — **fighter aircraft, helicopter, submarine and armoured fighting vehicles or main battle tanks.**
- The government aims to achieve a turnover of Rs 1,70,000 crore in military goods and services by 2025.

Significance of Strategic Partnership Model

- It will **boost self-reliance** by encouraging indigenous defence industry and aligning the defence sector with the ‘Make in India’ initiative leading to reduction in dependence on imports.
- Help **enhance competition, increase efficiencies**, facilitate faster and more significant absorption of technology
- **Create a tiered industrial ecosystem**, ensure development of a wider skill base, trigger innovation and enable participation in global value chains as well as promote exports.
- Can **bridge the long-standing trust gap** between the Indian private sector and Ministry of Defence.
- **Streamlining procurement** as dependence on foreign players causes delay in procurements and at times substandard quality is provided by them, there are issues regarding getting the spare parts too.

REPORT ON BLACK MONEY

In The News

Recently, the Standing Committee on Finance has submitted a report titled, ‘Status of Unaccounted Income/Wealth Both Inside and Outside The Country - A Critical Analysis’.

Background

- Although there is no uniform definition of unaccounted income or black money, but on a general basis it can be said it is the income from those economic activities that circumvent or otherwise avoid government regulation and taxation.
- It includes all illegal economic activities as well as the income from legal economic activities where the tax is evaded.
- There has been widespread discussions and debate over the existence of unaccounted income, its estimates, reasons and steps, which need to be taken to tackle this menace.
- According to the Standing Committee’s report, the sectors that see the highest incidence of black money include real estate, mining, pharmaceuticals, pan masala, the gutkha and tobacco industry, bullion and commodity markets, the film industry, and educational institutes and professionals.
- The committee has submitted this preliminary report, as it is yet to examine all the aspects and stakeholders related to this matter.

Need for the Estimation of Unaccounted/Black Income

- The unaccounted economy reduces the size of potential state revenue. The result can be a vicious circle of an increase in the budget deficits or tax rates, additional growth of the shadow economy, and may impact social welfare in general.
- To formulate effective monetary, labor and fiscal policy, it is crucial to know the level of precision in the estimates of key statistics of the economy, such as, output, price-level and unemployment. Thus, it is

crucial to supplement official national accounts statistics with estimates of unaccounted economic activity.

- Some unaccounted economy activities, i.e., illicit trade in narcotics and arms trading, are hurtful not only for economy, but also hazardous for society.

Steps taken to tackle the menace of Unaccounted/Black Income Legislative mechanisms:

1. Legislative Mechanisms

- Enactment of Central & various state Good & Service Taxes Act
- Enactment of the Black Money (Undisclosed Foreign Income and assets) and Imposition of Tax Act, 2015
- Comprehensive amendment of the Prohibition of Benami Property Transactions Act, 1988
- Fugitive Economic Offenders Act, 2018
- Section 10(38) of the Income Tax Act has been amended to prevent the misuse of exemption by certain persons for declaring their unaccounted income as exempt long term capital gains by entering into sham transactions
- In order to check creation of shell companies which are incorporated outside but controlled from India, the concept of ‘Place of Effective Management’ (POEM) for determination of residence of a company incorporated in a foreign jurisdiction, has been introduced in the Finance Act, 2016

Why is it difficult to measure Black Money?

- As the report also notes, neither are there reliable estimates of black money generation or accumulation and nor is there an accurate well-accepted methodology to make such an estimation.
- The estimates of the black money in the system provided by the Standing Committee **vary from 7% of GDP to 120% of GDP**, highlighting the wide variance in the methods of estimation.

bureaucratic leadership along with other prominent players from private sector and civil society, is crucial.

2. Administrative mechanisms and Systems improvement

- Expanding the ambit of TDS (tax deducted at source) provisions to track more transaction.
- General Anti Avoidance Rules (GAAR) have been implemented with a view to tackling aggressive tax planning with the use of complicated structures
- Various measures taken to reduce cash transactions.

3. International Cooperative mechanisms

- With a view to facilitate and enhance exchange of information under the Tax Treaties, India is pro-actively engaging with the foreign Governments and has signed Tax Treaty framework with 146 foreign jurisdictions. E.g. Foreign Account Tax Compliance Act with the US.
- The Government of India has also joined the Multilateral Competent Authority Agreement (MCAA) for Automatic Exchange of Information as per Common Reporting Standards (CRS).
- India has amended its Double Taxation Avoidance Agreements with Mauritius and Singapore, to enable measures concerning prevention of tax evasion and tax avoidance.

4. Judicial Efforts

- On the directions of the Supreme Court, the government in May 2014 constituted the Special Investigation Team (SIT) on black money. The SIT has so far submitted seven reports to Hon'ble Supreme Court.

Way Forward

Apart from all these measures, the **standard of morality** must be increased in the public domain. Here the role of, political and

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GM COTTON

In The News

Recently, Genetic Engineering Appraisal Committee (GEAC) asked Maharashtra Government to initiate action to stop cultivation of illegal Herbicide-Tolerant variety of Bt Cotton (Ht-bt cotton).

Background

- At least 700 million people in India depend, directly or indirectly, on agriculture for a livelihood. However, due to frequent droughts, bumper crops and unremunerative prices, farmers across states are embracing illegal genetically modified (GM) crops from Bt brinjal to herbicide tolerant (HT) cotton for increasing crop productivity.
- According to South Asia Biotechnology Centre (SABC), illegal HT hybrid market had increased to Rs 472 crore in the kharif season with around 35 lakh HT hybrid seeds sold and cultivation spread over 8.5 lakh hectares.
- Many Farmers in Maharashtra started ‘civil disobedience’ movement to protest central government’s indecisiveness in approving the next generation of Genetically Modified (GM) cotton by sowing the seeds of the illegal Ht-Bt cotton.
- Legally, sale, storage, transportation and usage of unapproved GM seeds is a punishable offence under the Rules of Environmental Protection Act 1989. Also, sale of unapproved seeds can attract action under the Seed Act of 1966 and the Cotton Act of 1957.

About Genetic Engineering Appraisal Committee (GEAC)

- GEAC established under Ministry of Environment, Forest and Climate Change (MoEFCC) is the apex body for approval of activities involving large scale use of hazardous microorganisms and recombinants in research and industrial production from the environmental angle.

Ht-bt cotton

- Currently, only GM cotton permitted to be grown in India are hybrids/varieties that contain ‘cry1Ac’ and ‘cry2Ab’ genes, isolated from the soil bacterium **Bacillus thuringiensis (Bt)** and coding for proteins **toxic to bollworm insect** pests.
- **Ht-Bt Cotton/ BG Cotton – III**, involves the addition of another gene, ‘**Cp4-Epsps**’ from another soil bacterium, **Agrobacterium tumefaciens**.
- Ht-Bt cotton can tolerate Glyphosate, a herbicide variety, whose action **kill only the weeds (Pink Bollworm)**, not the crop.
- In India, Glyphosate is registered for use on tea and non-crop area.

Arguments of farmers in favour of GM crop and their protest

- Resistance by Pest: Pink bollworm, the pest has grown resistant to the toxins produced by the Bt- cotton crop. As a result, farmers spend more on pesticides to control infestations. This, along with the high cost of Bt seeds, is driving farmers to indigence.
- To Improve Economic Condition: Many farmers are very satisfied with the Ht-Bt cotton technology which is less labour-intensive and hence is cost-beneficial.
- Improved yields: Farmers claim that the HtBt variety can withstand the spray of glyphosate, a herbicide that is used to remove weeds, substantially improving the yield.
- Global acceptance: Canada and the US allowed GM crops to be grown commercially in 1996 and several other countries have followed suit in the subsequent years.
- GM oil imported: India imports thousands of tons of GM edible oil (and other GM food items) every year with no evidence of

health effects or deaths due to genetic alterations.

Concern with GM Varieties

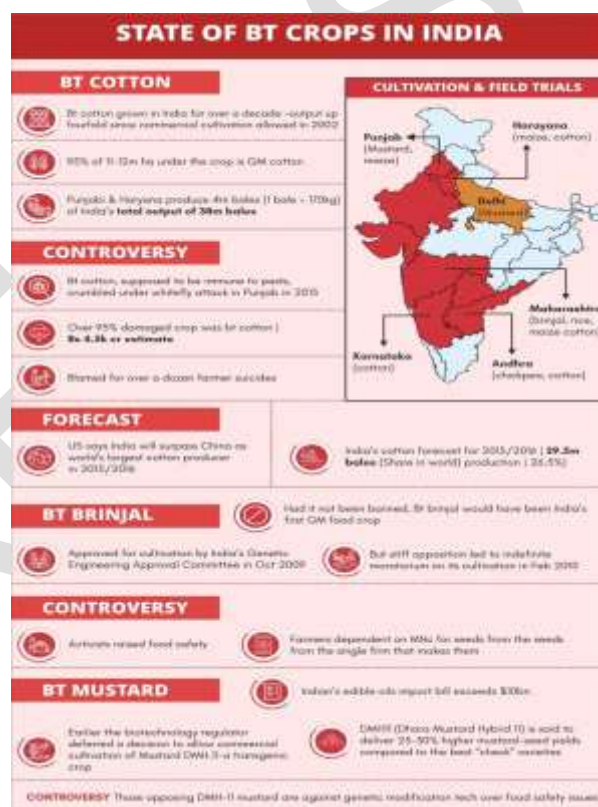
- **Unsafe for Consumption:** Genetic changes made in a plant can make it unsafe for consumption, have adverse impacts on human or animal health, or introduce problems in the soil or neighbouring crops.
- **Pesticide Poisoning:** In the Maharashtra, 60 labourers and farmers died due to inhalation of pesticides, which were attributed to HT seeds.
 - Indiscriminate usage of glyphosate can cause health hazards to humans and cattle, apart from affecting the yield of cotton.
- **Intergenerational Impact:** According to GM expert opponent, some traits of genes start expressing themselves only after several generations, and thus one can never be sure about their safety.
- **Monopolising Market:** Introduction of Ht variety of seed is a method by which large seed-producing companies attempt to monopolise the markets. GM seeds contain ‘terminator technology’ meaning they have been genetically modified so that resulting crops do not produce viable seeds of their own.

Way Forward

- **Focus on GM technology:** National policy on GM crops to define the exact areas where GM is required by the country and where the government will encourage public and private investment in GM technology.
- The ministry should examine the impact of GM crops on environment thoroughly and no genetically modified (GM) crop should be introduced in India unless the biosafety and socio-economic desirability is evaluated in a “transparent” process and an accountability regime is put in place.
- **Grievance redressal of all stakeholders:** All the grievances of farmers and the public must be resolved before allowing GM mustard by putting the safety

documents online and addressing the concerns in all comments received.

- **Legal measure:** There should be a liability clause, that is, if something goes wrong the liability should be fixed statutorily like in case of US law, liability is huge in case the GM tech affects the regular varieties of crops. It will ensure that case of non-accountability, in case of pink bollworm pest attack on BT cotton, does not repeat itself in case of other GM crops.



FOREST LAND RESTORATION

In The News

- Reiterating its commitment to fight desertification, India has launched a pilot project to restore degraded forest landscapes in five states to enhance the capacity on forest landscape restoration (FLR).
- The announcement came in the wake of the 14th session of the Conference of the Parties (COP 14) of UNCCD to be hosted by India, in 2019. India will take-over the COP presidency from China for two years until the next COP is hosted in 2021.
- The project will be implemented by National Afforestation and Eco-Development Board (NAEB) in partnership with the International Union for Conservation of Nature (IUCN).
- In the first phase, the pilot will be conducted in Haryana, Madhya Pradesh, Maharashtra, Nagaland and Karnataka.

Significance of the FLR Pilot project:

- **Furthering India's environmental commitment** as according to Nationally Determined Contributions (NDCs), submitted under the UNFCCC, India has pledged to create an additional carbon sink of 2.5-3 billion tonnes of CO₂ equivalent through additional forest and tree cover by 2030.
- **Commitment to Bonn Challenge pledge:** At the UNFCCC's CoP 2015 in Paris, the government of India made a **Bonn Challenge pledge**, (a global effort to bring 150 million hectares of world's deforested and degraded land into restoration by 2020 and 350 million hectares by 2030)
- **Under this, India** will bring into restoration 13 million hectares of degraded and deforested land by 2020 and additional eight million hectares by 2030- **one of the highest targets** among all Asian countries.

enhancing human well-being across deforested or degraded forest landscapes which involves restoring a whole landscape.

- FLR manifests through different processes such as: new tree plantings, managed natural regeneration, agroforestry, or improved land management to accommodate a mosaic of land uses, including agriculture, protected wildlife reserves, managed plantations, riverside plantings and more.
- **Guiding principles**
 - **Focus on landscapes** – FLR is more than just planting trees. It takes place within and across entire landscapes, not individual sites, representing mosaics of interacting land uses and management practices.
 - **Maintain and enhance natural ecosystems within landscapes** – FLR enhances the conservation, recovery, and sustainable management of forests and other ecosystems.
 - **Tailor to the local context using a variety of approaches** – FLR uses a variety of approaches that draws on latest science and best practice, and traditional and indigenous knowledge, and applies that information in the context of local capacities and existing or new governance structures.
 - **Restore multiple functions for multiple benefits** – FLR interventions aim to restore multiple ecological, social and economic functions across a landscape and generate a range of ecosystem goods and services.
 - **Manage adaptively for long-term resilience** – FLR seeks to enhance the resilience of the

About Forest landscape restoration (FLR)

- It is an ongoing process of regaining ecological functionality and

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landscape and its stakeholders over the medium and long-term which enhance species and genetic diversity

- **Engage stakeholders and support participatory governance** – FLR actively engages stakeholders at different scales, including vulnerable groups, in planning and decision-making.

Land Degradation: A brief overview

- According to the **United Nations Convention to Combat Desertification**, land degradation is the “reduction or loss of biological or economic productivity resulting from land uses or from a process or combination of processes, including human activities.”
- A study by **The Energy and Resources Institute (TERI)** estimated that the economic losses from land degradation and change of land use in 2014-'15 stood at 2.54% of India's GDP.
- **State of India's Environment 2019** shows that 30% of India's total geographical area being affected by land degradation. 82% of these degraded lands lies in just nine states: Rajasthan, Maharashtra, Gujarat, Jammu & Kashmir, Karnataka, Jharkhand, Odisha, Madhya Pradesh and Telangana.
 - It shows 1.87 million hectares of land in the country faced process of desertification between 2003-13 period.
 - Water erosion alone was responsible for nearly 11% of total desertification in the country followed by vegetation degradation (nearly 9%).

United Nations Convention to Combat Desertification

- Established in 1994, the convention is the **sole legally binding international agreement** linking environment and development to sustainable land management and to address the problem of desertification.
- It is one of the three Rio conventions (1992) adopted by United Nations, along with **UNFCCC and Convention on Biological Diversity**.
- **10-Year Strategy of the UNCCD (2008-2018)** was adopted in 2007 to forge a global partnership to reverse and prevent desertification/land degradation and to mitigate the effects of drought in affected areas.
- **Publication: Global land outlook**

OZONE POLLUTION

In The New

Recently, Delhi recorded an ozone pollution which is 1.22 times higher than the eight-hour average standard for ozone exposure that is 100 ug/cu m.

About Ozone Pollution

Ozone is not directly emitted from any source. It is a secondary pollutant which gets formed when emissions from vehicles, industry or power plants — nitrogen oxide and volatile organic compounds — react in the air under the influence of sunlight and temperature. It is also the third most important greenhouse gas after carbon dioxide and methane. Generally, ozone is classified into two types:

- **Good ozone:** Found in stratosphere, it protects the Earth's surface from dangerous ultraviolet light.
- **Bad Ozone:** Found in the troposphere (also known as ground level ozone), it is man-made. The released nitrogen oxide (NO_x), carbon monoxide (CO) and volatile organic compounds (VOC), (NO_x, CO, and VOCs are known as ozone precursors) combine chemically with oxygen to form ozone during sunny days.
 - During high-temperature conditions of late spring, summer and early fall, high levels of ozone are usually formed in the heat of the afternoon and early evening, dissipating during the cooler nights.
 - The ground-level ozone and PM 2.5 play the most significant role in formation of smog.

Effects

- **On health:** Irritation to skin and the respiratory system, higher rates of pulmonary disease.
- **On environment:** When sufficient ozone enters the leaves of a sensitive plant, it can reduce photosynthesis and slow the plant growth.
 - Ground level ozone can damage ecosystems and contribute to

degradation of forests and their important services: these include provision of clean air and groundwater, timber for construction and energy, protection against natural hazards and of biodiversity.

International Initiatives

- **Gothenburg Protocol:** It aims to abate Acidification, Eutrophication and **Ground-level Ozone** and is part of the **Convention on Long-Range Transboundary Air Pollution.**

Government Efforts

- Ozone has been classified and monitored as one of the eight pollutants under **National Air Quality index.**
- **System of Air Quality and Weather Forecasting (SAFAR):** ozone is monitored as one of the pollutants.
- Environmental Pollution (Prevention and Control) Authority enforce **Graded Response Action Plan (GRAP) for Delhi** and the NCR region, which comprises the graded measures for each source framed according to the Air Quality Index categories.

SUSTAINABLE LIVLIHOOD & ADAPTATION TO CLIMATE CHANGE

In The News

National Institute of Rural Development and Panchayati Raj (NIRDPR) has launched a training programme- a certificate course for Sustainable Livelihoods and Adaptation to Climate Change (SLACC).

About the SLACC

- SLACC is funded by the **Special Climate Change Fund**, which was set up **under the UNFCC** for adaptation and capacity building projects.
- It is being implemented in convergence with the Mahila Kisan Sashaktikaran Pariyojana, Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and other Centrally-sponsored schemes.
- The objective of SLACC is to create a cadre of over 200 certified ‘climate-smart’ Community Resource Persons (CRPs) including progressive farmers and over 100 young professionals in villages to secure their livelihood through climate-proof planning and adaptations.

NIRDPR

- It functions as an autonomous organisation **supported by** the Ministry of Rural Development.
- It is the apex body for undertaking training, research, and action research and consultancy assignments in the rural development sector in India.

Mahila Kisan Sashaktikaran Pariyojana

- It is a sub component of the Deendayal Antodaya Yojana- NRLM (DAY-NRLM)
- It seeks to improve the present status of women in Agriculture, and to enhance the opportunities available to empower her.

CORPORATE AVERAGE FUEL EFFICIENCY /ECONOMY REGULATION

In The News

Corporate Average Fuel Efficiency/Economy (CAFE) Regulation to curb the vehicular pollution has become a concern amongst automobiles industry.

to electric or strong hybrid vehicles over the medium to long-term to comply with the norms.

What is CAFE regulation?

- It aims at lowering fuel consumption (or improving fuel efficiency) of vehicles by lowering carbon dioxide (CO₂) emissions.
- Corporate Average refers to sales-volume weighted average for every auto manufacturer. The norms are applicable for petrol, diesel, LPG and CNG passenger vehicles.
- In India, CAFE regulations come into force into 2017, under which, average corporate CO₂ emission from vehicle must be less than 130 gm per km till 2022 and below 113 gm per km thereafter.
- CAFE norms require cars to be 30% or more fuel efficient from 2022 and 10% or more between 2017 and 2021.
- The mileage improvement will be decided on the basis of litres of fuel consumed by a vehicle to run 100km. The move is targeted at reducing the carbon footprint of the automobile industry.

Significance

- **Curb Air Pollution:** Increasing number of vehicles on road is worsening the air quality in many cities. Upgrading to stricter fuel standards is one way to tackle air pollution.
- **Fuel Saving:** Primary aim of the CAFE is to increase the efficiency of vehicle on how far it must travel on a particular quantity of fuel. Thus, it has direct impact on fuel saving in an economy.
- **Structural shift:** Stricter CAFE targets can also lead to manufacturers moving

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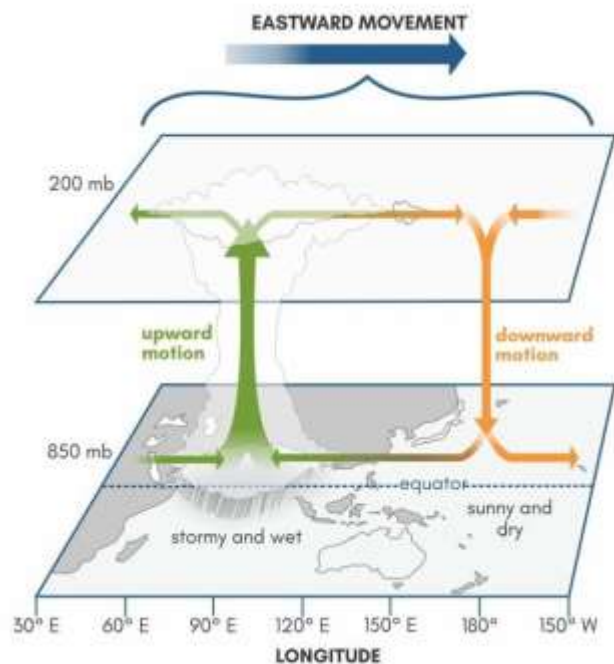
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DELAY IN MONSOON

In The News

The monsoon made a delayed onset over the Kerala coast on 8 June (1 week delay) and had been advancing at a sluggish pace over the mainland.



Atmospheric circulations affecting Monsoon:

• El Nino/La Nina:

- El Nino is the **abnormal warming of sea surface temperature (SST)** of the Pacific Ocean off the coast of Peru in South America, while La Nina is the opposite, an abnormal cooling of SST.
- While El Nino leads to **deficit rainfall**, La Nina brings an **above-average monsoon**.

• Madden-Julian Oscillation

- The **location and strength of the Madden-Julian Oscillation (MJO)** wave play an important role in the development of monsoon over India.
- It can **modulate the timing and strength of monsoons**, influence

tropical cyclone numbers and strength in nearly all ocean basins and result in jet stream changes that can lead to cold air outbreaks, extreme heat events, and flooding rains over the United States and North America.

• Indian Ocean Dipole (IOD)

- It is also referred to as the Indian Niño, is a condition when the **SST of the western region of Indian Ocean alternately becomes abnormally colder and then abnormally hotter than the eastern region**.
- The Indian Niño can **neutralise or worsen the impact of El Niño/La Niña** depending on which phase it is in.
- A **‘positive’ IOD phase**, which means higher-than-usual temperatures in the western Indian Ocean, **brings more rain** to India than the ‘neutral’ or ‘negative’ (cooling) phase.

• Cyclonic formations

- Cyclones are sustained by **very strong low-pressure areas at their core**. Winds in surrounding areas are forced to rush towards these low-pressure areas.
- **Similar low-pressure areas**, when they develop near or over land, are instrumental in pulling the **monsoon winds over the country as well**.
- The low-pressure area at the centre of the **cyclone is far more powerful than any local system that can pull the monsoon winds moving northeast**.
- The **cyclones that develop in the Arabian Sea impact the monsoon more** than those in the Bay of Bengal because the monsoon winds enter the Indian Peninsula from the western coast along the Arabian Sea.

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• Jet Streams

- Currents of strong winds blowing west to east about five to seven miles above the surface of the earth, **jet streams cause changes in wind and pressure in the atmosphere**, pushing air mass around and affecting the world's weather.
- It is believed that there is a direct connection between the movement of subtropical jet streams and the Indian monsoon.

Due to all these factors getting the forecast right for monsoon remains a challenge and still poorly understood.

Madden-Julian Oscillation (MJO)

- The MJO wave is a global band of **low-pressure area moving periodically from West to East** and determines the initiation and intensity of low-pressure areas/depressions/cyclones and also oversees monsoon onsets under its footprint.
- It is disturbance of clouds, rainfall, winds, and pressure that traverses the planet **in the tropics (between 30° N and 30°S)** and returns **to its initial starting point in 30 to 60 days**, on average.
- There can be multiple MJO events within a season, and so the MJO is best described as **intra-seasonal tropical climate variability** (i.e. varies on a week-to-week basis).
- MJO **influences the ENSO cycle**. It does not cause El Nino or La Nina, but can **contribute to the speed of development and intensity of El Nino and La Nina episodes**.
- The MJO consists of two parts, or phases:
 - One is the **enhanced rainfall (or convective) phase** and the other is the **suppressed rainfall phase**.
 - In the **enhanced convective phase**, winds at the surface

converge, and air is pushed up throughout the atmosphere. At the top of the atmosphere, the winds reverse (i.e., diverge). Such rising air motion in the atmosphere tends to **increase condensation and rainfall**.

- In the **suppressed convective phase**, winds converge at the top of the atmosphere, forcing air to sink and, later, to diverge at the surface. As air sinks from high altitudes, it warms and dries, which **suppresses rainfall**.

- When **MJO is over the Indian Ocean** during the Monsoon season, it generally brings **good rainfall over the Indian subcontinent**. On the other hand, when it witnesses a **longer cycle and stays over the Pacific Ocean**, MJO brings **bad news for the Indian Monsoon**.

Factors which Affected Delay in Monsoon:

- In month of June, MJO was in suppressed phase over Indian Ocean due to which the cloudiness quotient and rainfall activity over India have diminished.

Impact of Cyclonic formations

- The **cyclonic storm Vayu** that formed over the Arabian Sea impacted the advancement of monsoon into many parts of India.
- It interfered with normal progression, by sucking all the moisture from the monsoon winds towards itself.
- This phenomenon of delayed monsoon due to the emergence of cyclonic system was also seen **in 2015 when Cyclone Ashobaa had delayed the monsoon**.

Impact of warming waters

- According to US agency, unusually warm waters in the Arabian Sea have set up a rare band of easterly winds over the Indian Ocean, which has significantly delayed the monsoon onset over the Kerala coast.
- Unfavourable cross-equatorial flow over the Arabian Sea that aids in the progress of the monsoon is also the other reasons for its delay.

Models of monsoons prediction

- Until about the 2010, the only method employed by the India Meteorological Department (IMD) to forecast the monsoon was statistical models.
 - These essentially involved identifying climate parameters linked to the performance of the monsoon — for instance, the sea surface temperature gradient between North Atlantic and North Pacific, the volume of warm water in the equatorial Pacific, the Eurasian snow cover.
 - This has, however, proved wrong and the IMD missed its mark on forecasting major droughts and rain- deficits — particularly 2002, 2004 and 2006.
- **Around 2015** IMD started testing a dynamical system. This simulates the weather at a chosen set of locations on a given day — the land and ocean temperature, moisture, windspeeds at various heights, etc — **and powerful computers calculate how these weather variables will change over days, weeks, months by solving physics equations** that show how each of these weather variables is related to each other.
 - IMD uses a new Ensemble Prediction Systems (EPS) to provide probabilistic weather forecasts up to the next 10 days.
 - Rather than long-range forecasts that only give a broad tenuous picture of the likely performance of the monsoon, these **shorter forecasts are far more reliable and help farmers make decisions about sowing.**

KALESHWARAM LIFT IRRIGATION PROJECT

In The News

- The Kaleshwaram Lift Irrigation project was inaugurated recently in Jayashankar Bhupalpally district of Telangana
- Kaleshwaram Lift Irrigation (KLIP) Project will be world's largest multi-stage, multi- purpose lift irrigation (Earlier the Colorado lift scheme in America and the Great Manmade River in Egypt were the largest).
- It is being built across Godavari river.
- It will harness water at the confluence of two rivers with Godavari by constructing a barrage at Medigadda in Jayshankar Bhoopalpally district.
- It will divert water through lifts and pumps into a huge and complex system of reservoirs, water tunnels, pipelines and canals. It also includes longest irrigation tunnel in the world.
- The project had to be built at such a size and scale because while the Godavari flows at 100 metres below Mean Sea Level, Telangana is located at 300 to 650 metres above MSL.
- By the time the water reaches Kondapochamma Sagar, the last reservoir in the system, the Godavari water would have been lifted to a height of 618 metres from its source at Medigadda.
- It is designed to irrigate 45 lakh acres for two crops in a year, meet the drinking water requirement of 70% of the state and also cater to the needs of the industry.
- The Telangana government had entered into a water sharing agreement with the Maharashtra which paved the way for the construction of Kaleshwaram project.

Lift Irrigation

- Lift irrigation is a method of irrigation in which water **instead of being transported by natural flow** (as in gravity-fed canal systems) **requires external energy** through animal, fuel based or electric power using pumps or other mechanical means.
- Lift irrigation schemes must accomplish two main tasks:
 - first, to carry water by means of pumps from the water source to the main delivery chamber, which is situated at the top most point in the command area.
 - Second, they must distribute this water to the field of the beneficiary farmers by means of a suitable and proper distribution system.
- The advantage of lift irrigation is the minimal land acquisition problem and low-water losses.

DATA LOCALIZATION

In The News

In clarification to its directive in April 2018 on ‘Storage of payment system data’, RBI announced that the payment system providers need to store entire payments data in a system only in India.

What is data localization?

- Data localization is a concept that the **personal data of a country’s residents should be processed and stored in that country**. It may restrict flow entirely or allow for conditional data sharing or data mirroring (in which only a copy has to be stored in the country)
- There is a growing perception that data localization will aid countries asserting sovereignty in digital domain, ensure informational security of its citizens & fare better in governance (as it goes digital).

approval of the RBI.

Other measures towards data localization

- In 2018, a draft data protection law by **BN Shrikrishna Committee** also recommended that **all personal data of Indians have at least one copy in India**. It also defined a category of data as **critical personal data**, which must be stored and processed only in India.

A similar clause was incorporated in **Government’s draft e-commerce policy**, which recommended localization for **“community data** generated by users in India from various sources including e-commerce platforms, social media, search engines etc.

About RBI’s data localization directive

RBI issued a directive in April 2018 advising all Payment System Operators (PSOs) to ensure that the entire data relating to payment systems is stored within databases located in India within 6 months.

- Directives are applicable to Payment System providers authorized by RBI under Payment and Settlement Systems Act, 2007. This includes many companies from payment gateways like MasterCard and Visa to e-wallets like PayTM.
- It includes end-to-end transaction details and information pertaining to payment or settlement transaction.
- There is no bar on overseas processing of strictly domestic transactions; however in such cases, the data should be deleted from the systems abroad and brought back to India not later than the one business day or 24 hours from payment processing, whichever is earlier.
- Data can be shared with the overseas regulator, if required, depending upon the nature/origin of transaction with prior

Need for data localization

- **Economic development of the country:** Data is the new oil, an economic resource, fueling the 4th Industrial Revolution.
 - Digital data in India to increase from 40,000 PetaByte (PB) in 2010 to 2.3 million PB by 2020 - twice as fast as the global rate. If India houses all this data, it will become **2nd largest investor in the data centre market** and **5th largest data centre market** by 2050. This will give significant push to **AI led economy** in India.
 - India has **2nd highest FinTech adoption rate** amongst major economies in the world. Data localization would give a push to **domestic production of high value digital products**.
 - **Domains of cloud computing, data analytics etc.** can become major job creators in future.
 - There is a **push among**

government department to use AI tools and attempt a predictive approach to policy making. With data localization, there is a scope of greater access to ‘public data’ collected by companies (e.g. traffic data collected by like Uber, street level data collected by Google Maps) for the Government.

• Increase India’s tax revenue:

Extensive data collection & processing by technology companies, and unfettered control of user data has allowed them to freely monetize Indian users’ data outside the country without paying any taxes.

- Localization would lead to a **larger presence of MNC’s in India** overall, through local offices, and increase tax liability and open more jobs.
- Data localization is **supported by domestic companies like PayTM and PhonePe** as it will level the playing field, currently rendered unequal due to **differences in tax liabilities** of international companies and those having permanent establishment in India. E.g. **Google India tax dispute** over advertisement revenue under litigation in court.

• Maintain data sovereignty & citizens’ data privacy:

With data stored in remote servers, the accountability of service providers (like Google, Facebook etc.) reduces as it is outside the purview of Indian regulatory authorities. With data localization, **regulatory oversight on end-use of data** will improve and **business jurisdiction related loopholes** will be plugged. E.g. Facebook shared user data with **Cambridge Analytica** to influence voting.

• Issue of national security:

Data localization will help law enforcement agencies to get access to user data for investigation and prosecution

- Currently, companies are

dependent on **Mutual Legal Assistance Treaties (MLATs)** to obtain data from US companies leading to delays and legal challenges in foreign jurisdictions.

- In many countries like US, **tech companies are legally barred** from disclosing data to foreign law enforcement agencies.

Challenges associated with data localization

• Economic Costs:

- Cross-border data flows have contributed **\$2.8 trillion** to the **global economy in 2014**, set to increase to \$11 trillion by 2025. Stringent localization norms could affect **innovation & ease of doing business in India**.
- **India’s Information Technology Enabled Services (ITeS) and Business Process Outsourcing (BPO)** industries (. e.g. TCS/Wipro) thrive on **cross border data flows** and would **incur significant additional costs** if data localization is strictly implemented. This could be further a drag on India’s IT industry which is already under pressure due to emergent technologies like machine learning and artificial intelligence.

• Security Concerns:

- Isolating **payment systems** from global data network would **reduce their operational efficiency** and make transactions prone to **frauds, systemic risks or a single point of failure**. Moreover, according to Symantec’s **Internet Security Threat Report 2017**, India is **3rd most vulnerable** country in terms of risk of cyber threats (e.g. malware, spam & ransomware etc.) due to inadequate cybersecurity infrastructure.

- **Push to protectionism in global trade:**

- It hampers a globalized, competitive internet marketplace, where costs and speeds determine information flows, rather than nationalistic borders.
- It might trigger a vicious cycle of data localization requirements by other countries

- **Access issues will remain:** Law enforcement require only “access to data” for their investigation and the physical location of server is immaterial.

- Data localization norms may not increase accessibility of **data kept in encrypted form** (e.g. WhatsApp)

- **Privacy concerns:** There is no evidence that data localization leads to better privacy or security. **Threat of state surveillance and misuse of personal data** of citizens by the Government will remain.

Global Practices

- **China/Russia:** There are stringent data localization norms in China/Russia. In China, any cross border flow of personal data requires security assessment. Additionally, “Critical Information Infrastructure Operators” need to store certain personal and business information within China.
- **US:** Electronics Communications Privacy Act (ECPA) bars US-based service providers from disclosing electronic communications to any law enforcement entity unless requirements under US law are met.
- **European Union:** General Data Protection Regulation allows cross border movement of data but requires destination to have strengthen cyber security rules.

needs to provide a push to local capabilities in data storage and processing

- **Infrastructure status** to data centres/server farms
- Adequate **physical infrastructure** (energy, real estate and internet connectivity) for setting up such centres

- India should put in place in a **cybersecurity law** to ensure protection of private data of citizens.

- To promote ease of access of data to law enforcement agencies, the government should seek to enter into bilateral agreements.

- **Clarifying Lawful Overseas Use of Data (CLOUD) Act of US** seeks to de-monopolize control over data from US authorities & allows tech companies to share it with foreign governments. India must **upgrade its data protection regime** to qualify for the benefits under CLOUD Act.

Way Forward

- **Before universalizing the policy of data localization,** the Government

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ELIMINATION OF TUBERCULOSIS

In The News

Recently, World Bank and the Government of India signed a loan agreement of \$400 million for the Program towards Elimination of Tuberculosis.

More about the agreement

- This program will cover nine States and it will support the government's National Strategic Plan to end TB in India by 2025.
- It will provide financial incentives to private sector care providers for reporting cases of TB and ensuring that their patients complete the treatment regimen.
- It will also provide Direct Benefit Transfers to patients for acquiring the critical nutrition needed during treatment.
- It will strengthen the detection, treatment and monitoring of Drug-Resistant Tuberculosis and will track progress in the detection of additional drug resistance.
- The program will help the Government of India strengthen the monitoring and implementation of Nikshay—the government's web-based TB case monitoring system.

About Tuberculosis

- It is communicable disease (through air) caused by **bacteria (Mycobacterium tuberculosis)** that most often affect the lungs (pulmonary TB) and sometimes also affects other organs (extrapulmonary TB).
- TB is among **India's** most deadly infectious diseases, with an estimated **2.8 million confirmed cases in 2015**, according to a **World Health Organization (WHO) report**.
- India's **TB burden is the highest in the world**, followed by Indonesia and China.
- About a 1/3rd of the world's population is diagnosed with **latent TB (without evidence of clinically manifested active TB)**, which means they have been infected by the TB bacteria from actively sick people without their knowledge.

• Drug Resistant TB:

- **Multidrug Resistance TB (MDR):** It is TB that does not respond to at least isoniazid and rifampicin (2 of the most powerful first line drugs).
- **Extensively drug-resistant tuberculosis (XDR-TB):** It is resistant to at least four of the core anti-TB drugs. It involves multidrug-resistance (MDR-TB), in addition to resistance to any of the fluoroquinolones (such as levofloxacin or moxifloxacin) and to at least one of the three injectable second-line drugs (amikacin, capreomycin or kanamycin).
- **Totally drug-resistant tuberculosis (TDR-TB):** TB which is resistant to all the first- and second-line TB drugs.

Why India leads in burden in TB?

- **Poor medical infrastructure:** Public-health facilities that specialise in TB in India are already overstressed and unregulated, with little political will to change the situation.
- **Misuse of Drugs:** Irrational use of first-line and second-line anti-TB drugs is the other problem with TB care in India. New strains of TB have developed resistance to the standard medicines.
- **Unaware about disease and delayed diagnosis:** A high proportion of missed and mistreated cases fuel India's TB epidemic. These cases are not notified to the public system and most remain either undiagnosed or inadequately diagnosed.
- **Non accessibility of drugs:** Indian patients have been fighting to get access to new anti- TB drugs such as bedaquiline and delamanid which has been only introduced in few centers.
- **Less effective Treatment:** In India, the regimen of antimicrobial drugs is often

spread out over a longer period of time than in other countries, making it harder for patients to see signs of progress. So some people simply stop taking their medication.

- **Lack of awareness:** The first line of defense against the spread of TB is raising awareness in communities which is severely hampered by lack of money.
- **Linkage with air pollution:** Several studies have concluded there is a possible link between air pollution and the risk of active tuberculosis. In India, the rise of TB infections has coincided with the dismal air quality index in many Indian cities.
- **Other health related factors:** Among the other major risk factors for TB, including alcohol, smoking, diabetes, HIV and undernourishment.

Global Efforts for TB

- **Moscow Declaration to End TB:** It is the outcome of first global ministerial conference on ending TB, in 2017.
- **WHO- End TB Strategy**
 - **Vision:** A world free of TB with zero deaths, disease and suffering due to TB.
 - It has three high-level, overarching indicators and related targets for 2035:
 - 95% reduction in number of TB deaths compared with 2015.
 - 90% reduction in TB incidence rate compared with 2015.
 - Zero the level of catastrophic costs for TB- affected families.

Govt intervention to eliminate TB

- Under **Universal Immunization Programme**, Vaccination is provided for 12 life threatening diseases: **tuberculosis**, diphtheria, pertussis (whooping cough), tetanus, poliomyelitis, measles, Hepatitis B, Diarrhoea, Japanese Encephalitis, rubella, Rotavirus and Pneumonia (added in May 2017)
- Under **Mission Indradhanush**, Immunisation against seven vaccine preventable diseases namely; Diphtheria,

Pertussis, Tetanus, **Childhood Tuberculosis**, Polio, Hepatitis B and Measles.

- **Revised National TB Control Programme (RNTCP)** is being implemented under the umbrella of National Health Mission which has achieved global benchmark of case detection and treatment success and achieved millennium development goals in 2015 of halting and reversing the incidence of TB.

National Strategic Plan to end TB in India by 2025

- RNTCP released this framework in 2017 for the **control and elimination of TB in India by 2025**.
- It provides **goals and strategies for the country's response to the disease during the period 2017-2025** and aims to direct the attention of all stakeholders to the most important interventions to eliminate TB.
- It targets **to eliminate TB five years ahead of the global End TB targets under Sustainable Development Goals** to attain the vision of a TB-free India.
- TB elimination have been integrated into the four strategic pillars of **“Detect – Treat – Prevent – Build” (DTPB)**.
 - **Detect:** Find all Drug Sensitive TB and Drug Resistant TB cases with an emphasis on reaching TB patients seeking care from private providers and undiagnosed TB in high-risk populations.
 - **Treat:** Initiate and sustain all patients on appropriate anti-TB treatment wherever they seek care, with patient friendly systems and social support.
 - **Prevent** the emergence of TB in susceptible populations.
 - **Build** and strengthen enabling policies, empowered institutions, additional human resources with enhanced capacities, and provide adequate financial resources.

Way forward

- **Improve health infrastructure and**

diagnosis: Improve public sector clinics and hospital and improving accessibility and drugs availability.

- **Increase budget allocation:** to execute the TB control program more aggressively and effectively.
- **Effective use of medicine:** Government need to quickly roll out daily fixed-dose regimen under directly observed treatment short course throughout the country and introduce new diagnostic technology and newer anti-TB drugs.
- **Effective role of private sector:** The huge private sector in the country, where at least 50% cases of TB report for their treatment, needs to be engaged rapidly and effectively.
- **Improve detection:** An effective surveillance and follow-up of all TB patients need to be ensured.
- **Use of better drugs:** Prioritise newer antibiotics like bedaquiline and oral drugs over injectables, which are less effective.
- **Reduce poverty:** Rural Employment Guarantee Scheme is a step in the right direction. Once the socio-economic status improves, TB declines.
- **Social acceptance:** There is also a need for an adequate social, emotional, and nutritional support to all TB patients.

FOOD FORTIFICATION

In The News

- **Department of Food and Public Distribution under the Ministry of Consumer Affairs** recently approved a centrally- sponsored pilot scheme on **fortification of rice** and its **dispersal through Public Distribution System (PDS)**.
- Financial assistance of up to 90 per cent in case of North-Eastern, Hilly and Island States and up to 75 per cent in case of rest of the States has been extended by GOI.
- Government of India has also advised all states and UTs especially those states and UTs, which are distributing wheat flour through PDS, to distribute fortified wheat flour through PDS.

Why the need for food fortification?

- **Nearly 70% of people** in India **consume less than half** of their **recommended dietary allowance (RDA)** of **micronutrients**. The deficiency of micronutrients is also known as “**hidden hunger**” and leads to various diseases like Night Blindness, Goitre, Anaemia and various birth defects.
- According to the National Family Health Survey (NFHS-4):
 - **58.4 percent** of **children** (6-59 months) are **anaemic**.
 - **53.1 percent** **women** in the reproductive age group are **anaemic**.
 - **35.7 percent** of children under 5 are **underweight**.
 - Around 50-70% of these birth defects are preventable, caused due to deficiency of **Folic Acid**.

What is food fortification?

- Food fortification is the **deliberate addition of one or more micronutrients** to food so as to correct or prevent a deficiency and provide a health benefit.
- These nutrients may or may not have been originally present in the food before processing.

- Food fortification is a “complementary strategy” and not a replacement of a balanced & diversified diet to address malnutrition.
- **Food fortification:**
 - Can improve the health of a **large section of the population**, all at once since the nutrients are added to staple foods that are widely consumed.
 - **is safe method** of improving nutrition among people as the quantity added is very small and well regulated as per prescribed standards.
 - **is a socio-culturally acceptable way** to deliver nutrients to people as it does not require any changes in food habits and patterns of people and does not alter the characteristics of the food—the taste, the feel, the look.
 - **is cost effective and delivers quick results.** The **Copenhagen Consensus** estimates that every 1 Rupee spent on fortification results in 9 Rupees in benefits to the economy.

Food Safety and Standards (Fortification of Foods) Regulations, 2018.

- It has **prescribed standards** for fortification of various food products such as All fortified foods must not fall below the minimum level of micro-nutrients.
- **Quality assurance:**
 - Every manufacturer and packer of fortified food shall give an undertaking on quality assurance
 - random testing of fortificants and fortified food
- Every package of fortified food shall carry name of the fortificant and the logo to indicate. FSSAI has recently introduced +F logo for fortified staple food products.
- The Food Authority shall take steps to encourage the production, manufacture, distribution, sale, and consumption

go a long way in improving the nutritional value of staple food.

Challenges to food fortification

- **Voluntary nature:** Fortification continues to be voluntary rather than mandatory leading to limited efforts to fortify by state governments and private sector.
- **Poor implementation by states:** Although some states have adopted fortification in ICDS, MDMS and PDS, but due to lack of definitive policy guidelines, budgetary constraints, technical knowledge and logistic support, states have not adopted fortification in a holistic manner.
- **Weaknesses of FSSAI:** It lacks resources and manpower to effectively carry out its mandate.
- **Lack of awareness:** There is a lot of misinformation and ignorance about the usage and benefits of fortified food as of now.

Way forward

- **Nationwide Implementation:** Pan-India implementation of fortification via government schemes would amount to only an increment of 1 percent of the total budget allocated annually.
- **Support to states:** Merely issuing orders and notifications from Government of India will not suffice as state governments require hand-holding support and should be sensitised about the benefits fortification and must be enabled to procure fortified staples in various programs.
- **Ensure Standards:** Compliance with FSSAI standards w.r.t macronutrient content and quality must be strictly enforced.
- **Awareness:** A mass awareness campaign about food fortification is needed to scale up demand from consumers in the open market.
- **Promote food processing industry:** It will

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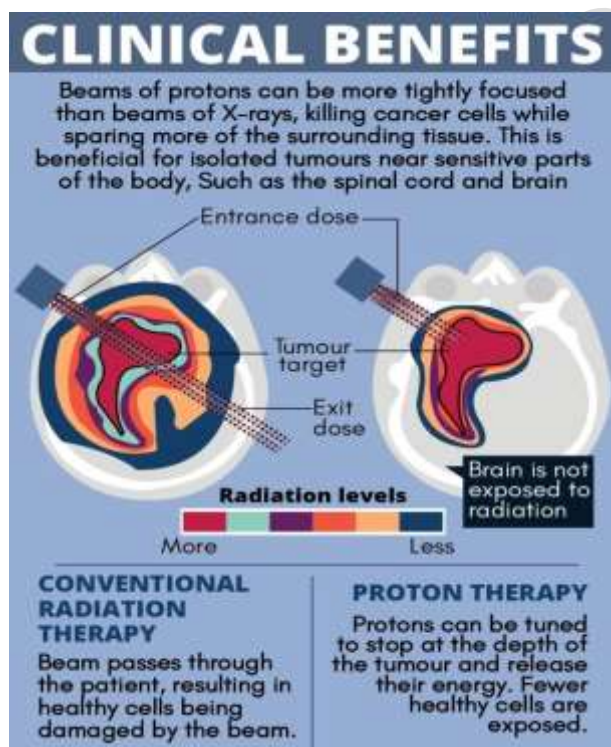
PROTON THERAPY

In The News

- Vice President of India inaugurated **India's first proton therapy centre** in Chennai for the treatment of Cancer.
- The name of the centre is Apollo Proton Cancer Centre (APCC) and is launched by **Apollo Hospitals Group**. It is **South Asia's first** such centre.
- With this India becomes **16th country in the world** to offer the therapy.

Proton

- Atoms are the basic units of matter and the defining structure of elements. Atoms are made up of three particles: protons, neutrons and electrons
- The **proton** has a positive electrical charge, equal and opposite to that of the electron.
- The number of protons in an atom determines the chemical behaviour of the element.



About Proton Therapy

- It is a type of radiation therapy which uses protons rather than x-rays to treat cancer.
- It is considered as one of the most

advanced forms of **external beam radiation therapy for cancer treatment** in the world. It is also known as **Proton Beam Therapy** and offers high levels of precision as compared to other treatment options.

- It is particularly effective for paediatric cancers and tumours affecting the brain, eye, colon, breast, gastrointestinal area, pelvis, and prostate and those close to the spinal cord, brain stem and other vital organs.

Advantages over standard radiation therapy

- **Standard radiation therapy** utilises x-rays, which deposits the majority of the radiation dose immediately upon entering the body. While X-ray beams are effective in controlling many cancers, they also deliver an 'exit dose' along the path beam. This exposes not just the targeted tumor to the radiation, but also the nearby healthy tissues.
- This exit dose is a cause of concern as the damage to the normal tissue or organs can affect the patient's quality of life post-treatment.
- In comparison, protons slowly deposit their energy as they travel towards the cancerous tumor and then due to a unique physical characteristic called the **Bragg Peak**, deposit the majority of the **radiation dose directly in the tumor**.
 - **Bragg Curve** describes energy loss of ionizing radiation during travel through matter.

Challenges with Proton Therapy

- Proton Therapy is **highly specialised and expensive** treatment.
- It is **not applicable to all type of cancers**.
- More **research and clinical trials are needed** to make this treatment more affordable and applicable to all types of cancers.

OPTOELECTRONICS

In The News

Recently, researchers from IIT Madras have found a way of enhancing the **optoelectronic properties** of tungsten diselenide.

About Optoelectronics

- **Optoelectronics** is the study and application of electronic devices and systems that source detect and control light.
- It is based on the quantum mechanical effects of light on electronic materials, especially semiconductors.
- It encompasses the design, manufacture and study of electronic hardware devices that, as a result, **converts electricity into photon signals** for various purposes such as medical equipment, telecommunications and general science.
- Some materials such as **tungsten diselenide** and **molybdenum diselenide** are being studied keenly for their optoelectronic properties.
- A key property of these materials is **photoluminescence**, in which the material absorbs light, generating an excited state, and then light of lower frequency is re-emitted.

Applications of Optoelectronics

- **Solar Cells**- that use **Photovoltaic**, which is the direct conversion of light into electricity.
- **Laser Diodes**- using stimulated emission are applied in compact disc (CD) players, laser printers, remote- control devices, and intrusion detection systems.
- **Light Emitting Diodes**- using electroluminescence emits light when current flows through it.
- **Optical Fiber**- where data is transmitted in the form of light particles or **photons** that pulse through a fiber optic cable.

SHORT WAVE RADIO TRANSMISSION

In The News

Prasar Bharati has asked All India Radio (AIR) to come up with a proposal to phase out Short Wave (SW) transmitters.

Short Wave Radio transmission:

- It is transmission and reception of information by means of electromagnetic waves of about 10 to 100 m in length having frequencies of approximately 3 to 30 megahertz.
- Radio waves in the shortwave band can be reflected or refracted by the ionosphere.
- Such wave propagation is called **skywave** or **“skip” propagation**.
- This refraction by ionosphere makes shortwave useful for very long distance communication, sometimes even beyond continents.
- **Dearth of revenue** from short wave transmission and **dwindling audience** with advent of digital mediums has called for phasing out of SW transmitters.
- However, AIR is resisting the move arguing that it will limit its global reach as short wave is the only effective way to reach to any part of the world, FM and other modes don't work always.
 - It cannot be easily blocked, even when states try to disrupt its signals using jamming transmitters. It is particularly useful in areas where information is censored or religious broadcasting is banned.
- Shortwave is **still significant** in much of **Africa, South Asia** and parts of **Latin America**.

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ADDRESSING PREJUDICES IN THE SOCIETY

In The News

In the recent times, the issue of identity of a person has gained lot of traction in the social media, political debates, right movements, be it on caste, gender, religion or race.

Prejudices, Stereotypes and Discrimination

• Prejudices

- Prejudices refer to **pre-conceived opinions or attitudes** held by members of one group towards another. The word literally means ‘pre- judgement’, that is, an opinion formed in advance of any familiarity with the subject, before considering any available evidence.
- **Prejudice may be either positive or negative.** Although the word is generally used for negative pre-judgements (implicit bias), it can also apply to favourable pre-judgement. For example, a person may be prejudiced in favour of members of his/her own caste or group and without any evidence believe them to be superior to members of other castes or groups.
- Prejudice has 2 components (i) **Cognitive** – Assuming the characteristics of one’s own social group and the feeling of being different & unrelated from other groups. (ii) **Affective** – Hatred or dislike towards other groups and general contempt towards their way of life. E.g. Xenophobia & Ethnocentrism.

- **Stereotypes:** Prejudices are often grounded in stereotypes, which fix the whole groups into single, homogenous categories and refuse to recognise the variation across individuals or contexts or time. They treat an entire community as though it were a single person with a single all-encompassing trait or characteristic. This can lead to discrimination toward an individual as a

result of one’s membership to a particular group.

- **Discrimination:** While prejudice describes attitudes and opinions, discrimination refers to actual behaviour towards another group or individual. Discrimination can be seen in practices that disqualify members of one group from opportunities open to others, as when a person is refused a job because of their gender or religion.
 - Discrimination can be very hard to prove because it may not be open or explicitly stated. Discriminatory behaviour or practices may be presented as motivated by other, more justifiable, reasons rather than prejudice. For example, the person who is refused a job because of their caste may be told that they were less qualified than others, and that the selection was done purely on merit.

Main causes of prejudices

- **Creation of ‘us’ vs. ‘they’-** The first step in the formation of prejudice is the creation of groups (in-group and out-group) and downplaying differences between members of a group and exaggerating differences between members of different groups.
- **Limited resources in the society-** lead to conflict between groups and results in increased prejudice and discrimination.
- **Social learning and conformity to social norms-** lead to formation of prejudice and discrimination persisting in society. Children learn prejudiced attitudes and beliefs from society: their parents, teachers, friends, themedia, and social media. If certain types of prejudice and discrimination are acceptable in a society, there may be normative pressures to conform and share those prejudiced beliefs,

attitudes, and behaviours.

- **Stereotype as Self-Fulfilling Prophecy:** When we treat stereotyped group members according to our biased expectations, it influences the individual to act according to our stereotypic expectations, thus confirming our stereotypic beliefs. E.g. considering caste status synonymous with merit.
- **Strong social identity/In-group bias:** An **in-group** is a group that we identify with or see ourselves as belonging to and an **out-group** is a group that we view as fundamentally different from us. A strong belonging and emotional connection leads us to prefer our own group over other groups and can eventually culminate in prejudice and discrimination.
- **Scapegoating:** One function of prejudice is to help us feel good about ourselves and maintain a positive self- concept.

disadvantages exist against minorities, disabled people etc., which leads to inefficient use of human resources.

- **Fuel rumours and fake news:** Prejudices create category based mental pictures, which cannot be verified. People believe any information to be true which conforms to their prejudices and aid rumour mongering. E.g. Mob-lynching fuelled by rumours of child-lifting on social media led to more than 60 deaths in 2018 (Jharkhand, Karnataka etc)

Types of prejudices

- **Racism:** Prejudice based solely on one's membership in a specific racial group E.g. **Apartheid** (system of racial segregation) was imposed in South Africa from 1948 to 1994, which disenfranchised non-white people and forced them into poverty and exclusion.
- **Ethnocentrism:** It is based on the idea of “superiority”, that one's culture or group is superior to those of others. Colonialism was based on the idea of ethnic superiority of the West vis-à-vis the Orientals (i.e. Asia).
- **Xenophobia:** refers to “the fear or hatred of anything that is foreign or outside of one's own group, nation, or culture”. Anti-Semitism (e.g. persecution of Jews by Nazis in Germany) and recent Islamophobia (hatred towards Muslims) can be linked to it.
- **Sexism:** prejudice toward individuals based on their sex. e.g. Gender role expectations, such as expecting women to be the caretakers of the household.
- **Homophobia:** It is prejudice and discrimination of individuals based on their sexual orientation. It often results in exclusion of lesbian, gay, bisexual, transgender & queer (LGBTQ) people from social groups and the avoidance of LGBT neighbours and co-workers.

Consequences of prejudices

- **Dilution of social capital:** Whenever there is a feeling of lack of compatibility between social groups, sharing of social space becomes difficult and arrival at consensus on matters of common interest becomes elusive. E.g. lack of consensus on the Uniform Civil Code under Article 44 of the constitution.
- **Source of conflict:** In absence of mutual trust among groups, any gain made by one group/community is seen as a loss by the other. Thus, social existence becomes a zero-sum game and this becomes the genesis of conflict over time.
- **Under-utilization of human capital:** Women are less likely to be hired or promoted in male-dominated professions such as engineering, military, construction etc. inspite of qualifying on merit. Similar

Measures to address prejudices in the society-

- **Role of Education:** The aim of education should be creating a fair, just & equitable society based on constitutional values at its core, rather than narrowly focusing on ‘learning levels’. A practical application on this could be a **jigsaw classroom** where children are intermingled with each other so as to reduce prejudice and raise the self-esteem in children.
- **Role of teachers & schooling:** Teachers can bring about positive changes in beliefs, behaviours and perspectives of the communities only if there is sustained engagement with them and a relationship of trust is built. E.g. Teachers regularly praising girl students for their performance in Maths.
- **Intergroup Contact:** Interaction between members of different social groups diminishes implicit bias, creates mutual interdependence and a common goal for whole group. E.g. organizing community festivals, fairs, inter-caste dining, langars etc. Interactions during mid-day meals provide an opportunity to dilute caste identity at an early age.
- **Counter-stereotype exposure:** Increasing individuals’ exposure to images, documentaries, films etc depicting members of stigmatized groups acting in stereotype-discordant ways. E.g. Documentaries related to successful female scientists like Kalpana Chawla, movies like Dangal that challenge gender segregation of roles.

Way Forward

Occurrence of prejudices is a social phenomenon and affects every constituent of the society. Only integrating dialogue on these questions with daily life can be effective in dealing with it.