

Transformational Policy Mindset Needed to Achieve SDG's

**Topics:** Government Policies and Interventions for Development in various sectors and Issues arising out of their Design and Implementation.

**Subtopics:** Sustainable Development Goals

Sustainable Economic Recovery by Instilling Confidence in Stakeholders

**Topics: Economy**

**Subtopics:** Inclusive growth and issues arising from it.

Reviving WTO to Secure Global Trade in COVID Times

**Topics:** International Relations

**Subtopics:** Important International institutions

Trilemma in Policy towards PSB's

**Topics:** Economy

**Subtopics:** Indian Economy and issues relating to planning, mobilization of resources.

New Economic Realities and Need of Decentralization

**Topics:** Economy

**Subtopics:** Effects of liberalization on the economy,

Rising Poverty and Hunger in India due to COVID Pandemic

**Topics:** Social Justice

**Subtopics:** Issues relating to poverty and hunger.

Demand and Growth Revival by Enhancing Minimum Wages

**Topics:** Economy

**Subtopics:** Indian Economy and issues relating to employment.

Promoting Gender Equality in Post Pandemic World

**Topics:** GS-1 Indian Society, GS-3 Economy

**Subtopics:** Social empowerment, Inclusive growth

Possible Solutions to Compensate States for GST Shortfall

**Topics:** GS-2 Polity

**Subtopics:** Issues and challenges pertaining to the federal structure

Future of Indian Secularism

**Topics:** GS-1 Indian Society

**Subtopics:** Secularism

Online Dispute Resolution for Affordable and Accessible Justice

**Topics:** GS-2 Polity

**Subtopics:** Dispute redressal mechanisms and institutions

Strategic Autonomy in Emerging Multipolar World

**Topics:** GS-2 International relations

**Subtopics:** Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests

Bridging Gap of Industry Linkages in Skill Training

**Topics:** GS-3 Economy

**Subtopics:** Social infrastructure

Addressing Agricultural Marketing Comprehensively

**Topic:** Indian economy

**Subtopics:** Agriculture marketing

LG of NCT, Delhi Should Uphold Constitutional Provisions

**Topic:** Indian Polity

**Subtopics:** Separation of power

India Must Invest in Urban Infrastructure for Sustainable Development

**Topic:** Indian Society

**Subtopics:** urbanization, problems and remedies

Understanding China-Russia Ties to Calibrate Indian Foreign Policy

**Topic:** India and its neighborhood relations

**Subtopics:** India China

New Taxpayers Charter Needs Effective Implementation

**Topic:** Indian economy

**Subtopics:** taxation system

Differential Impact of COVID-19 and lockdown In India

**Topic:** Indian economy

**Subtopics:** Inequality, employment

**Transformational Policy Mindset Needed to Achieve SDG's**Source: <https://www.thehindu.com>**Introduction:**

Countries across the world are easing lockdowns and trying to normalize the ground situation. While policy focus is on immediate health crises, governments are also trying to address the socio-economic costs of the pandemic.

In doing so, nations must recognize and address the derailment of progress in achieving SDG's (Sustainable Development Goals). SDG's which are formulated to eradicate poverty and achieve sustainable development can be a guide to address the socio-economic effects of the pandemic. This requires a new policy mindset from nations.

This need was reflected in the recent High-level political forum on Sustainable Development (subsidiary of UNGA and ECOSOC) emphasis on Build Back Better.

**Socio-economic impact of pandemic:**

Pandemic and its responses have exposed fragility and systemic gaps in many systems. It has exposed:

- Inadequacy of public health systems – Infrastructure, personnel, equipment etc
- Governance failures in providing social security (food, pensions, income support, insurance etc) and thus leading to hunger, reducing incomes and widening poverty.
- Economic inequalities leading to exclusion. Lack of access to digital education and safety equipment to prevent pandemic spread (masks etc) are examples.
- Precariousness of informal employment resulting in migrant crisis.
- Patriarchal norms resulting in derailing of progress in gender equality. Gender violence, reduced female labour force, increase in care responsibilities, reduced importance to women education and health are possible outcomes due to pandemic

All of these have resulted in increasing poverty and inequalities in society. This makes achieving SDG's a challenge.

**Transformational policies needed:**

To accelerate progress on SDG's, policy frameworks must focus on the well-being of people by empowering them and reducing inequalities. Only by changing people-environment interactions and protecting the health of people and natural resources, can we avoid future crises.

Policies must focus on:

- Inclusive and accountable governance systems
- Adaptive institutions with resilience to future shocks
- Universal health insurance and social protection
- Stronger digital infrastructure

Countries are moving in the right direction in regards to this by adopting new strategies for green recovery and inclusive development. Some examples include:

- New deal of South Korea with focus on decarbonization and digitalization
- Blue recovery of pacific countries to make fisheries sustainable
- Largest solar power plant in South Asia inaugurated by India
- China creating more jobs in renewable sector than fossil fuel sector
- Countries are focusing on universal health care, food distribution, cash transfers and access to credit for MSME's and disadvantaged. These will improve social protection systems.
- Comprehensive approaches to prevent discrimination, especillay of gender-based violence.

- Partnerships with the private sector to provide innovative solutions. Vaccine development is an example for this

UN, ADB (Asian development bank) and other institutions are supporting the nations financially and otherwise.

**Conclusion:**

Post pandemic responses by nations to achieve progress in SDG's are required to tackle socio-economic effects. Policy framework must be transformational and efforts of nations must be supported. This requires global partnerships and local solutions.

**Mains question:**

**Q.1)** Transformational policies are needed to address the socio-economic impact of COVID 19 pandemic? Discuss. [15 marks, 250 words]

**Sustainable Economic Recovery by Instilling Confidence in Stakeholders**Source: <https://www.thehindu.com>**Introduction:**

COVID 19 pandemic has brought economies to a standstill. Global and domestic GDP is estimated to contract along with loss of employment, reduced investments and reduced trade. This reverses decades of progress on development and pushes many into poverty. Education and nutritional outcomes are bound to suffer due to reduced incomes. To control the damage to the economy and development, governments must act with haste by understanding underlying sentiments.

In absence of a vaccine or cure, fear of infection and death has deterred reopening of the economy in full scale. In such uncertainty, people cannot spend and firms cannot reopen production. These negative sentiments due to pandemic must be tackled to revive the economy in a sustainable manner. Monetary, fiscal and policy responses must address this anxiety and uncertainty to ensure effectiveness. Confidence must be brought back to all stakeholders – people, firms, financial institutions, international development organizations and ratings agencies.

**Cash transfers needed for security of households:**

Due to loss of livelihoods and incomes, MGNREGA is being sought by more people. Demand has trebled after lockdowns and reverse migration from urban centres. But it is not enough to address income anxieties of households as it has low wages and only 100 days of work.

In such a scenario, adequate cash transfers are needed to provide a sense of security and confidence to households. It can address basic needs of the households like food, sanitation, healthcare.

This has been opposed by apprehensions that it can deter people from going back to work and hence produce labour shortages. But evidence in the USA shows that it is not the case. Hence cash transfers to vulnerable households must be undertaken to inject confidence in households. This also acts as a demand generation tool in the economy which is needed for firms to reopen.

**Autonomy to financial institutions for improved confidence:**

Monetary and fiscal responses by India include credit expansion, credit guarantees and interest rate reductions for liquidity. But such supply side measures are not successful in an environment of uncertainty as banks become reluctant to lend.

In such a scenario, autonomy of financial institutions – RBI, banks, regulators, bankruptcy institutions – is crucial in instilling confidence in financial processes. Only then can banks lend with confidence.

**Revival of firms:**

When people have money to spend due to cash transfers and banks can lend capital, then firms will be more confident in reopening and investment. Hence cash transfers and autonomous financial institutions are needed to revive firms.

Other supply side steps like corporate tax cuts and trade restrictions will not be effective. Tax cuts will result in firms hoarding money due to uncertainty and also will reduce government revenues. Trade restrictions will lead to disruption of supply chains where Indian firms are involved and also can result in trade wars where other countries will restrict Indian exports.

Hence cash transfers and autonomous financial institutions are better policy options.

**Need for more government borrowing:**

To implement steps of cash transfers, credit guarantees, liquidity infusion in banks, fiscal resources must be available with the government. Excessive fiscal restraint will be harmful in the current economic downturn. Hence the government must borrow more to provide a stimulus to the economy.

Sources of financing fiscal deficit include:

- International development institutions like IMF, World Bank. They have constituted new instruments of borrowing for developing nations. These must be availed.
- Deficit monetization (RBI printing money to finance deficit) as last resort. This must be done with prudence to prevent negatives of such measures like inflation and wasteful fiscal expenditure.
- Disinvestment in non-strategic PSU's

**Conclusion:**

Underlying problem of lack of positive sentiments in the economy must be addressed for sustainable economic recovery. By instilling confidence in households (people), financial institutions, firms, we can provide stimulus towards a positive growth cycle. This will provide confidence to sovereign credit ratings and international development agencies, which in turn will enable more funding assistance to India.

**Mains question:**

Q.1) Demand side interventions and confidence in the financial sector is needed for reviving economic growth post pandemic. Discuss? [15 marks, 250 words]

## Reviving WTO to Secure Global Trade in COVID Times

Source: <https://www.hindustantimes.com>

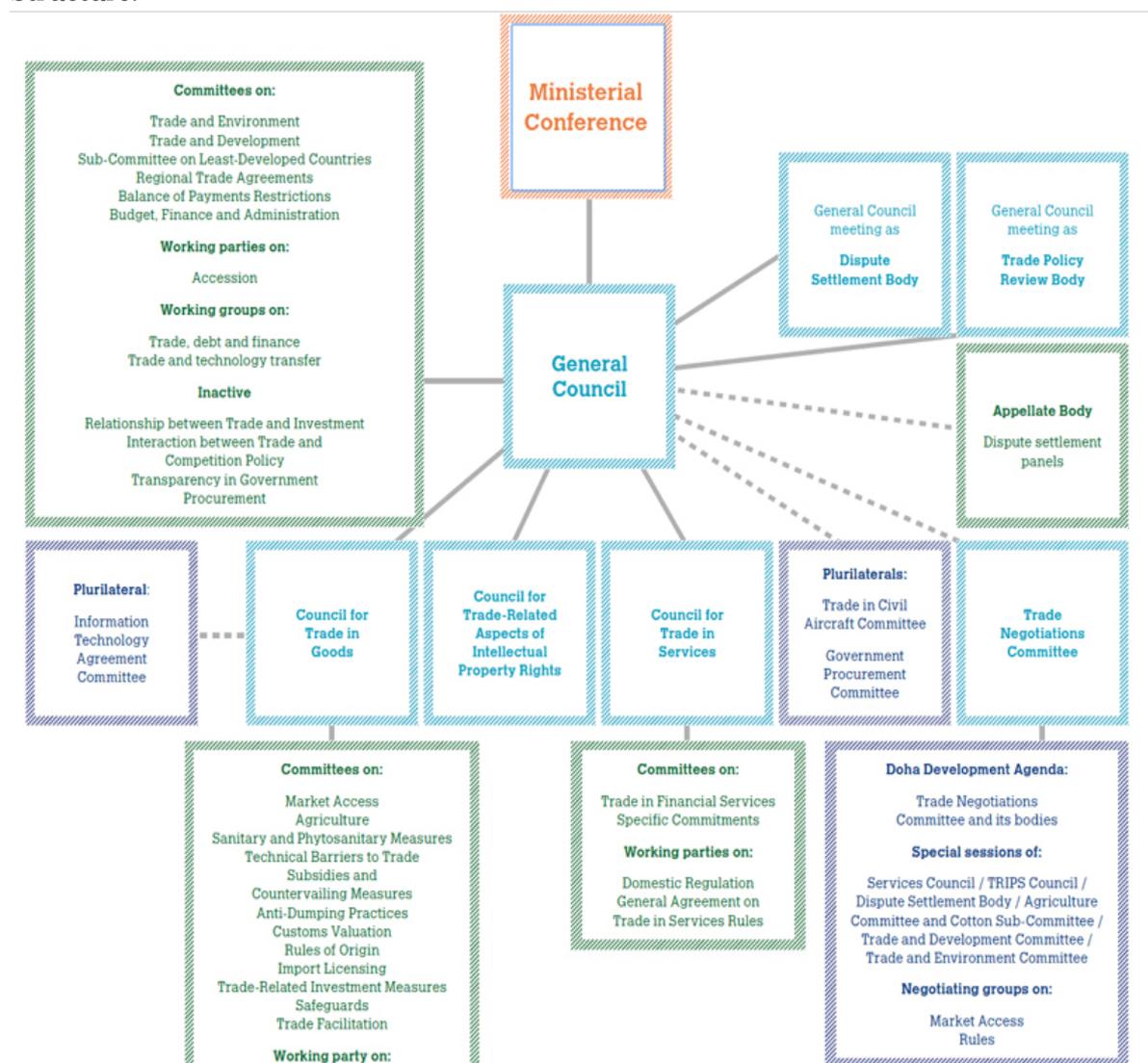
### Introduction:

Relevance of WTO (World Trade Organization) in global trade rules is coming under challenge in recent years. In a world where COVID pandemic has disrupted global supply chains and trade, it is pivotal to revive WTO to ensure security and predictability of trade.

### WTO – Structure and functions:

WTO was established by Marrakesh Agreement in 1995 after the conclusion of Uruguay round of negotiations.

Structure:



Main functions:

- Forum for negotiations of trade rules and agreements
- Administering and monitoring existing trade agreements like Agreement on Agriculture, Trade Facilitation Agreement.
- Dispute resolution in trade through a Dispute settlement Body (DSB) and appellate body

Importance of WTO lies in the fact that it is based on principle of equality and non-discrimination

- Every country has an equal voting right
- MFN (Most Favoured Nation) mechanism ensures rights of all members are protected in trade.
- Dispute Settlement Body (DSB) enforces trade rules and provides redress to all nations irrespective of their economic size

Hence WTO is very crucial for rules based global trading regime.

### **Troubling times for WTO:**

WTO is facing troubling times recently due to following issues:

- Difficulty in consensus building: With 164 nations, negotiations have become difficult to reach consensus
- Divergence in priorities:
  - Developing and least developed nations have priorities of the DOHA development agenda. Promoting development and correcting injustices of Uruguay round are focus for these countries
  - Developed nations are proposing new agenda on issues of e-commerce, investment facilitation, services trade, gender norms.
- Dysfunctional DSB: USA has blocked appointment of judges on DSB. This has effectively prevented the functioning of DSB.
- Increasing regional agreements and WTO plus provisions on intellectual property, labour laws etc. Trans Pacific partnership between pacific countries is an example.
- Trade wars and sidelining of WTO
- US reluctance in engaging with WTO by citing multiple issues like developing country classification criteria.

These have to be addressed to bring back the relevance of WTO.

### **Steps to revive WTO process:**

- New DG (Director General) must be appointed expeditiously. DG promotes consensus building of nations which is needed in current fragmented scenario
- Engaging with USA to bring it back into the WTO fold. Genuine concerns must be addressed which will build confidence in the process
- DSB must be revived. Without the dispute redressal mechanism the whole idea of the WTO will be defeated. Hence this must be a priority. USA must be convinced of the same.
- Limiting the agenda of the next ministerial conference to produce outcomes. This can improve confidence in the body. Only fisheries subsidies can be taken up in June 2021 ministerial.
- China and its trade practices must be addressed. Role of state owned enterprises, forced technology transfer and non-market economies must be discussed and clarified.
- Discussions must move ahead on the agenda of WTO negotiations. While developed countries issues may be considered to be included, this must not dilute existing DOHA development agenda. Agriculture issues (Public stock holding procurement, special safeguarding mechanism), Special and differential treatment rules must be finalized.
- WTO must deliberate on whether plurilateral agreements (only some countries negotiate and agree) should be part of WTO. If they are part of WTO, induction of other countries into the agreement at a later date and applicability of agreement on MFN basis to countries which are not part of agreement, must be decided.

**Conclusion:**

Global trade is facing uncertain times due to pandemic, protectionism and trade wars. WTO is pivotal in ensuring security and predictability in such uncertain times. Hence it is important to rejuvenate the global body to promote economic growth of the world.

**Mains Question:**

Q.1) WTO has become dysfunctional and irrelevant in recent times. What challenges is it facing? Suggest steps to revive WTO? [15 marks, 250 words]

**Trilemma in Policy towards PSB's**Source: <https://www.livemint.com>**Introduction:**

Former RBI governor, Urijit Patel has pointed out a trilemma faced by the government and RBI in policy towards PSB's (Public sector banks). Due to this trilemma, it is proposed that privatization of the banking sector must not be prevented.

**What is this trilemma?**

Policies towards PSB's cannot achieve following 3 outcomes at the same time:

- Have predominant public sector in banking system
- Have independent regulation by RBI
- Adhering to public debt to GDP ratio targets

Only any 2 of the 3 outcomes can be achieved.

- Predominant public sector and independent regulation by RBI:
  - For predominant public sector, PSB's will have to lend more. This will increase NPAs (Non-performing assets) with PSB's.
  - Due to independent regulation of RBI, these loans will have to be declared stressed and banks must provide adequate provisions to cover bad loans. This provisioning of bad loans will lead to reduced capital with banks.
  - To maintain capital adequacy ratio (CAR) of PSB's, the government has to infuse liquidity into them. This raises public debt to GDP ratio
- Predominant public sector and adherence to debt to GDP targets:
  - Predominant public sector leads to higher NPAs in PSBs as seen above.
  - For the government to maintain debt to GDP ratio target, it cannot provide much liquidity infusion into PSB's. Hence to maintain a healthy CAR of banks despite rising NPAs, such NPA's must not be recognized.
  - This occurs only when RBI dilutes NPA recognition regulations. Hence RBI's autonomy is compromised.
  - This pushes the NPA problem into the future where bad loans pile up and become a financial sector crisis. Hence it is undesirable. India's NPA crisis in 2015-2019 is due to such practices post global financial crisis.
- Independent regulation by RBI and Adherence to debt to GDP ratio targets: Here PSB's cannot play a dominant role. Hence even when bad loans with the private sector rises due to stringent regulation by RBI, the government need not provide capital infusion to private players. This checks any rise of debt to GDP ratio.

Considering this it is proposed that privatization of the banking sector should not be prevented. Fall of PSB share in lending from 75% to 57.5% in the last decade shows that such privatization is happening gradually.

**Counterpoint to the trilemma:**

Recent case of Yes bank shows that the government will still need to intervene in case of private bank failures to save the interests of depositors. In such cases, the underlying assumption in the trilemma that without predominant PSB's, the government need not infuse capital, is not justified.

This was seen even after the global financial crisis of 2008 and banking sector meltdown in advanced economies. There were huge bailouts by governments to private banks.

**Conclusion:**

While India does face this trilemma as proposed by the former governor, unchecked privatization may not be the solution. A balanced approach is needed where the resolution process of financial failure of private banks needs to be evolved. These norms must address how to secure depositor interests.

**Mains question:**

Q.1) Privatization of PSB's is the need of the day to improve efficiencies and to reduce government expenditure. Critically discuss? [15 marks, 250 words]

**New Economic Realities and Need of Decentralization**Source: <https://www.livemint.com>**Introduction:**

Since 1991, liberalization, globalization and free trade have been guiding principles of economic policies of nations. But as the world faces the economic consequences of COVID 19, these principles may not aid in tackling new challenges. This is because of changed ground realities in terms of factors of production like technology, barriers to trade and demand structure changes.

**Changed ground realities:**

Increasing diversification of supply chains: COVID pandemic has exposed limitations of dependence of supply chains on a single country. In such a scenario, nations are looking to diversify supply chains and will be averse to dependence on one country. This limits the export-oriented growth model which benefited China and other east asian countries. India being a later mover, may have to pursue other strategies of growth. Specific sectors where there is competitiveness of Indian industry must be identified to promote exports.

Increasing protectionism: As countries look inward to tackle economic fallout of COVID pandemic, protectionism is on the rise. Limiting movement of people, import substitution, locating supply chains inside countries will be focused on. US limiting H1B visas, green cards is an example. In such a scenario, an export-oriented growth model will have limitations.

Technology displacing labour: Earlier argument of, market reforms boosting investment which will create jobs, is no more completely valid. Technologies have been displacing low to mid-tier jobs, which is accelerated by COVID pandemic. While this increases productivity in the long run, it will reduce job opportunities.

4D's – Depopulation, Declining productivity, High debt and Deglobalization are the new trends predicted by economists. This is in contrast conditions in early 21st century where globalization was seen as unstoppable phenomena.

- Depopulation will result in reduced demand as is evident in developed countries which are ageing. As developing countries reduce fertility rates, demand will fall in these countries too.

Demand structures are changing:

- Climate change-based consumption patterns will increase practice of 3R's – Reduce, Reuse and Recycle. This will reduce demand for new goods
- Rent based consumption replacing ownership: Shared mobility, rental homes are examples. This reduces demand for new goods.

Reduced investments by companies: As demand reduces, companies will reduce expansions. This in turn will reduce credit in the economy. Hence banks will have to depend on equity and small firms for growth.

Geopolitical rivalry between China and USA: As the world enters a new cold war between USA and China, involved nations will have to divert their resources towards defense and security expenditure. Hence sectorally, this is a growth avenue. Other avenues are healthcare and education. But rising tensions will introduce risk factors to global economic growth and trade as was seen in trade war.

**Conclusion:**

In such a complex world with fast changing dynamics, top down governance will not yield desired results. Earlier models of growth are no more relevant. Solutions must be bottom up and decentralization must be pursued. This will enable new models of growth and induce resilience locally.

**Mains question:**

Q.1) Principles of liberalization, globalization and free trade are no more relevant in today's new economic realities. Critically discuss? [15 marks, 250 words]

## Rising Poverty and Hunger in India due to COVID Pandemic

Source: <https://www.thehindu.com>

### Introduction:

COVID-19 pandemic has brought economies to a standstill due to lockdowns and movement restrictions. Impact of this contracting economic activity is immense on the lives of those who are below the poverty line (BPL) as well as on the vulnerable who can fall below BPL level. Reduced incomes and resultant poverty are pushing people into a humanitarian crisis where there are deprivations of food and healthcare.

### Emerging hunger crisis in India:

Economic crisis due to COVID has led to:

- Urban jobs in informal sector being lost where there is no job security
  - Casual wage workers, weavers, artisans, rickshaw pullers, self-employed persons are all facing loss of livelihoods
- Migrants returning to villages in fear of pandemic and also because employment opportunities in urban areas are reduced.
- Rise of unemployment to decadal highs to more than 6%

This has led to reduction of incomes of both urban households and rural households.

- Rural households which were dependent on remittances from migrant workers are now facing distress due to migrant returns.
- People and households are being pushed to BPL level of incomes. These include MSME employees, gig economy employees, domestic workers, sex workers, lower middle-class households like that of teachers in private schools.

In the absence of an effective public distribution system of food, reduction of incomes has been pushing people into deprivation of food and hunger.

- Nutritional items of diet like milk, eggs, dal, vegetables, fruit, meat are being foregone.
- Only cereal based diet (rice and roti) is being consumed in lesser quantities
- Halting of midday meal scheme due to school closures is depriving nutrition to children. Further, child labour is rising, to meet income and food needs of households.

As pandemic spreads to states with weak public health systems like Bihar, the poor will face a health crisis due to lack of quality public health care and unaffordability of private health care. This will further push them into poverty and will exacerbate the hunger crisis.

The UN estimates that 40 crore people will fall into extreme poverty (less than \$1.9 per day) especially in South, South East and East Asia. Further due to lack of efficient public food distribution support, 25 crore people will face acute hunger globally.

### Ineffective government responses:

- Ending of universal food support after lockdowns has reduced food availability for new poor who lost their livelihoods. Only those with ration cards are being able to access the rations.
- Preferring credit expansion over cash transfers will not aid economic recovery as demand has fallen drastically. In addition, this will not address the distress of households which have lost income and livelihoods.
- Dilution of labour laws has reduced protection to workers. Increased working hours (upto 12 hours), suspension of safeguards will weaken the bargaining power of

workers and pose health risks. This will make the livelihoods more vulnerable and hence risks rise in poverty and hunger.

**Conclusion:**

GHI (Global Hunger Index by IFPRI) had ranked India at 102 out of 117 in 2019. This position is going to further weaken due to the effects of the pandemic. State and civil society must move with haste to prevent this emerging humanitarian crisis of poverty and hunger. Only by sustained efforts can we regain progress towards goals of Zero poverty (SDG-1) and Zero Hunger (SDG -2).

**Mains question:**

Q.1) Discuss the impact of COVID 19 on food and nutritional security of India? What steps must be taken to ensure food security is provided to vulnerable people?

[15 marks, 250 words]

**Demand and Growth Revival by Enhancing Minimum Wages**Source: <https://indianexpress.com>**Introduction**

Private consumption demand which is one of the levers of economic growth has been slowing down even before COVID pandemic in India. After the pandemic induced lockdowns and restrictions, it has fallen drastically as jobs and incomes have been lost. Economic revival needs revival of domestic demand as external demand (exports) will stay muted in the foreseeable future.

India's growth story of the 21st century was based on consumption demand. This demand came from top of the socio-economic pyramid i.e. well off and middle class. But this has reached its limit. For further growth, demand must be generated at bottom of the income pyramid i.e. informal workers. They have high propensity to consume which makes them a good source of demand, provided they have adequate income.

**Incomes in India for informal workers:**

PLFS (Periodic Labour Force survey), 2018-19 data points out:

- 10% of employment is formal (job security, social security like pensions, provident fund, insurance). They have decent minimum wage (about Rs.26000 per month) for adequate consumption
- Organized informal employment constitutes 14% of total workforce. Their average incomes are Rs.9500 per month. This is equal to or below minimum wage.
- Self-employed constitute 50% of total workforce with average income of Rs.8400 per month
- Casual wage workers constitute 24% of workforce with daily income of Rs.209

This shows India's employment challenge includes inadequate incomes. For self-employed and casual workers, incomes are well below decent wages which are needed for consumption of goods. These wages only ensure a subsistence level of income and cannot create demand. These incomes have to be increased to ensure that consumption demand comes from the bottom of the income pyramid.

Increasing incomes can be done by 2 ways:

- Increasing productivity growth in informal economy
- Raising minimum wages

**Raising Minimum wages to improve incomes:**

Code on wages act, 2019 guides minimum wage in India. Based on occupation and skills, minimum wages are set. But there is a Floor wage (Rs.178 per day as per draft rules) based on minimum living standards, which is the threshold wage in any sector (organized and unorganized) and employment(formal and informal). Any minimum wage for any sector cannot be lower than floor wage. Yet considering enforcement difficulties in the informal sector, realization of the same is challenging.

Better interventions will be:

- Focus on casual wage workers: 2 sectors where 80% of casual wage workers are present are agriculture and construction. Ensuring decent living wages in these sectors will increase incomes of casual labour and hence consumption demand. It will also increase floor wages of other informal workers due to market forces.
- Public employment programmes like MGNREGA which employ unskilled workers must ensure minimum wages are paid. Further, they must be extended to the whole year and to urban areas. This will ensure other sectors will pay at least minimum wages in fear of labour migrating to MGNREGA.

- Criteria of setting minimum wage to be decent living standard: Current criteria in setting minimum wages is based on subsistence living and just out of poverty. It must be changed to ensure adequate income which in turn will increase consumption demand.
  - Anup Sathpathy committee recommended Rs.375 as living wage.
  - Minimum wage can be linked to regular informal worker incomes. This will ensure yearly upgradation of minimum wage as per PLFS data.

**Conclusion:**

By raising minimum wages of casual labour and public unskilled employment, consumption demand can be increased from the bottom of the income pyramid. This will not only reduce inequalities in India, but also ensure sustainable economic growth revival. This can be a complementary strategy to cash transfers to ensure minimum income guarantee to vulnerable households.

**Mains question:**

Q.1) Bad quality of jobs with low wages is a greater challenge for India than unemployment. Discuss? What step must be taken to ensure minimum wages in the economy?

[15 marks, 250 words]

## Promoting Gender Equality in Post Pandemic World

Source: <https://www.hindustantimes.com>

### Introduction:

Women and girls are more impacted due to COVID 19 pandemic. Major areas of impact are:

- Increased care needs of elderly, family members and children due to home quarantines, school closures and work from homes.
- Increased domestic violence (up to 33% rise)
- Disruption in Sexual and Reproductive Health Services (SRHS) of pregnancy services, family planning services and menstrual health services.
- Education and nutrition are impacted due to reduced incomes of households. Lower priority of girl child education and nutrition will lead to reduced investments in these. Further, lower incomes will increase child marriages when girls are seen as a burden.
- Loss of jobs and incomes.

These have exposed gender inequalities and are leading to feminization of MDP (multidimensional poverty).

### Post pandemic rebuild: Opportunity for gender equality

The pandemic response must build back better. It presents an opportunity to address the gender inequalities and make progress towards SDG (Sustainable Development Goal) – 5 of gender equality.

Steps to promote more equal world are:

- Gender responsive disaster management: Women's needs, perspectives, participation and leadership must form part of response strategies and institutions. Response must empower women.
- Sarvodaya – Leaving no women/girl behind: Inequalities in race, religion, caste, class, age, MDP, rural/urban etc aggravate gender inequalities. Hence all must be addressed holistically by a universal social protection to address gender inequalities.
- Gender inclusive economic rebuilding: Women's skills, labour, entrepreneurship and leadership must be integrated into post pandemic economic rebuilding (Atmanirbhar Bharat). Incentives, policies and investments must be made to ensure this economic inclusivity.
- Technological empowerment: Women must be enabled to benefit from the 4th industrial revolution and digital technologies like 5G, AI, robotics, digital payments etc.
- Universal access to quality health care (SDG-3): Women specific services of SRHS must be made accessible, affordable and available. Public health infrastructure and services must be revamped by investing 3-5% of GDP annually.
- Gender responsive education system (SDG-4): NEP (National Education Policy), 2020 must be used for closing enrollment, learning outcome and skills gaps between genders at all levels of education. Digital education must be used to increase accessibility and affordability of quality education to women and girls.
- Cultural and behavioural transformation: Policies and laws must implement gender rights which are evolved in multiple instruments like Beijing declaration (1995), SDG-5.

### Conclusion:

Gender equality is a recognized public good. It can add a trillion dollars to India's GDP by 2025. Hence it is vital that a gender equal society is promoted in the post pandemic world.

### Mains question:

Q.1) Discuss the impact of COVID pandemic on women. What steps must be taken to promote a more gender equal post pandemic world? [15 marks, 250 words]

**Possible Solutions to Compensate States for GST Shortfall**Source: <https://www.thehindu.com>**Introduction:**

Slow economic growth since 2019-20 has impacted GST (Goods and Services Tax) collections of centre and states. This has made compensation to states for GST shortfalls by the centre, a challenge. This was reflected in delays in such compensation for the FY (Financial Year) 2019-20. COVID 19 pandemic's economic impact has aggravated this challenge.

**Why and how is the compensation given to states?**

GST is based on the concept of 'One nation One tax'. To achieve this, centre and States have shared their powers of taxation. States gave up their powers to levy sales tax, octroi tax etc. This was the reason the 122nd constitutional amendment bill needed ratification by at least 50% of states.

Destination based taxation of GST (tax collected where goods or service is consumed rather than where it is made) had made manufacturing states apprehensive of loss of tax revenues. To convince such states, compensation for any tax shortfalls was provided for 5 years in the constitution. GST (Compensation to states) Act, 2017 was enacted for the same.

Act provides for:

- Assumption of 14% indirect tax revenue growth rate every year from 2015-16 for states
- Any shortfall in this revenue will be compensated by centre for 5 years upto June 2022
- Compensation payments every 2 months and adjustments at end of financial year

Compensation cess fund was created to finance the shortfalls. Additional cess on 28% slab of GST (luxury and sin goods and services), finances this fund.

**Slowing economy and challenge of compensation:**

In first 2 FYs i.e 2017-18 and 2018-19, cess collected was more than tax shortfalls of states. Slowing economy since 2019-20 has led to:

- Increased tax revenue shortfalls of states
- Reduced collection of cess to compensate the states

This is the reason for delays in compensation which has been raised by the states

First quarter GST collections of 2020-21 show that there is 41% shortfall in revenues. Hence, it is not possible to achieve a 14% growth rate in revenues or collect enough cess to fund the shortfall.

But the central government is constitutionally obliged to compensate the states. Hence a solution must be evolved.

**Possible solutions to address this challenge:**

GST council must address the issue of compensation. Following are possible solutions:

- Constitutional amendment to reduce compensation period to 3 years. This will make 2019-20 as the last year and imposes no further obligation on the centre. But states may not agree to this especially considering stressed finances due to pandemic.
- Funding shortfalls using centre's revenues: Considering limited fiscal space with centre (expected fiscal deficit of 6-8% of GDP in 2020-21), it is not practical.
- Raising debt on cess fund: Debt with guarantee of cess fund can be raised to finance shortfall. Cess fund tenure must be extended till such debt is cleared.

- Revision of 14% tax revenue growth rate target: 14% target for indirect tax revenue growth is unrealistic even without pandemic. It can be renegotiated to a practical growth rate which is linked to nominal GDP growth. Then GST compensation act, 2017 can be amended to make this possible.

**Conclusion:**

Pandemic and its economic impact is an unpredictable shock. Centre and states must recognize the difficult financial situation. Based on cooperative federalism framework, both have to arrive at a practical solution by negotiations in the GST council.

**Mains question:**

Q.1) Discuss the impact of COVID 19 pandemic on mobilization of resources by the general government? What are the possible solutions for resolving the centre's obligation to states in funding indirect tax shortfalls? [15 marks, 250 words]

## Future of Indian Secularism

Source: <https://www.thehindu.com>

### Introduction:

Secularism in India has come under focus in the recent event of the Prime Minister attending the inauguration of Ayodhya temple under official capacity. It is argued that this is against the principle of secularism where the state cannot promote any one religion and must treat all religions equally.

### Constitutional secularism in India:

Secularism as a principle is that religion cannot be a basis for discrimination of citizens. This is incorporated in Indian constitution through various provisions like

- Preamble promising secular state
- Right to equality (Articles 14, 15,16)
- Right to religious freedom (Articles 25,26,27,28)
- No religious restrictions for any secular executive posts like President, Vice president etc.

Principled distance to all religions is a unique feature of Indian secularism.

- Critical respect for all religions. Criticality ensures that practices which do not promote social equality, liberty and fraternity are not tolerated.
- Intervention when needed to promote constitutional values. Untouchability abolition, Triple Talaq abolition are examples. But such intervention cannot be discriminatory.

In the case of western concept of secularism, there is a strict separation of state and religion. State cannot interfere in matters of religion.

Constitutional secularism needs collective action from all stakeholders – Judiciary, civil society, media and citizens.

### Evolution of party-political secularism:

Communal politics have resulted in the morphing of constitutional secularism into party-political secularism.

Features of party-political secularism:

- Political opportunism for votes and power. Values of equality, liberty and fraternity are not considered. Rather vote considerations inform support to religious groups.
- Appeasement of religious communities. Both majority and minority appeasement is seen. Shah bano case is an example.
- Inciting communal disharmony and violence to polarize communities. Recent Delhi assembly election is cited by critics as one of the most communally charged campaigns. Delhi riots which followed are the result of polarization.
- Greater voice to extreme elements in religions rather than moderate reformist elements.

This leads to a vicious cycle of political conflict and social alienation. Extreme communalism during the 1940's was due to this phenomenon. Also, due to perceived need to safeguard culture from threats, polarization prevents dissenting reformative voices inside the communities.

Today, this is one of the reasons for increasing incidents of intolerance in the country like mob lynchings and riots. Further it leads to the rise of majoritarianism.

### Path ahead for Indian secularism:

India's pluralist traditions of social harmony will ensure that constitutional secularism will remain alive despite opportunistic politics.

Steps to promote secularism in right spirit are:

- Shift to a socially driven movement for secularism from a politically driven movement
- Shift of focus from inter religious issues to intra religious issues.
- All religious practices must be tested against constitutional values of equality, liberty and justice
- Gender and caste-based oppression must be addressed in all religions. This was the objective of 19th century socio-religious movements and must be pursued now.
- Reform must come from within for effectiveness. Sole outside critique will not yield results when communities perceive it as threat to their way of life

These will ensure a bottom up building of peaceful and democratic secularism.

More focus on intra religious issues will ensure that inter religious issues won't worsen further. It will give breathing space for evolving new forms of socio-religious tolerance which promote secularism, inclusion and democracy

#### Conclusion:

India must pursue the spirit of constitutional secularism while opposing opportunistic secularism which evolved due to communal politics. A civil society led bottom up approach is needed to reinforce the pluralist traditions of India.

#### Mains question:

Q.1) What is secularism? How is Indian secularism different from western secularism? Critically discuss the role of political parties in promoting secularism in India?

[15 marks, 250 words]

**Online Dispute Resolution for Affordable and Accessible Justice**Source: <https://www.livemint.com>**Introduction:**

COVID 19 pandemic has disrupted normal delivery of public services. Judicial system and justice delivery is one such impacted area.

Yet pandemic has given opportunity for fast tracking technology adoption in justice delivery. The Supreme Court (SC) and other courts are continuing adjudication using technology. Video conferencing infrastructure, e-filing, e-lok adalats are being evolved to ensure justice delivery adapts to the post pandemic world. This increases the efficiency of justice delivery. In this context, ODR (Online Dispute Resolution) can be expanded to further strengthen justice delivery in India

**ODR: Features and benefits:**

Alternative Dispute Resolution (ADR) mechanisms resolves disputes outside traditional courts by reaching a compromise and settlement. Hence ADR reduces case load on courts. In India, about 3 crore cases are pending before lower and higher judiciary. Due to this ADR becomes vital in ensuring “timely justice”. ADR mechanisms in India include Lok adalats, arbitration and conciliation, family courts etc.

ODR uses technology to make the ADR mechanisms more efficient, accessible and affordable. It has following features:

- Video conferencing and technology to transmit information. This reduces costs of litigation and makes the process faster. Example is the use of email to send e-summons.
- Doing away with physical presence requirements: No need for litigants to be present at the same time and can record statements at a place convenient to them. This increases accessibility.
- Technology enabled insights which can form part of resolution. This improves decisions during resolution.

Hence ODR can improve ease of living and ease of access to justice by introducing flexibility in resolution proceedings.

COVID 19 is expected to increase disputes and hence ODR becomes crucial in preventing high pendency. Recognizing this, multiple countries have adopted ODR:

- EU has ODR platform for e-commerce disputes
- Singapore International arbitration centre has adopted videoconference-based hearings
- MI Resolve by USA to resolve small disputes
- UK, Canada too are adopting it for small disputes

India too needs to scale up use of ODR to enable efficient justice delivery.

**Implementation of ODR:**

- Small and medium value disputes can utilize ODR
- Changing mindset: ODR as a service rather than administration of justice seen in courts. This provides flexibility.
- Capacity and capability building of personnel involved in handling technology
- Infrastructure creation in terms of technology use – Video Conferencing software, computers, cybersecurity etc.

**Conclusion:**

In a world disrupted by pandemic, innovative justice delivery systems are needed to handle potential rise in disputes. Technology enabled ODR can be the solution which ensures timely, affordable and efficient justice.

**Mains question:**

Q.1) What is Alternative Dispute Resolution (ADR)? Technology enabled ADR can make justice delivery timely, affordable and efficient. Explain? [15 marks, 250 words]

**Strategic Autonomy in Emerging Multipolar World**Source: <https://www.thehindu.com>**Introduction:**

India has adopted Self Reliance as an objective in the post covid world. While it is seen primarily in economic terms (reducing imports, shifting value chains), self-reliance also means strategic autonomy in foreign policy.

**Strategic autonomy is not isolation nor alliance:**

Strategic autonomy is the ability of a state to pursue its own national interest and preferred foreign policy without being constrained by other states.

India has pursued the policy of strategic autonomy ever since independence during bipolar cold war (1947-1991), unipolar times (1991-2008) and multipolar times(2008-present). This strategic autonomy is not an isolation nor an alliance. It has to be recalibrated as per security environment to ensure India's sovereignty and territorial integrity is maintained.

Examples of India's maneuvering in strategic autonomy are:

- US military aid sought in India – China war of 1962
- Treaty of Peace, Friendship and Cooperation with Soviet Union in build up to 1971 war of Bangladesh liberation to counter China and USA
- US intervention welcomed to stop Pakistan in 1999 Kargil war

These corporations were based on real politics and the existing environment at the time.

**Strategic autonomy in current times:**

China's rise has led to the emergence of a multipolar world after 2008. India itself is one of the poles in such a multipolar world where there has to be multi alignment based on the issue concerned.

In case of security threat from China along LoC, India cannot remain non-aligned as it directly threatens territorial sovereignty. Hence closer security and defense cooperation with the US is a step to secure our borders. However, it does not mean loss of autonomy in decision making, rather it is securing core interests of security by diplomatic maneuvering. US and India face a common threat from China and hence cooperation.

In addition, Strategic autonomy dictates that India should not completely rely on USA to tackle the threat of Chinese expansionism. Diversification is the need for self-reliance. Steps for this are:

- Remaining an independent power centre as complete dependence on US will impact ties with Russia, Iran as well as defense indigenization.
- Intensified cooperation with middle powers like UK, EU, Japan and ASEAN countries to accomplish collective goals
- Strategic relationships with multilateral institutions and multiple partners including developing countries, least developed countries.

**Conclusion:**

A multi vector foreign policy approach where good relations are maintained with all strategic actors of importance, is the need of the day for India. Its potential has to be maximized by multi alignment rather than isolation or alliance.

**Mains question:**

Q.1) What is strategic autonomy? In the emerging multipolar world, how can India pursue strategic autonomy? [15 marks, 250 words]

**Bridging Gap of Industry Linkages In Skill Training**Source: <https://www.financialexpress.com>**Introduction:**

ITIs (Industrial Training Institutes), Vocational training institutes, sector skill councils (SSCs) and private training centres are institutions for skill training in India with the objective of “skill, reskill and upskill”. These institutions have stopped functioning due to COVID pandemic induced restrictions. This deprives skill training for about 1 crore people and impacts their employment prospects.

In such a context, NSDC (National Skill Development Corporation) has partnered with TCS for e-skilling online. But, the structural constraint of lack of industry linkage to skill training is not addressed by this.

**Gaps in skill training – industry linkages:**

- Disconnect of the curriculum with needs of industry. This results in a need for retraining after joining a job and hence we see low placement of only 8.5%. As COVID 19 changes industry operations, this gap between skills required and curriculum will widen.
- Lack of practical training. Complete classroom training without internships or apprenticeships leads to incomplete skilling. COVID 19 will further exacerbate this due to movement restrictions
- Sector Skill Councils (SSCs) led by industry have largely been ineffective and need restructuring.

As firms minimize hiring due to COVID related uncertainties, placements after skill training will be further impacted due to skill deficit.

**Bridging the industry linkages gaps:**

Pandemic induced crisis can be turned into an opportunity to strengthen the skilling infrastructure in India.

Steps to bridge gaps in skill training are:

- Strengthening apprenticeship program: Apprentices get skilling on the job for a period of 1-3 years. Government supports this through the National Apprenticeship Promotion Scheme and pays 25% of stipend. This has to be strengthened by awareness campaigns like apprenticeship pakhwada. Also, apprentices hiring should be made more hassle free. This will ensure practical training-based skilling.
- Dual system of training (DST): All training programs must have both classroom and industry training components. This DST has to be promoted by increasing industry partnerships, participation of industry in curriculum design and assessments.
  - Haryana has implemented it successfully which has led to 30% pre placement offers from industry
- Skill – job matching databases: Making data of skilled workers accessible to industry with safeguards of consent and data security. Currently such databases are in silos and need to be integrated.
  - Recent ASEEM (Atmanirbhar skilled employee employer mapping) portal for skill-job matching is a step in the right direction.

**Conclusion:**

ILO estimates India will have a skill deficit of 29 million by 2030. COVID pandemic will further exacerbate this deficiency. Only by responsive policies and bold reforms in skill India mission, can India hope to harness the vast demographic dividend.

**Mains question:**

Q.1) Skill training in India needs more industry linkages. Discuss? [15 marks, 250 words]

**Addressing Agricultural Marketing Comprehensively**Source: [Indian Express](#)**Introduction:**

Government has announced 1 lakh crore AIF (Agriculture Infrastructure Fund) to develop post-harvest storage and processing facilities.

- Concessional loans to FPOs (farmer producer Organizations) and individual entrepreneurs will be provided to develop warehouses, cold storages etc.
- NABARD will be the implementing agency

This is a part of broader reforms in agriculture marketing and supply chain to boost farmers' incomes. Other steps include:

- 3 farm ordinances liberalizing Essential commodities Act (ECA); liberalizing agri products sale beyond APMCs and enabling contract farming
- Creation of 10000 FPOs scheme with NABARD as implementation agency
- e-NAM with warehouse-based trading modules
- PM AASHA to ensure support prices

NABARD being the implementation agency of both AIF and 10000 new FPOs can bring convergence in these reforms. This will lead to increased profitability for FPOs and hence farmers.

Yet these reforms are not comprehensive. More steps are needed to address the supply chain comprehensively.

**Capital requirements of small farmers:**

Small farmers (85% of total farmers) cannot hold stocks as they have urgent capital requirements for family expenditure. Solution is a Negotiable Warehouse Receipt (NWR) system to be implemented at FPO level.

- Under NWR system, 75-80% of value of produce to be paid to farmers at current market prices
- This needs large working capital with FPOs. NABARD must provide concessional finance to FPOs with 4-7% interest rates to make NWR system economically viable. Currently micro finance institutions provide 18-22% interest rates which are unviable.
- NABARD must train FPOs in using the NWR system.

**Deepening agri futures market:**

Agri futures market hedges marketing risks to farmers by providing reliable prices and assured procurement. It is necessary to tackle price volatility as seen in commodities like onion.

Issues in agri markets include:

- In India's NCDEX (commodities exchange), volume and value of agri commodities trading has reduced drastically from 2012 to 2019.
- Restrictive and unpredictable government policy. Any rise in agri prices is being responded with banning and restrictions of agri futures
- Lack of awareness of FPOs and farmers in utilizing these agri futures

Solutions for the same are:

- NABARD must train FPOs in using agri futures
- Procurement agencies like FCI (Food Corporation of India), NAFED, STC (State Trading Corporation), must increase participation in the agri futures market. This deepens the agri futures markets as is seen in China.
- Banks providing reinsurance in agri markets

- Stable and market friendly government policy.

**Conclusion:**

AIF, FPOs and farm ordinances will ensure spatial integration of Indian agri markets through one nation, one market. These will have to be complemented by reforms which ensure temporal integration through agri-spot and futures markets. Only then can we comprehensively address the supply chain and marketing inefficiencies in agriculture. This will ensure in realizing the vision of 'Doubling Farmers Incomes by 2022'

**Mains question:**

Q.1) Discuss the issues in marketing of agri products in India? What steps have the government taken in recent time to address these issues? What more steps are needed to make the supply chain efficient? [15 marks, 250 words]

**LG of NCT, Delhi Should Uphold Constitutional Provisions**Source: [The Hindu](#)**Introduction:**

Appointment of public prosecutors in the Delhi riots case by LG (Lieutenant Governor), has brought division of powers between state executive and LG into focus. LG had referred the decision of appointment of public prosecutors to the president and in the meantime appointed prosecutors who are different from the state government's intended appointees. Critics point out LG's action is against the 2018 supreme court judgment which made the elected council of ministers responsible for executive decisions and LG being only a nominal head.

**Supreme court's 2018 judgment:**

It was addressing jurisdictional conflicts between the government of NCT and LG who is appointed by the president on advice of the union government. It clarified the provisions of [Article-239AA](#) which provides for elected legislature and council of ministers for NCT, Delhi.

Article 239AA:

- NCT Delhi with a Lieutenant governor acting as administrator
- Elected legislative assembly and council of ministers for NCT, Delhi
- Legislative assembly can legislate on all state and concurrent list subjects except public order, police and land. But parliament is the final legislative authority and can override laws of assembly of NCT, Delhi
- Any difference of opinion between governor and council of ministers has to be reserved for president who decides the matter and in the meantime, LG can issue such orders as he may deem necessary in case if urgent action required

**Major points of judgment:**

- LG is bound by aid and advice of council of minister except in subjects of land, public order and police
- LG's concurrence is not needed for executive decisions and LG has no powers to overrule decisions of government
- Difference of opinion has to be referred to the president under Article 239AA(4) proviso. Governor cannot make decisions.
- Governor cannot act in a mechanical manner and refer every decision to the president. Only genuine cases of public interest and not for every trivial matter.
- Principles of collaborative federalism, concept of constitutional governance, objectivity, etc. must be considered before making reference to president
- Executive power vests with the council of ministers of NCT, Delhi and the union government has no overruling powers. Only role for the union government is through reference to the president by the governor. But the governor cannot refer executive decisions merely on differences of opinion. Only constitutionally important issues can be referred to the president.

Judgment had advised the LG that he/she must act as facilitator rather than having hostile attitude to the council of ministers of NCT, Delhi.

Yet the judgment has not clarified explicitly on which topics can LG refer to the president. Only broad values like collaborative federalism, concept of constitutional governance, objectivity are provided. Hence if LG refers routine administrative matters to the president

and in the meantime exercises power to pass orders, then it goes against the spirit of 2018 judgment.

**Appointment of public prosecutors and violation of 2018 judgment:**

Appointment of public prosecutors is an executive power of the UT (Union territory) council of ministers. Hence the referral by LG to the president is seen as violative of the 2018 judgment which laid down principles of collaborative federalism and concept of constitutional governance.

**Conclusion:**

LG must heed to advice of the Supreme Court in being a facilitator rather than hindrance to collaborative federalism. LG must uphold the law of the land and constitutional provisions.

**Mains question:**

Q.1) Article 239AA has created more friction than collaboration between state and union executives. Discuss? [15 marks, 250 words]

**India Must Invest in Urban Infrastructure For Sustainable Development**Source: [Indian Express](#)**Introduction:**

COVID 19 pandemic has exposed vulnerabilities in urban infrastructure and governance. 2/3rd of total cases are from cities of Mumbai, Delhi and Chennai.

Cities are the drivers of Indian economy generating 63% of GDP and have 31% of population (2011 census). Hence, they need to be built back better to create more resilience to future pandemics, climate change, disasters and ecosystem destruction.

**Understanding issues:**

- Inadequate public health infrastructure: COVID 19 exposed the shortage of beds, hospitals, personnel and equipment in urban areas. Private healthcare has failed to rise to challenge and cannot cater to poorer sections.
- Inadequate WASH (water supply, sanitation and hygiene) availability:
- Piped water supply is restricted and time consuming in slums and informal housing colonies
- This makes basic sanitation and hygiene of hand washing impossible in these areas. Hence pandemics cannot be controlled easily.
- Swachh Bharat Mission is a positive step in eradicating open defecation. But much more is needed to improve sanitation and hygiene
- Inefficient food security: Migrant exodus due to pandemic exposed shortcomings in accessibility to the public distribution system (PDS). Further, 15% of the world's malnourished are in India. This shows accessibility is still an issue.
- Air pollution due to vehicles, thermal power plants. This aggravates COVID 19 pandemic. Hence it has to be addressed to reduce the pandemic severity.
- Energy efficiency and zoning laws are not implemented.
- Inefficient public transport and traffic management leading to accidents and lost time in transit.

**Building resilient cities:**

- Investment in public health care infrastructure to increase beds, personnel and equipment
- Drinking water and sanitation services to vulnerable populations like slums. FICCI water mission, Jal Jeevan mission are positive. Social and Behavioral campaigns to be used bring attitudinal changes like no spitting in public areas, using toilets and washing hands
- PDS must be made more efficient and better targeted. Poor must have accessibility and affordability to nutritious food.
- Targeted investments in modern building, streets, sewage and water systems and toilets.
- Green building materials to be used to reduce emissions due to the cement industry. Companies must be incentivized to promote innovation in these.
- Building and street design to reduce need for refrigeration and power use
- Enforcing energy efficiency norms in buildings
- Sustaining momentum in Renewable energy generation. Last 3 years saw more renewable energy investment than fossil fuel based. This has to be maintained
- Investment in public, non-motorized transport like bicycles. This generates more employment than investments in roads and motorways. It will also reduce accident related deaths.

- Digital infrastructure must be enhanced to enable new ways to work (work from home, gig economy etc). It reduces transit and hence pollution. It also saves costs for all (employees and employers)

**Conclusion:**

COVID 19 pandemic has provided an opportunity to reset urban governance mechanisms and infrastructure. This must be utilized to increase investments in building resilient, inclusive, sustainable and low carbon cities.

**Mains question:**

Q.1) Investments in urban infrastructure is the need of the day. Discuss how resilient urban infrastructure can be developed? [15 marks, 250 words]

## Understanding China-Russia Ties To Calibrate Indian Foreign Policy

Source: [The Hindu](#)

### Introduction:

Triangular partnership between Russia, China and USA are important in global geopolitics. This was the case since the 1950's. US viewed China as key in victory against USSR, especially after the defeat in the Vietnam war. Similarly, Russia now views China as vital to maintain its global power.

India's relations with USA, China and Russia are most important from foreign policy perspective. Hence their triangular relations between themselves becomes important to calibrate Indian foreign policy.

### Changing dynamics of of US-Russia-China relationship:

2 trends are visible:

- China has gained an advantageous position. Previously, US had an advantageous position in the relationships between the three in all areas – economic, geopolitical and trade. But this has changed in recent times.
- Disintegration of USSR has removed any Russian threat to China. Hence China is recalibrating relations with Russia without any apprehensions.

### Deepening Sino-Russia cooperation:

Western sanctions on Russia have pushed it into a closer relationship with China. To overcome economic and security challenges, Russia has deepened collaboration with China.

3 pillars of Sino-Russia partnership are:

- Peaceful boundary
- Expanding trade
  - Trade doubled after western sanctions
  - Chinese currency reserves with Russia have increased by 1300%
  - China replaced Germany as supplier of industrial plants and technology
- Shared distrust of American intentions and actions to tackle resultant threat perception
  - Coordination in multilateral fora
  - Joint military exercises
  - Coordination with other countries like Iran, Turkey.

Due to these actions, there is a perception of strategic convergence between both and possible alliance. But this is not a complete picture.

### Russian concerns remain:

Increasing power gap between both countries has raised apprehensions in Russia. It's concerns include:

- Rising influence of China in Central Asia, Eastern Europe and Arctic which are historically closer to Russia. BRI (Belt and Road initiative) has led to this closer integration of these regions with China. But Russia considers itself a great power and want to retain its prominence in these regions
- Possible threat to Russian territorial integrity due to Chinese migration into the far east. Further voices in China raise grievances of historical occupation of Chinese lands by Tsarist Russia.
- Trade asymmetry: Chinese have advantage due to technology related exports. Russia primarily supplies oil and gas as well as raw materials. Chinese investment is minimal except in China's core interests like gas and oil pipelines (Power of Siberia pipeline etc).

- Economic divergence:
  - Chinese intention to integrate Russia into China's economy is not preferred by Russians who want to maintain economic sovereignty.
  - Russia's plan to control China using oil and gas supplies will not be acceptable to Chinese
- Ties with US and west are still seen as repairable by both countries. Hence any strategic convergence in the short term is due to necessity rather than deeper alliance.
- Defense supplies of S-400 have more economic importance than geo strategic. China's defense purchases will go down due to self-reliance and Russia has limited period to gain from defense trade with China.

Hence there is increasing asymmetry of power with the real possibility of Russia becoming a junior partner. This is not acceptable to Russia.

**Conclusion:**

India must have a realistic understanding of Sino-Russia ties. Any deepening Sino-Russia relationship should not be the cause of friction in India-Russia partnership as China is not a factor in this. India-China and India- Russia partnerships have their own salience.

Russia is a major defense supplier to India and both share a common belief in multipolarity as well as have no conflicts of interests. Hence this friendship must be nurtured more by both sides.

**Mains question:**

Q.1) In the context of deepening China-Russia ties, how should India recalibrate its foreign policy? [15 marks, 250 words]

## New Taxpayers Charter Needs Effective Implementation

Source: [Financial Express](#)

### Introduction:

Government has unveiled a new scheme of “[Transparent Taxation – Honoring the Honest](#)”. It provides for tax reforms of faceless assessments, faceless appeals and taxpayers charter. Its objective is seamless tax filing, assessment and appeals without harassment and burden for taxpayers.

### Provisions of the scheme:

Faceless tax system:

- Data analytics and AI based tax assessment
- Automated random allocation of cases for appeals
- No physical interface and no need to visit offices
- Draft assessment, review and finalization in different cities
- Only exceptions include serious fraud, tax evasion, sensitive search matters, international taxation, black money and benami properties

Taxpayers Charter: Has 14 obligations of revenue department and 6 duties of taxpayers

#### COMMITMENT TO TAXPAYERS



- To provide **fair, courteous, and reasonable treatment**
- Treat taxpayer as **honest**
- To provide **mechanism for appeal and review**
- To provide **complete and accurate information**
- To provide **timely decisions**
- To collect the **correct amount of tax**
- To respect **privacy of taxpayers**
- To maintain **confidentiality**
- To hold its authorities **accountable**
- To enable **representative of choice**
- To provide **mechanism to lodge complaint**
- To provide a **fair & just system**
- To publish **service standards & report periodically**
- To reduce **cost of compliance**



### Issues in pre-existing framework for protection of taxpayers rights:

- Citizens charter with the Sevottam framework was adopted by the tax department in 1998. But it is ineffective due to non-statutory nature and lack of accountability mechanisms.
- An ombudsman to bring accountability in the tax department was established as per Kelkar task force recommendations of 2002. But it has proved ineffective
- In recent years, use of technology has led to improvement in tax return filings, automation of withholding tax and regular assessment of refunds. But issues remain in privacy and confidentiality, non-coercive measures of collection, cross border procedures, retrospective taxation guidelines etc.

The 2014 tax administration reform commission has emphasized these issues and the need for a revised charter based on the needs of taxpayers.

New charter released by the government is aimed at addressing these concerns.

### **Success depends on implementation of charter:**

Translation of new charter into implementation must adopt best global standards for success. Following steps will help in achieving this:

- Legal limits on retrospective taxation
- Public consultation in shaping tax policy and law
- Binding rulings to restrict revenue department in appealing advance rulings
- Presumption of honesty: Prevention of double jeopardy (penalizing twice for the same offense); right to be heard before order is issued and principle against self-incrimination must be adopted.
- Reduction of cost of compliance:
  - Using government data to prefill returns. This prevents the need for paid CAs. This also improves government data collection.
  - Centralized procedure for group entities/families (trusts etc) to prevent multiple advisors
- Non-binding administrative guidance: Online assistance can be provided to individual taxpayers, MSME's, businesses, senior citizens, persons with disabilities and those from remote areas. This promotes trust and acceptance.
- Effective grievance redressal:
  - Immediate action by a dedicated cell
  - Guilty officials must provide an apology and token compensation as is seen in Australia
  - 360-degree evaluation of tax officials must include findings of grievance redressal cell
- Tax collection only as per law:
  - Tax demands must not be higher than mandated by law. Currently high demand and subsequent litigation has only increased burden. Further tax appeals of departments have low success rates due to such high assessments.
  - Coercive measures like attachment of bank accounts must be used only in exceptional situations
- Confidentiality and privacy:
  - Rules governing tax inspections, particularly on surveys and search operations, should be aimed at protecting citizen's right to privacy
  - Breaches must be made an offense and investigating official must be made accountable
  - Judicial authorization must be mandatory for public disclosures under 'Naming and shaming' policy.
- Accountability mechanisms to be inbuilt: Annual assessment reports, periodic feedback from taxpayers must be present.

### **Conclusion:**

Taxpayers charter has the potential to make tax law predictable and protects the rights of taxpayers. It can prevent burden on honest taxpayers while deterring errant taxpayers. Its implementation must be effective to realize 'Minimum government, Maximum governance'

### **Mains question:**

Q.1) New taxpayers charter empowers honest taxpayers. Discuss? [15 marks, 250 words]

**Differential Impact of COVID-19 and lockdown In India**Source: [The Hindu](#)**Introduction:**

COVID 19 pandemic is seen as a leveller as it impacts everyone irrespective of race, religion, caste and class. Such catastrophic events due to pandemics, war, revolution and state collapse are argued as great levellers by economic historian Walter Schiedel. Analysis shows that inequalities in society reduce due to them. High mortality results in labour shortages which will in turn increase wages. This reduces income and wealth inequalities.

**Is COVID following this prediction?**

Early evidence from US and UK show that this predicted trend is not true in the short term.

- Disease is not class neutral i.e risk of infection is more in case of poor and vulnerable
- Economic impacts are more among low wage earners and less educated workers.

Socially marginalized groups (ethnic, caste and race minorities) have high representation in both of the above categories. They have a higher chance of mortality due to pandemic as well as losing livelihoods.

**Employment trends in India:**

Stringent lockdown and economic slowdown in India has impacted the livelihoods of everyone. Migrant labour exodus is the most visible representation of this phenomena.

But this impact is not caste neutral. SCs (Scheduled castes) and STs (Scheduled Tribes) are more affected than other castes. Trends of lost employment as per household surveys are:

- 20% of SC households
- 15% of ST households
- 14% OBC households
- 8% intermediate castes
- 7% upper castes

These trends show economic inequalities may increase due to the pandemic.

**Effect on access to education of SCs:**

Global trends show loss of livelihoods is more in low educated and casual employment. Those with more than 12 years of education have been less affected.

Caste gaps in higher education are static or widening in India. Pandemic has the risk of exacerbating the same. COVID has led to increased home learning and use of technology due to school closures. Caste based disparities in both these trends are:

- 51% women and 27% men in SC households are illiterate. Whereas in upper caste households it is 11% women and 24% men. Due to this assistance from parents will be less in SC households. Economic inequalities further compound this lack of assistance.
- Access to the internet is 20% for upper caste households whereas it is 10% for SCs. This creates disparity in access to technology.
- Bank savings are there for 62% upper caste households whereas this is 49% for SC households. Hence ability to invest in technology is lower for SC households

Due to these, prolonged closures of schools will lead to worsening of access to education for disadvantaged groups.

**Conclusion:**

Pandemic effects are not as caste neutral as is predicted. Further, inequalities based on social identity are widening. Investment must be made to make education and health accessible and affordable to all.

**Mains question:**

Q.1) COVID 19 pandemic is exacerbated by inequalities whereas inequalities are exacerbated by the pandemic. Critically discuss? [15 marks, 250 words]