

**9pm**  
**Compilation**

**August, 2021 (Second Week)**

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1. A caste census will serve no clear worthy purpose

### General Studies - 2

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# General Studies Paper - 1

## General Studies - 1

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### 1. A caste census will serve no clear worthy purpose

Source: LiveMint

Syllabus: GS 1 – Communalism, regionalism & secularism

Relevance: Understand the challenges with the caste census in India.

**Synopsis:** There are proposals to revive the caste-based census in the National Census of 2021. But introducing them is not easy, and the caste census has certain challenges.

#### Introduction

With census fast approaching, some sections argue the need to include caste in the Census questionnaire. While there are merits to this argument, the state should be extremely cautious of this move.

#### Why do certain sections favour such a move?

- It will help identify inequities suffered by backward classes.
- It will help in better targeting of Government welfare schemes.
- Since job and education quotas are based on caste, this will help in evidence-based policymaking. The current policies are based on the last caste census, which was conducted in 1931.
- SECC which was conducted to overcome this did not release its findings.

#### What are the challenges surrounding this move?

- Such a move requires detailed deliberation, for which the time is less.
- Any such last-minute move to change the questionnaire could delay the census.
- As India seek to eliminate and weaken the notion of caste, such a caste-based census would only strengthen it.

#### Way forward

The state should not enumerate citizens based on caste until it is badly needed. The state should focus on Governance and implementation for better outcomes of schemes.

#### Terms To Know

- Socio Economic Caste Census

# General Studies Paper - 2

## General Studies - 2

### 1. Standing with Kabul – India's Afghan policy

Source: Indian Express

Syllabus: GS2 – International Relations (IR)

Relevance: India's Afghan policy post-US-exit from Afghanistan

**Synopsis:** A lack of consensus on Afghanistan amongst the permanent members of UNSC means India will have to build international opinion around this topic gradually. Also, it should put pressure on Pakistan and the Taliban to make peace with Kabul.

#### Context

Recently, a special meeting of the United Nations Security Council on Afghanistan convened under India's presidency. It failed to bring a new international consensus on controlling the Taliban's military offensive with the full support of the Pakistan army.

#### No consensus on Afghanistan

In Afghanistan, there is no unanimity amongst the five permanent members, which is critical for any consequential decisions by the UN Security Council (UNSC).

- China: An ambitious China is seeking to extend its regional footprint
- Russia: An opportunistic Russia is tagging behind Beijing. Both China and Russia seem to support Pakistan's game plan to reinstall the Taliban in Kabul.
- UK: Given its special ties with the Pakistan army, London tends to be unstable on the Taliban.
- US: The US has ceded much ground by deciding to withdraw all its troops in Afghanistan by the end of this month.
- France: In Europe too (represented by France which has a permanent seat in the UNSC), there is a decline in political support for continued Western military intervention in Afghanistan.

#### Way forward for India

India must continue to stand with the people of Afghanistan, whose dreams for a peaceful future are being shattered. Delhi must continue to mobilize international opinion in all global forums, as well as work with its close partners so that Pakistan and the Taliban can be pressurized to stop fighting and start peace talks with Kabul.

Must Read: India's future Afghan policy – Explained, pointwise

#### Terms to know:

- UNSC
- Who are Taliban?

### 2. The many hurdles for students

Source: The Hindu

Syllabus: GS Paper 2: Issues relating to development and management of Social Sector/Services relating to Education

Relevance: This article explains the challenges faced by Indian students abroad and provides suggestions.

**Synopsis:**

Indian students studying overseas and those looking to go abroad face many COVID-related challenges

Indian students in abroad:

- Students from China and India accounted for 47% of all active foreign students in the U.S. in 2020
- Indian students comprised the second-largest student community in the U.K. and Australia in 2019-2020.
- Similarly, Indian students are now the largest group within the international student community in Canada.
- But despite that, during the Covid-19 pandemic, Indian students face several problems which need to be addressed.

Read more: [India's schoolchildren need their childhood back](#)

**Issues faced by Indian students during Covid-19:**

1. Indian students were forced to delay their plans in 2020 due to the imposition of lockdowns, disruption of flights, and embassies not issuing student visas.
2. Furthermore, many countries have closed their borders and/or restricted flights from India.
3. Many foreign universities require students to get vaccinated before they go. Covaxin and Sputnik V are yet to be recognised by the World Health Organization. Countries like the U.S. do not accept students who have been inoculated with these vaccines and have told them to get re-vaccinated.
4. Due to the disruption caused by COVID-19, students overseas are finding it difficult to get jobs.

Read more: [One year of National Education Policy – Explained, pointwise](#)

All this led to a drop in the number of Indian students going abroad to study in 2020. According to the Ministry of External Affairs, while in 2019 nearly 5.9 lakh students went overseas for higher education, in 2020 only 2.6 lakh were able to go.

**Suggestions:**

Policies pertaining to air travel and recognition of Covaxin need to be addressed at the earliest to facilitate smooth travel for tourists seeking to go overseas.

**3. Addressing the quality deficit in India's technical education**

Source: The Indian Express

Syllabus: GS Paper 2: Issues relating to development and management of Social Sector/Services relating to Education

Relevance: This article explains the issues surrounding Engineering education and suggestions to improve them.

**Synopsis:**

The problems surrounding Engineering education needs immediate attention.

**Introduction:**

Engineering is an applied science. But private entrepreneurs without the subject knowledge took the lead to meet the country's growing demand for technical education in the mid-Eighties. This resulted in the following challenges.



**Challenges facing Engineering colleges:**

1. The engineering curriculum took a hit as the management's agenda entered academic bodies of various universities.
2. Subjects like materials, applied physics, and thermodynamics became dispensable. Several universities merrily revised their curriculum at the expense of these courses.
3. The regulatory gaps, poor infrastructure, lack of qualified faculty, and the non-existent industry linkage contributed to the abysmal employability of graduates.
4. The private colleges also failed to make a considerable investment to adapt to the dynamic environment of the job market.

Read more: India's schoolchildren need their childhood back

**Other challenges:**

- Not a single industry body, be it CII, FICCI or ASSOCHAM has managed to effectively inform the education planners on the growth in different employment sectors.
- The government also failed to take any tangible steps to set up an independent body to advise AICTE on this vital aspect.

All these resulted in real dilution of Engineering education's overall standards in the country.

Present status of Engineering colleges:

At its peak in 2014-15, AICTE-approved institutes had almost 35 lakh seats. Since 2015-16, at least 50 colleges have closed each year, and this year, AICTE approved the closure of 63 institutes.

**Suggestions:**

- Rather than being reactive, institutions must proactively define the practising elements of education.
- The corrective measures for these shortfalls are technology-intensive, are experiential, and need investments in teaching.
- The need of the hour is to create a truly autonomous quality assurance body at an arms-length from the government, manned by eminent persons both from the industry and academia.

Read more: One year of National Education Policy – Explained, pointwise

Technical education has to reach the unreached sections with assured quality. Then only India can see improvements in Technical education and Engineering.

Terms to know:

- All India Council for Technical Education (AICTE)

**4. Mending fences: On Goodwill among northeastern states**

Source: Indian express

Syllabus: GS2 – Inter-state relations

Relevance: Assam-Mizoram dispute, its negative impact from regional, national and international perspective, steps that can be taken to resolve such disputes.

**Synopsis:** Border tensions between Assam and Mizoram have calmed down. We need to build upon the momentum and ensure that peace and order is maintained in the North East because the success of Act East policy rests on it.

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### Background

- Read here: Assam-Mizoram border dispute – Explained

### Steps taken

Following steps have been taken till now to remedy the situation.

1. Assam chief minister has sent two ministerial emissaries from Assam to Aizawl (Mizoram). Atul Bora, one of the ministers sent to Aizawl is from the Asom Gana Parishad (AGP). Mizo National Front (MNF) has had good relations with the AGP.
2. Deployment of neutral Central forces at the disputed stretches of the interstate border
3. Withdrawal of the Assam government's travel advisory which asked people not to travel to Mizoram.

### Impact of confrontation

1. Regional – rise in prices and shortage of commodities, impact on the entire supply chain, from producer to transporter and receiving customers/markets, impact on the investment in the region
2. National – affect the public image of the North East in rest of India. Such instances erode the gains made in the past to achieve peace and security.
3. International – impacts effective implementation of International policies like Act East.

### What needs to be done?

- Public engagement: Communities at the border, stakeholders such as business leaders and transporters as well as civil society need to be involved in conversations and dialogue for sustainable settlements.
- Political leaders must take the lead and show the way. There will have to be give and take, to arrive at a common conclusion. That is the practical side, which politicians are best equipped to deliver.
- A Development Corridor at the border through consensus from both states would be a welcome step. It will build on the natural advantages of the bordering states — vegetable, meat and fruit processing, handicrafts and designer handlooms & and create jobs, livelihoods and better incomes for people on the border and beyond, building an equitable supply chain

### Conclusion

The visionary Act East Policy and its predecessor Look East Policy rest on the pillars of peace and trust, not just better roads and physical infrastructure. Peace and trust depend on good relationships between neighbors which is essential for economic cooperation, transport and trade not just cultural and social collaboration.

#### Terms to know

- Act East Policy

### 5. Putting an end to police brutality

Source: Indian Express

Syllabus: GS-2 Polity and Governance: Important aspects of institutional and other measures

Relevance: The article highlights the police brutality & steps to stop the custodial deaths

**Synopsis:** NCRB data have repeatedly shown police brutality, violation of human rights, and even extreme instances of custodial killings.

**Some recent examples include:**

- Death of fruit stall owner in Tamil Nadu
- Death of vegetable vendor in UP for violating Covid norms

**National Crime Record Bureau (NCRB):** According to NCRB data

In 2017—100 cases of custodial deaths were reported, of which 42 were in police custody. Maharashtra ranked first in custodial deaths, followed by Gujarat and Rajasthan

In 2019—85 cases of custodial deaths were reported, of which no policeman was convicted, although some were arrested and charge-sheeted. Tamil Nadu registered the highest number of cases, followed by Gujarat, Punjab, and Rajasthan

Problem: Although several policemen do get convicted, there are that many who go scot-free — by manipulating records, intimidating complainants or political patronage.

Read more: Threat to human rights is highest in police stations: CJI

**Way Forward:**

1. There is a need to give strict and prompt punishment to policemen who are found guilty by the senior officers.
2. Even those police personal should be punished who remain as spectators when the person in custody is being tortured
3. Making accountable, the sub-divisional police officers and superintendents of police for any misconduct that happens under their supervision

Read more: State of Prisons in India – Explained, pointwise

**Terms to know**

- **National Crime Record Bureau (NCRB)**
- **Custodial violence**
- **Narcotics and Psychotropic Substances (NDPS) Act**

**6. Securing the Indian ocean**

Source: Indian express

Syllabus: GS2 – Important International Institutions, agencies and fora – their Structure, Mandate

Relevance: Strengthening maritime security

**Synopsis:** Maintaining and strengthening maritime security is a key concern for India. With an open debate on the issue in UNSC, India has a chance to showcase that maritime security requires a multi-dimensional and multi-stakeholder approach.

**Context**

India has convened an open debate of the UN Security Council (UNSC) on enhancing maritime security, which will be chaired by Indian PM on August 9. It reflects India's international evolution as a maritime nation. The objective of the debate is to highlight the effectiveness of international maritime cooperation to respond holistically to natural and man-made threats to maritime security.

**Why marine security is important for India?**

1. Protecting its vast coastline – India has a coastline of over 7,500 km, thus it has a natural interest in enhancing maritime security
2. Maritime trade route – 75% of the world's maritime trade and 50% of daily global oil consumption is transported through Indian Ocean region.

### **SAGAR policy**

India launched SAGAR (Security and Growth for All) initiative which proposes an integrated regional framework to enhance maritime security in the Indian Ocean & focuses on following 5 pillars –

1. Role of India – as a net security provider in the region
2. Active engagement with friendly countries – to enhance the maritime security capacities and economic resilience of these countries
3. Advancing peace and security – by developing a network to take effective collective action
4. Ensuring sustainable development in the region – through integrated and cooperative focus on the future of the IOR
5. Collective approach – ensuring that the primary responsibility for peace, stability and prosperity in the IOR would be on those “who live in this region”

### **Measures to sustain international coop**

Sustaining international cooperation to enhance maritime security requires two supportive frameworks in the policy and operational areas.

- Rule of Law approach – A rule-of-law based approach backed by an effective legal policy framework is essential to secure the maritime domain.
- UN Convention on the Law of the Sea (UNCLOS) – Application of UNCLOS to address new challenges to peace and security including from non-state actors such as terrorists, pirates and criminal gangs engaged in drug trafficking.

### **Relevant issues**

#### **Certain important issues need to be discussed at the open debate:**

1. Improving the operational effectiveness of the UNCLOS, especially regarding the enforcement of its provisions on freedom of navigation, the sustainable exploitation of maritime resources, and the peaceful resolution of disputes.
2. Securing the sea lanes of communication (SLOCs) – The debate must focus on ensuring equal and unrestricted access to SLOCs by states while resolving differences through peaceful means.
3. important SLOCs in Indian Ocean Region are – the SLOC connecting
  - Red Sea to the Indian Ocean through the Bab al-Mandab
  - Persian Gulf to the Indian Ocean through the Strait of Hormuz
  - Indian and Pacific Oceans through the Straits of Malacca
4. Data-sharing: Sharing data on threats to commercial shipping is important to enhance maritime security. India’s initiative to establish an International Fusion Centre (IFC) for the Indian Ocean region in Gurugram in 2018 effectively aims to achieve the same
5. Increasing role of the private sector in the maritime domain – to promote blue economy through sustainable development as well as digital economy by providing the critical submarine fibre-optic cables.

### **Conclusion**

The ability of the UNSC to respond to the debate by endorsing a multiple stakeholder approach to enhancing maritime security would be a significant outcome. It would set a paradigm for upholding “multi-dimensional” security in the 21st century.

**Terms to know**

- **Indian Ocean Tsunami Warning and Mitigation System (IOTWS)**
- **SAGAR**
- **IOR**
- **UNCLOS**
- **BIMSTEC**
- **Sea Lanes of Communication (SLOC)**
- **ASEAN**
- **International Fusion Centre (IFC) for the Indian Ocean region (IFC-IOR)**

**7. The importance of the Gulf in shaping the geopolitics of Afghanistan**

Source: Indian Express

Syllabus: GS2 – International Relations (IR)

Relevance: Understanding the Afghan issue from a regional perspective.

Synopsis: Importance of the Gulf countries in shaping the geopolitics of Afghanistan.

**Background**

The Taliban has been making rapid advances across Afghanistan by resorting to widespread violence since the US began withdrawing its troops from the country on May 1. The US has already pulled back the majority of its forces and is looking to complete the drawdown by August 31.

The meetings of the “extended troika” this week in Doha, Qatar, are apparently aimed at reversing the current dangerous turn towards anarchy in Afghanistan.

- **Troika-plus:** Troika-plus meeting, to discuss ways to advance intra-Afghan talks in Doha, is scheduled to be held this week. Troika-plus-Pakistan meeting involves consultations between the US, Russia, China, Pakistan along with the representatives of the Afghanistan government, Taliban, and other senior Afghan leaders
- **Troika:** US-Russia-China troika was set up in 2019 at Moscow’s initiative to support the negotiations for a peace settlement between the Afghan government and the Taliban. It has taken an “extended” form with the inclusion of Pakistan this year.

**Note:** India is not a part of Troika-plus.

Gulf countries have played a significant role in shaping geopolitics of Afghanistan.

**Role of gulf countries**

**Over the decades, different nations from the Gulf have sought to influence the outcomes in Afghanistan.**

1. **Qatar (Doha):** The capital of the tiny state of Qatar, is now the main venue for the so-called peace talks on Afghanistan. Since 2011, it has formally hosted the Taliban delegation in Doha and taken the lead in promoting the so-called peace process in Afghanistan. For Doha, this peace process was very much part of its promotion of political Islam in the Greater Middle East and the subcontinent. It has also aligned with Turkey President’s similar objectives in the region.
2. **Saudi Arabia & UAE:** After the Soviet occupation of Afghanistan at the end of 1979, Saudi Arabia poured in significant resources to support the US-Pak mobilisation of a jihad in the 1980s against the communists in Kabul. And when the Taliban took charge of Afghanistan in 1996, Saudi and UAE were the only countries, other than Pakistan, to recognise the new political dispensation.

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- Saudi Arabia and the UAE have taken a back seat in the current regional diplomacy on Afghanistan. In recent years, Saudi Arabia and the UAE had sought to promote political reconciliation in Afghanistan but had little success in nudging the Taliban towards moderation.
3. Iran: Before Arabs of the Gulf gained prominence in Afghanistan, it was Shah of Iran, whose close ties with the United States had made him the main regional actor in South West Asia. Well before the oil boom, the Shah sought to build a federation of Iran, Afghanistan and Pakistan, promote regional connectivity, and lead the economic modernization of South West Asia.
- The developments in Iran — ouster of the Shah and the founding of the Islamic Republic in 1979 — and the Iran-Iraq war of 1980-88 marginalised Iran from the Afghan geopolitics in the 1980s. But not for long.
  - Iran was back in the game during the 1990s as it worked with Russia and India to back the anti-Taliban coalition. Tehran also extended support for Washington's efforts to oust the Taliban from power after the 9/11 attacks.
  - But once the US declared Iran as part of the “axis of evil” in 2002, Tehran and Washington have been at odds in Afghanistan.

### Conclusion

There are too many independent actors in the region with high stakes in Afghanistan. They will figure out ways and means to cope with the new Afghan dynamic. India's intensifying consultations with Iran is one example. Saudi Arabia and the UAE, whose interests are threatened by Taliban's religious extremism, are not going to sit back forever. Integration of the Gulf into India's regional security calculus is now likely to be a permanent feature.

### 8. Here's a sure-fire way to boost your count of Olympic medals

Source: live mint

Syllabus: GS 2 – Government policies and interventions

#### Synopsis:

Empirical data shows that the host country gets benefitted from hosting the Olympics. It raises their medal count.

#### Background:

Hosting Olympic Games is an economic disaster, even in non-pandemic times. A recent estimate suggests that the cost doubled from initial expectations to \$15.4 billion. This includes an additional \$3 billion due to the one-year delay and related pandemic-control measures.

Nonetheless, there exists a positive correlation between hosting and medals won by a country. The empirical data shows that GDP, growth rate, population, etc. variables are not a guarantee of more medals, but hosting is.

#### Boost to the host country:

1. A look at the count of gold, silver, and bronze shows that the host country gets a significant boost, one that persists in subsequent games.
2. Japan's incredible haul for Tokyo 2020, with 27 gold medals, puts it third behind the US and China. Significantly, it captured the top prize in 7.9% of all events. It is much higher than 3.9% in Rio 2016 and 2.3% for London 2012.

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- Spain's Golden Games (Host) at Barcelona in 1992 saw it grab 5% of the gold on offer, putting it sixth.
- Australia jumped from 3.3% in its Green Games (the event prior to hosting) to 5.3% in Sydney 2000. It climbed to 5.7% four years later in Athens, then slid to 4.6% in Beijing.

### Analyzing other variables:

- There's little to suggest any connection between the Olympics and economic performance. Being rich doesn't hurt, with the US consistently near the top. China's increasing wealth over the past 30 years to become the world's second-largest economy has coincided with its increasing share of medals. But then, the Indian economy is also very big, but its performance shows a different result.
- Thus, medal performance cannot be explained by GDP growth. China has expanded along with its sporting might, yet Vietnam's incredible rise since 1990 comes with minimal improvement in athletic results.
- Population too doesn't correlate with performance, as India, Indonesia, and Pakistan all lag in medals despite having a high population.

### Conclusion:

Doubtless, there are numerous contributors to performance, including institutionalized support for athletic programs, access to facilities and coaching, and illegal performance-enhancing drugs. But the data indicate that the best way to boost results is to enjoy the home-ground advantage.

## 9. Jal Jeevan Mission: Flowing in the right direction

Source: Business Standard

Syllabus: GS 2 – Government Policies and Interventions for Development in various sectors and Issues arising out of their Design and Implementation.

### Synopsis:

Jal Jeevan Mission promises to go down in history as an iconic development initiative. Its objectives can be duly achieved by encouraging greater participation of corporations and charitable trusts towards it.

### Background:

Rural India has 18.93 crore households, of whom only 17 percent had some version of a tap water connection. Realizing this disparity, the Jal Jeevan Mission (JJM) was launched by the Indian PM on 15th August 2019.

### About Jal Jeevan Mission:

- It aims to deliver a functional tap connection by 2024 to every household in rural India.
- The total mission outlay has been estimated at Rs 3.60 trillion, of which Rs 2.08 trillion is the share of the Central government.

### Read more – Jal Jeevan mission

### Benefits of JJM:

- The expected outcomes are linked to a reduction in drudgery in the life of women and providing dignity of life to rural communities.

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- The Mission will also see the skill-development of an entirely new set of plumbers, masons, pump-mechanics, quality-control specialists across Bharat — opening up a vast job market.
  - At 15 new jobs per village, there would be an addition of 90 lakh new jobs in rural India.
- Progress of JJM:
- The reported progress to date has been more than satisfactory. It has met around 41% of its target as of July 2021. It does appear that by 2024, the overall target can be achieved.
- This by itself will be commendable considering the federal structure of our polity, the diversity of the water-source challenge in different geographies, and the sheer granularity of the deliverables.

### Other measures that JJM can take:

- Experts suggest launching an aggressive outreach program for corporations, trusts, and foundations in India and abroad. This may enable them to participate in this historic drive by adopting a cluster of villages.
- Further, the evolution of the Pani Samitis into local Water Utilities can be widened to include electricity, public health, and education.
- The numerous incidences of contamination of groundwater with fluoride, arsenic, iron, salinity, nitrate, and heavy metals are posing quite a challenge.
  - A dedicated technical team to address the long-term elimination of these conditions will be a blessing to the affected communities.

### 10. Uncaging the Indian tiger from attestations and thumb prints

Source: Livemint

Syllabus: GS2 – Government Policies and Interventions for Development in various sectors

Relevance: Significance of digital empowerment of States

**Synopsis:** States must increase the adoption of digital technology to boost the overall ease of doing business. Presently, despite many initiatives by central government, states lag behind implementing digital solutions, resulting in a low ease of doing business.

#### What is e-Rupi?

This pre-paid voucher is provided directly to beneficiaries via a QR code or SMS.

It doesn't require an internet connection, a smartphone, or an app, and, most importantly, is person and purpose dependent.

The service provider gets paid in a timely manner but only after providing the service such as medical care, medicines, nutritional support, books, subsidies, etc.

It is done by redeeming the e-voucher that's been paid for by the sponsor, such as the government, a philanthropic foundation, or a private-sector Corporate Social Responsibility initiative.

Despite the launch of various digital initiatives like e-RUPI, the ease of doing business in states lags behind due to various issues.



### Issues

- Model laws prepared by centre, but implementation left with states as they see fit.
- Poor digital capacity of states: States have complex and tedious procedures to register a company involving filling of too many forms, resulting in an increased compliance burden. This also results in huge amount of productive time being wasted.

### Way forward

Hence, the digital capacity of states in terms of their awareness and readiness to deploy solutions needs to be significantly enhanced for the benefits of digitization to flow to businesses.

### 11. Years after Indo-US nuclear deal, very little progress on n-deal projects

Source: Indian Express

Syllabus: GS2- Effect of Policies and Politics of Developed and Developing Countries on India's interests

Relevance – Nuclear energy Development in India.

**Synopsis:** A picture of the slow progress of greenfield projects under the Indo-US nuclear deal. Current scenario of some projects.

### Background

Signed in 2005, the 123 agreement signed between the United States of America and the Republic of India is known as the Indo-US nuclear deal.

### Objectives

- As per the deal, India agreed to separate its civilian and military nuclear activity.
- India also agreed to open up the civilian part to inspection by the International Atomic Energy Agency (IAEA).
- In return, the US offered to resume full nuclear trade (selling of reactors, transfer of technology, Uranium sale) with India, ending its nuclear ostracism.
- A major aspect of the Indo-US nuclear deal was the Nuclear Suppliers Group (NSG) gave a special waiver to India that enabled it to sign cooperation agreements with a dozen countries
- Current scenario
- Other than the imported Russian-built reactor-based project in Tamil Nadu (Kudankulam) under an earlier 1998 agreement, progress of greenfield projects since the Indo-US nuclear deal has been slow.
- The US has been discussing the sale of nuclear reactors to India since the 2008 pact and two subsequent agreements were signed only in 2016 and 2019.
  - A “project proposal” to set up six reactors in collaboration with Westinghouse Electric Company (WEC) has been announced.
  - However, the work is yet to begin.
- Another major project involved the French state-owned operator Areva, which was subsequently taken over by the French electricity utility EDF, also controlled by the state.
  - EDF is learnt to have submitted to NPCIL this year a “binding techno-commercial offer to supply engineering studies and equipment” for the construction of six EPR reactors in Jaitapur, Maharashtra.

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- This will effectively enable discussions aimed at a binding framework agreement in the coming months, and the submission of EDF's non-binding proposal at the end of 2018.
- The project in Kovvada in coastal Andhra Pradesh, about 260 km from Visakhapatnam, will comprise six AP-1000 reactor units of 1208 MWe (mega watt electric) capacity each.
  - In May 2017, the Union Cabinet gave it "in-principle" approval.
  - WEC's AP-1000s are Light Water Reactors, like the ones being set up in collaboration with Russia in Tamil Nadu's Kudankulam, where water is used both as coolant and moderator. WEC has been negotiating to build reactors in India since the nuclear deal was inked.
  - The project came under a cloud after WEC filed for bankruptcy.

### Terms to know

- NPCIL

## 12. Protection from Police

Source: Business Standard

Syllabus: GS-2 Polity and Governance: Important aspects of institutional and other measures

Relevance: The article highlights the police actions on vulnerable people and steps to stop the custodial deaths

### Synopsis:

The CJI has raised concerns over the threat of human rights issues in police custody. CJI's remarks should expedite steps to stop custodial torture.

### Introduction:

Recently, the CJI observed that Custodial violence and other police atrocities still prevail in our society despite various constitution safeguards. Further, the Ministry of Home Affairs has reported that 348 custodial deaths and 1,189 cases of torture by the police were reported in the last 3 years alone.

Read more: Threat to human rights is highest in police stations: CJI

### Constitutional Provisions to protect people from custodial torture

Article 20 (3): says that no person "shall be compelled to be a witness against himself".

Article 21: Provides protection of life and liberty.

Similar provisions have also been provided in IPC and CrPC to protect individuals but they are not relevant to the present time.

### Problems with these provisions:

These provisions do not act as deterrence to police as they are backed by political parties. There have been cases of use of police for political purposes and killing of suspected criminals in encounters

### What needs to be done?

1. Reforms in police and criminal justice system to ensure speedy delivery of justice
2. No political interference
3. Police departments should be adequately manned and equipped with modern techniques of investigation

### 13. Misinformation through Feminist Lens

Source: The Hindu

Syllabus: GS 2 – Women and related issues

Relevance: Understand misinformation against women

**Synopsis:** The Internet has empowered society, but also created a new threat of disinformation against women. This needs a detailed analysis as a healthy democracy should empower and protect the entire society.

#### About the misinformation on Gender:

Sexism and online harassment prevent women from taking vocal stands and hinder progress. Men are at the centre of this disinformation. Men manufacture such false news and also fall for it.

They also indulge in disinformation to keep propaganda, including political propaganda alive. Such misinformation has been empowered by the arrival of the internet.

#### Major problems:

- Women are not heard and shut down by sexism or threat of violence.
- There are many sexist groups like 'sharing is caring' which indulge in defaming and sexist activities.
- UNESCO report pointed that political actors fuel and instigate online violence campaigns against women journalists.

Misinformation and Sexism: These two share a symbolic relationship. Misinformation piggybacks on sexism to discredit vocal women, and sexism uses misinformation to reinforce patriarchal norms.

#### Examples of Feminist movements:

However, there are examples of some feminist movements, that have strengthened democracy.

1. Efforts of Savitrabai Phule to bring reforms in modern education in 1800s with her husband Jyotirao Phule (Shudra) support when education was restricted to the elite class
2. Contribution of gay women lawyers Menaka Guruswamy and Arundhati Katju, who reformed the LGBTQ movement and won the landmark case in 2018 which decriminalize gay sex

#### Way Forward:

We need to promote a more democratic society, as a healthy democracy is participatory and promotes gender inclusiveness.

### 14. Proposed amendments to Coal Bearing Areas Act will change land acquisition for mining: Experts

Source: Down to Earth

Syllabus: GS2 – Government Policies and Interventions for Development in various sectors and Issues arising out of their Design and Implementation.

Relevance: Implications of the amendments to Coal Bearing Areas (Acquisition and Development) [CBA] Act, 1957.

**Synopsis:** The proposed amendments to the CBA Act are likely to grant more control to private corporations, make tribal land acquisition easy. An analysis.

### What is the CBA Act?

The Coal Bearing Areas (Acquisition and Development) Act, 1957 provides for the acquisition of land containing, or likely to contain, coal deposits and for matters connected therewith. Under the provisions of this Act, the land is acquired for government companies only for coal mining and activities strictly incidental to mining.

The law was primarily meant to facilitate the acquisition of coal reserves for Coal India Limited, a public undertaking with a significant role in India's energy production.

### Proposed amendments

The new amendment bill will bring three important changes:

1. Changes in federal structure of coal sector: The new amendments are likely to change the federal structure of the coal sector. The central government, after the bill is passed, would be responsible for the acquired land. However, once the acquisition is done, the land and mining rights would be delegated to the states which can lease the acquired land or coal deposits to an eligible company.
2. Use of acquired land: The second big change would be regarding the use of acquired land. It could be used for constructing coal-related infrastructure, allied activities or other public purposes. The 1957 Act did not allow this. In fact, it clearly stated that the land acquired for the mining of coal could only be used for the extraction of coal. Apart from this, under the MMDR (Mines and Minerals Development and Regulation) Act, the miners are obligated to restore the land to its former condition after the completion of mining.
3. Lignite (low-grade coal minerals) could now be mined along with coal. To this end, appropriate changes will also be made in the Colliery Control Rules, 2004 and Coal Blocks Allocation Rules, 2017.

Must Read: Does India need more coal power?

### Implications

1. Land acquisition for coal mining: More than 80% of the country's coal reserves are in tribal areas. Most of them come under the Fifth Schedule of the Constitution. Both PESA and Forest Rights Act are applicable over this land, making prior consent of the local Gram Sabhas a constitutional provision. The process of land acquisition in these areas will become easier via these amendments.
2. Land-use: The acquired land would be allowed to be used for other purposes. The 1957 Act restricted land use for only coal mining. Coal India Ltd has acquired a lot of lands for coal mining. But now it could be used for building infrastructure and 'public purpose' projects.
3. Control beyond lease period: Through these proposed amendments, once the lease is granted, private companies would continue to have control over the acquired land even after mining activities are completed and will be able to continue ancillary activities.

## 15. Towards a new compact (On centre-state relations)

Source: Business Standard

Syllabus: GS2- Issues and Challenges Pertaining to the Federal Structure

Relevance: Bringing in the second generation of reforms – challenges and way forward

**Synopsis:** Without a collaborative arrangement between the Centre and the states, second generation reforms (Reforms in health, education, land, labour, electricity and agriculture) would become more contentious.

### Background

- The reach of economic reforms in the last 30 years remained limited to a few sectors of the economy.
- Further, much-needed reforms in the social sector like health, education, land, labour, electricity and agriculture have either been slow or non-existent.
- Without cooperative federalism, the progress of second-generation reforms could remain fraught with problems, agitations and delays.

### Implementation of 2<sup>nd</sup> generation reforms & challenges faced

#### 1. Reforms in Agriculture:

- After decades of wait and deliberations, the present government introduced reforms in three agriculture-related laws.
- Their broad intent and objectives were unexceptionable, and the reforms to be achieved through them were long overdue.
- Yet, faced with the continuing long-drawn agitation by farmers and the Supreme Court's intervention, those agriculture reforms remain suspended.

#### 2. Labour Reforms

- The new Labour Codes, ushering in the much-awaited flexibilities in labour laws, were passed a little more than a year ago and even gazetted.
- But the rules for these four Labour Codes are yet to be framed and notified, due to the lack of unanimity among the states.

#### 3. Power sector reforms

- The present government had recently proposed the next phase of electricity sector reforms via draft electricity amendment bill 2021, by delicensing power distribution.
- But some states have already opposed the move, as they fear it could adversely affect the financial viability of the state-owned power distribution companies.
- The proposal on delicensing power distribution, potentially a big reform, now awaits how the political movement gathers momentum in the states.

#### 4. Land Reforms

- Early in the first term of the present government, the proposal on relaxing the land acquisition laws had met with strong political resistance.
- That move was dropped in deference to the collective lobbying of states and the Opposition political parties.

### What needs to be done?

1. A new compact: The Indian Constitution does not give the Centre complete authority in framing laws pertaining to areas like land, labour, agriculture and electricity. So, the reform must take place in the governance framework, creating a new compact between the Centre and the states. The new compact must recognise and accept the need for a collaborative and consultative procedure to be followed for such policy changes.
2. The states must be taken on board while the Centre plans to bring about reforms in land, labour, agriculture, electricity as also in health and education.
3. Learnings from GST: The learning from the way the GST was introduced needs to be studied. It was the consultative process that helped in persuading the states to give up their rights to independently fix tax rates for goods and services.

### Conclusion

A new governance framework should be devised to determine the relations between the Centre and the states. Till such time, the progress of reforms in health, education, land, labour, electricity and agriculture could remain fraught with problems, agitations and delays.

### 16. Undermining Justice

Source: The Hindu, Indian Express and TOI

Syllabus: GS 2 – Polity, Judiciary

Relevance: To understand the collegium system and Tribunals.

Synopsis: Indian judiciary has come a long way from the decade of '70s where politics began to influence the Judiciary. With the arrival of tribunals, further Judicial reforms were expected. However, Judiciary is facing numerous problems.

#### Judicial appointments and collegium system:

- Initially, the judiciary was free and without much political interference. However, this changed in the '70s when politics influenced the appointments of Judges. This came to be tested in the ADM Jabalpur case.
- Though Art 124(2) and 217 provided for the executive role in appointment, it was felt that the executive breached separation of powers by interfering in appointments.
- In 1982, S P Gupta case, SC gave its approval for supremacy of Government in judicial appointments. This 5 Judge Bench decision was overturned by 9 Judge Bench, which interpreted that consultation with CJI accorded primacy to Judiciary in judicial appointments.
- This was resented by Governments and in 2014 NJAC Act was introduced to strike a balance. But, this was struck down by the judiciary for violation of the Separation of powers.

**[Click here to read about Collegium System](#)**

#### Issues with the collegium system:

- There have been instances of Nepotism with person links to Judges appointed as Judges in high courts.
- There are instances where the inferior persons against the All India Seniority of High court judges were appointed to SC.

### Tribunals

- Tribunals, a quasi-judicial body, are aimed at quicker resolution of disputes following the process of natural justice. Many domain-specific tribunals were set following LPG reforms after HCs faced difficulty in the disposal of specialized matters.
- Issues with tribunals:
- Tribunals are now facing governance problems because of issues and deadlock between SC and GOI. For instance, The SC judges who head statutory selection committees for tribunal vacancies have decided to stop working until 100 recommendations made since 2017 are appointed.
- The jurisdiction of high courts is being exercised by tribunals. Failures to adjudicate or dispose of cases amount to the denial of justice.
- Recent moves give greater control to the executive over tenure, emoluments and conditions of service, and the functioning of tribunals.
- The Memorandum of Procedure, which was meant to guide the post-NJAC collegium in judicial appointments remains in limbo.
- Pandemic further impacted High Courts. As their disposals crashed by 53% and pendency swelled by 4 Lakh cases.
- The government has further made them dysfunctional through a large number of vacancies.
- The government has been reluctant to appoint a national body for overseeing the appointments to tribunals.

### Way forward:

- The ease of doing business experience depends on the speed of disposal of litigation and the quality of justice. So the government and the Judiciary has to function together for the welfare of the public.

### 17. Choppy Waters

Source: Hindu

Syllabus: GS- 2, IR, International organizations.

Relevance: Understanding UNCLOS and India's vision of maritime security.

**Synopsis:** India recently hosted the UNSC summit on maritime security. With such importance being given to the topic, understanding UNCLOS also becomes important.

**Problems with UNCLOS:** There is friction among many countries because of abuse of maritime rights & disrespect of territorial rights of nations by leading powers like the USA, China, and Russia.

#### India's vision of Maritime security

1. To remove barriers to legitimize maritime trade through cooperation
2. Peaceful resolution of the maritime dispute based on international law
3. Collaboration in handling natural disasters and maritime threats created by non-state actors
4. Preserving maritime environment and resources
5. Encourage responsible maritime connectivity

## India five point framework for Maritime Security

### Problems

1. Illegitimate maritime claims by various actions like the entrance of vessels in other state waters.
2. Unlawful access to maritime resources.

### Way Forward

As UNCLOS is the only international convention that provides a framework for state jurisdiction in maritime spaces, India should advocate for ratification of UNCLOS by all major maritime powers like the USA

### Terms to know

- UNCLOS

## 18. Parliamentary panel flags Fasal Bima plan woes

Source: Times of India

Syllabus: GS2- Government schemes

Relevance: Analysis of Pradhan Mantri Fasal Beema Yojana (PMFBY).

Synopsis: Issues with PMFBY and recommendations to make it more efficient.

### Context

A parliamentary panel has expressed concerns over withdrawal or non-implementation of Pradhan Mantri Fasal Beema Yojana (PMFBY) in few states and held that more such examples will defeat the very purpose of the scheme.

Punjab never joined the PMFBY, whereas Bihar and West Bengal withdrew from it in 2018 and 2019 respectively.

Andhra Pradesh, Gujrat, Telangana and Jharkhand did not implement the scheme last year.

Issues identified

### Panel identified the following issues:

1. Decrease in coverage area– The coverage area has decreased from 567.2 Lakh hectares in 2016-17 (highest coverage in the history of crop insurance in India) to 497.5 Lakh hectares in 2019-20. This has happened due to following reasons:
  - De-duplication by making Aadhar mandatory
  - Announcement of debt waiver scheme by some states
  - Land record integration in the states of Maharashtra and Odisha
  - Non-implementation/suspension of implementation of the scheme by some states
  - Financial constraints and low claim ratio during normal monsoon season
2. Delay in claim settlement– Though there is provision of penalties (12% interest rate per annum to be paid by insurance companies to farmers for delay in claim settlement beyond 10 days prescribed cut-off date) it has failed to resolve the problem.

### Recommendations

- Make it technology driven: The panel recommended the ministry to make the scheme more technology driven to improve the settlement of claims and make it hassle-free and farmer friendly.



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- Return the premium with interest: It also recommended that when the reason for delay is non-payment of subsidy by the state, the premium paid by the farmers be returned along with interest within a fixed time frame.

### Terms to know

- **PMFBY**

### 19. The importance of booster dose to plan ahead

Source: The Hindu

Syllabus: GS 2 Health

Relevance: To understand the latest developments in the vaccination process.

**Synopsis:** The COVID crisis, unlike other health issues is new and has devastated the world economies. Recovery from Covid-19 is dependent on faster adoption of the best vaccination process.

#### Introduction:

1. WHO launched an expanded immunization program in 1974, the experience gained through this has greatly helped in vaccine production and rollouts.
2. Vaccines may be classified as:
  - Live infectious vaccines
  - Non-replicating non-infectious vaccines
3. The first one contains a live but attenuated virus. They replicate in the body without producing the actual disease. The final effective dose may contain billions and trillions of Viruses. So immune responses to replicating live virus vaccines – both antibody and T-cell immunity – are robust and long lasting.
4. Non-replicating vaccines include commonly known vaccines like DPT, Hepatitis B. In this, a tiny amount of antigen is injected. It may also include stabilizers, preservatives, and adjuvants.
5. What is the need for a booster dose?
6. In order to get long-lasting immunity with non-replicating vaccines, we need multiple doses.

#### Priming doses:

Initial doses are given in quick succession. The immune system responds well, but is accompanied by low levels of antibody and T-cell immunity. However, over a period of time, the antibody levels wane away in all individuals. Hence, we need subsequent doses.

#### Booster doses:

There are doses that are administered after 'priming doses'. Even non-replicating vaccines require priming and boosting. E.g. Tetanus vaccine is given once every 5 to 10 years. The experience shows that booster dose scheduled after 6 to 12 months after priming dose produces a long-term response.

All current Covid-19 vaccines fall in the non-replicating category and hence require booster doses.

#### The current schedules

- The current doses of all vaccines – J&J, Pfizer, – are only priming doses. After 6 months to 1 year, booster doses will be needed.

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- This becomes more important for the elderly, people who have undergone an organ transplant, or have other co-morbidities.

### The strategy ahead

1. Given the fact that the virus is mutating and becoming deadlier, the pandemic is here to stay. Thus, approvals have been sought by companies like Pfizer for booster doses.
2. India faces an ethical dilemma – though booster doses are necessary, this cannot be started till everyone receives priming doses.
3. India could plan to give priming dose to everyone and give third or booster dose to special category people. This can then be followed by a booster dose for the rest of the population.

### 20. OBC list issue: Quotas solve little

Source: Indian Express TOI TOI

Syllabus: GS 2 – Fundamental rights, Policy making

Relevance: latest developments in the issue of OBC reservation.

Synopsis: Reservation is a sticky issue in Indian politics. The recent move of restoring the rights of States to frame the OBC list (127th amendment bill) is seen by many as a step in the right direction.

#### Introduction:

Political parties showed unity in passing the bill to restore the right of states to make the OBC list. The clamor for caste census is justified on the following grounds:

- The caste census was last held in 1931 and later discontinued. The government attempted a Socio-Economic Caste Census (SECC), but its data was not published.
- Parties, ranging from ruling factions and opposition, have demanded the caste census.
- The minister of Home affairs remarked in Parliament that the Government does not wish to enumerate the population caste-wise.

#### What is the utility of such a census?

Caste has a strong influence on public affairs and access to resources. Even India's affirmative action is based on caste, so evidence-based policy-making demands caste-wise enumeration. Such data would also maximize the gains of reservation policies.

#### What are the issues with the current move?

- This bill negates the outcome of the Supreme Court judgment, which said that only GOI can identify OBC groups.
- The youth is leaving agriculture and heading to seek private jobs. As the market is unable to create jobs, political parties are making this an identity issue. Thus, the direction of affirmative action in India has taken a turn towards populism with reservation, becoming a political issue and agenda of many parties e.g. Maratha and Patidar issue.
- Though people are seeking to expand reservations in jobs, the jobs are shrinking. E.g. between 2012 and 2020, the number of people employed by GoI in 79 ministries has shrunk from 3 mn to 1.8 mn.

### What is the way forward?

Though there is a need to know the caste data for better policymaking, we should not let the issue be politicized. At the same time, there is a need to strengthen affirmative action through skilling, employment, and other socio-economic interventions.

### 21. Medical Educational regulation 2021: Building Consent

Source: The Hindu

Syllabus: GS-2 Government Policies and intervention

Relevance: Concerns of Indian Medical Association (IMA) on draft Postgraduate Medical Educational regulation 2021 & demand of withdrawing that bill

Synopsis: According to the new regulation, there shall be common Counseling for admission to all medical educational institutions including Post Graduate “Broad Specialty courses” on the basis of merit list of “National exit Test”

### Present Scenario

- The admissions to such programs are based on the post-graduate NEET.
- Half of the seats are based on the All India quota while the rest is under the State governments

### What are the concerns/arguments over the present draft?

Draft regulations will leave no discretionary power to the states to manage admissions to state Medical colleges, which rely on state funds. This would make it difficult for the state to provide quality medical services to the local population.

It has been argued that proposed regulations are framed on the same provisions of the National Medical Commission Act 2019 that replaced the Medical Council Act of India. They were the source of friction between the center and state. So these provisions have the potential to become the source of friction between Centre and state professionals

### Status of healthcare in India

The Centre plays a critical role in funding, introducing targeted programs to eradicate diseases & to improve the overall healthcare standard across all India. However, health care is a state subject and the implementation of all these have been laid in the hand of states.

### What needs to be done?

We have witnessed a declining healthcare system and infrastructure in India, especially during times of pandemics when extreme shortage and unavailability of quality health care was felt. Thus, it becomes important to:

- Bridge the alternative system of medicine with modern medicine without any political and religious interference.
- Involvement of all stakeholders like IMA, State Medical councils, and representation of health care groups

### Terms to Know

- **Indian Medical Association (IMA)**

## 22. Make House rules more stringent to ensure smooth functioning: Speaker Om Birla

Source: TOI

Syllabus: GS-2 Polity and Governance

Relevance: The article emphasizes the need to strictly follow the rules of the house to ensure its smooth functioning.

**Synopsis:** Frequent disruptions have been seen in the house, which often stalls the working of the house.

### Reasons behind the recent protests

- Pegasus controversy
- Farm Bills
- Other issues
- Impact of the deadlocks:
- Parties could not reach a consensus on any particular issue
- No proper respect given to constitutional value and ethics
- Frequent disruptions led to improper function of the house

### Way forward

There is a need to give proper training to house members of parliamentary ethics. It is not a one-time activity but a comprehensive one requiring the collective efforts of all stakeholders. Only this can ensure its smooth functioning.

## 23. A Time for Deeper Reform

Source: Indian Express

Syllabus: GS2 – Issues relating to Poverty and Hunger

Relevance: Fighting poverty and ensuring inclusive growth

**Synopsis:** India should not just rely on redistribution to fight poverty. Faster economic growth is a much better alternative.

### Background

India made little progress in poverty reduction between 1952 and 1985. It is only after 1991-92 that India began to make significant progress in fighting poverty. The post-liberalization period lifted over 200 million people out of poverty between 1992 and 2012 on the back of a doubling of India's GDP growth rate.

Poverty scenario

### Pre-pandemic

- Indian economy was on the decline even before the pandemic hit, resulting in almost 13 quarters of continuous decline in real GDP growth.

### Post-pandemic

- It shrunk by a post-Independence record 7.3% in 2020-21. This contraction was also greater than the 3.3% contraction of the world economy in 2020.
- In other words, India did poorly with respect to both its own past and the rest of the world. The economy is now expected to return to its pre-pandemic level of GDP only in 2022.

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- A recent study by researchers at the Azim Premji University estimates that 230 million people may have fallen below poverty measure of Rs 375/day in rural India and Rs 430/day in urban India between January and October 2020.

In other words, the economic contraction of 2020 has reversed a large part of the poverty reduction that was achieved over the past three decades.

### **Growth prospects for India**

**Unfortunately, on the most part, both external and domestic conditions look gloomy as of now.**

#### **External conditions:**

**Positives:** The economic recovery in the advanced economies will create demand for products from the rest of the world, including India.

#### **Negatives:**

1. Inflation: There are signs of rising inflation in advanced economies which typically induces a monetary tightening cycle.
2. Rise in interest rates: There is rising concern in advanced economies about the need to normalise the monetary policy stance by raising interest rates from their current near-zero levels. As growth and inflation rise in these economies, the pressure to raise rates will only grow. These forces will make foreign capital more expensive.
3. Rise in public debt: Public debt levels in advanced economies have risen sharply during the pandemic as they responded to the crisis with debt-financed fiscal expansions. There will be a reduction in spending which will likely reduce demand.
4. Fourth, the increase in global oil prices presents yet another external constraint.

#### **Domestic economic conditions:**

Domestic economic conditions were already problematic leading into the pandemic and still face following problems:

- The NPA problem in the banking sector has not been resolved, and the economic contraction of last year will have only worsened the situation.
- The uncertainty surrounding the economic environment had already induced an investment slowdown before 2020.
- Vaccine policy has now created additional uncertainty regarding the state of public health going forward.

#### **Way forward:**

Given the acute lack of available fiscal resources, the most promising way forward for the government is

- to embrace regulatory reforms in labour and land markets.
- Focus on growth of large-scale low-tech manufacturing. Without reforms that reduce the risks of hiring labour and acquiring land, this sector will not grow.
- Pursue public sector divestment on a war-footing.
- The fiscal costs of deep reforms are low, but their economic returns are potentially high.

#### **Conclusion**

The key lesson to take away is that the most effective way of helping the poor is faster economic growth. Social welfare programmes that work through redistributive schemes can at best be complementary mechanisms that provide social insurance against bad luck in the

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labour market or in health. But, in the absence of growth, relying on redistribution to fight poverty only guarantees a lot of poor people.

Terms to know:

- Headcount index

### 24. Panel 'disappointed' about no data on complaints resolved under PMFBY

Source: Down to Earth

Syllabus: GS2 – Government schemes

Relevance: Issues with PMFBY

**Synopsis:** Grievance redressal mechanism set up under PMFBY suffers from various issues, thus impairing the overall efficiency of the scheme. A look at the issues involved and measures that can be taken.

#### Context

The parliamentary Standing Committee on Agriculture was 'surprised and disappointed' to know that there was no data about the complaints resolved by grievance redressal committees (GRC) set up under the Pradhan Mantri Fasal Bima Yojana (PMFBY).

#### About GRCs

- This is a state and district level grievance redressal mechanism built into the PMFBY.
- District Level Grievance Redressal Committees (DGRC) and State Level Grievance Redressal Committees (SGRC) have been formed under the revised operational guidelines of the scheme starting from the 2018-19 Rabi Season.
- These are mandated to resolve the grievances of farmers, banks, insurance companies and district authority.
- DGRC is headed by the District Magistrate/Collector while a state level GRC is headed by the Principal Secretary/Secretary of the Nodal Department.

Must read: Parl panel flags Fasal Bima plan woes

#### Issues/concerns

##### Panel identified following issues with GRC

- No data about the complaints resolved by grievance redressal committees (GRC)
- Non-establishment of GRCs by many of the States and UT's: According to the report, so far only 15 states and Union territories have notified both DGRCs and SGRCs.
- Recommendation of the panel
- GRCs should be formed at different levels in all the remaining states and Union territories to resolve farmers' grievances
- Member of Parliament and State Legislative Assemblies should be nominated to DGRC which will increase accountability and improve acceptability of the scheme among farmers
- A toll-free number of three-four digits should be provided for queries regarding PMFBY, registration of complaints by farmers and information regarding action taken on their complaints
- Timely redressal: Complaints need to be addressed in a time bound manner

## 25. We must not ignore the ease of going elsewhere

Source: Live Mint

Syllabus: GS2- Effect of Policies and Politics of Developed and Developing Countries on India's interests

Relevance: Pandemic & Tourism, Freedom of movement

**Synopsis:** The way easing how business is done is important similarly easing the cabin fever that covid restraints have given also need attention.

### Context

Most of us are now free to move around locally, but the radius of our freedom does not extend all that far. Going out of town is an exercise in confusion due to complexities involved in travelling across a border.

### Restriction on freedom of movement

Pandemic period has seen a number of restrictions being imposed on freedom of movement

- First, Indian states and Union territories still demand negative covid-test results even of the fully-vaccinated for entry. For instance, some states like West Bengal still insist on test proof.
- Second, flying overseas is still held back.
  - Some countries aimed to keep out tourists from places deemed high-risk, like India.
  - For instance, many US college campuses asking for vax certificates of vaccines approved by the World Health Organization or US Food and Drug Administration.
- Third, strict entry and quarantine requirements.
  - Popular holiday picks in the east such as Singapore, Hong Kong and Australia have stricter norms.
  - India recently had a disagreement with the EU over its refusal to recognize Covishield as a version of a vaccine already approved for its vax passport scheme.

### However, things are changing in some countries;

Barriers are slowly being lowered. Switzerland and the UK citizens are raring to go abroad for a break. Switzerland in competition with the UK for those enthusiastic to go abroad for a break. This rush was set off by London's change in rules. Now it is clear that demand for holidays is ready to explode.

### Way forward

There is need for global talks to come up with globally-acceptable framework of norms for ease of going elsewhere.

- We can create an 'ease of going elsewhere' index. Its starting base can be set on 1 April 2020, right after the pandemic first placed us under house arrest.

## 26. Why are so many sanitation workers deaths uncounted?

Source: Indian Express

Syllabus: GS-2 Government Policies and intervention

Relevance: To understand the issues surrounding the ecosystem handling the manual scavengers.

### Uncounted deaths of Sanitation workers

There have been over a million uncounted deaths in the last 50 years in India. Many of which occurred during the Corona pandemic.

### This can be understood from the following data. In the last 5 years:

- Over than 9k people, who are employed in the dehumanizing practice of manual scavenging and cleaning insanitary latrines, have died from multiple chronic conditions.
- Over 600 have died in the hazardous cleaning of sewer and septic tanks.
- It is estimated that there are over 18-20 % unreported cases in both these categories.

### What should the government do?

Till now, the government has reached only 5% of the total population of manual scavengers & 20% of the total area of India in its identification-related surveys. So:

- Government should focus on expanding the categories of manual scavengers like dry latrine workers, daily sweepers, hospital sanitation workers, bone scavengers etc
- It should properly estimate the death of sanitation workers of all categories
- It should understand the lapses that have occurred in the implementation of the Prohibition of Employment as Manual scavengers and Rehabilitation (PEMSR) Act.

### When it comes to manual scavengers, we need to quickly provide estimates for:

- Number of deaths of sanitation workers
- Lapses in implementation of Manual scavenger Act.
- Challenges in identification of manual scavengers
- Despite numerous appeals, municipal authorities and panchayats have failed to properly identify them.
- District magistrates and appointed inspectors have also failed to comply with the act.
- When sanitation workers insist on identification, they are often threatened.
- This is how states claim that they have no manual scavengers employed.
- Even seizure of records would not yield much, as the workers are not on record.

### Challenges in implementation of the Act

- Non-compliance is hardly ever penalized
- Compensation and promises of one-time case assistance are only provided in around 40 per cent of “all recorded cases”.
- The government is using a loophole in the Manual Scavenging Act 2013 – “that when a person is employed to clean excreta with the help of such devices using protective gears then the person will not be deemed as a manual scavenger”, the question remains about what these devices are and are they actually provided.



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- Due to a lack of data, it is difficult to identify the death of manual scavengers owing to an occupational hazard. This makes it difficult to provide relief to family members of the deceased.

### Way forward

- There is an urgent need to work on the identification of manual scavengers if we are to truly benefit from the Prohibition of Employment as Manual Scavengers and Their Rehabilitation (PEMSR) Act.

### Terms to know:

- **Prohibition of Employment as Manual Scavengers and their Rehabilitation Act 2013**

## 27. Parliament is abdicating its oversight role

Source: The Hindu, TOI

Syllabus: GS-2 Parliament & its functioning

Relevance: The article signifies how the frequent disruptions lead to improper functioning of the house

The recent session of Parliament: This session has ended abruptly, and before its scheduled date. This is the 4<sup>th</sup> straight session that ended ahead of its original schedule, other than the cancelled winter 2020 session. This led to non-discussion of various important issues like Chinese incursion into Ladakh, Farmers issue, Covid-19 response and strategy, Pegasus controversy etc

### Functioning of Parliament

- Frequent disruption of both of the houses also affects its working timing. LS (Lok Sabha) works for just 19% of its scheduled time while RS (Rajya Sabha) for 26%
- Out of 20 bills, 18 bills were passed without any discussion in LS apart from 1 bill on Schedule Tribes (Order) Amendment bill, which saw discussion of 15 minutes
- Most of the bills were passed without any scrutiny as they were passed in the same session in which it was introduced.
- During the 15<sup>th</sup> LS, 18% of bills were passed in the same session. In 16<sup>th</sup> LS, the count rose to 33% & is at 70% halfway through the current Parliament
- Also, there was no discussion in LS on any policy issue. In RS, only one discussion was seen related to the management of COVID.

### Scrutiny of the bills

A sharp downward trend can be seen in referring the bill to Parliamentary committees. From 71% in 15<sup>th</sup> LS to 27% in 16<sup>th</sup> and 12% in the present one. In the current session, none of the 15 bills introduced were referred to any Parliamentary committee.

Even the amendment moved in RS to refer the Tribunal Reform Bill to the selected committee was rejected by the house.

Crucial Bills: Some important bills passed in the session (2021) are:

1. 127<sup>th</sup> Amendment bill: Passed to allow states to frame their own OBC list for reservation. This negates the outcome of the Supreme Court judgment, which ordered only GOI can identify OBC groups. Also, 102<sup>nd</sup> Constitution Amendment Act, 2018 provides constitutional status to the National Commission for Backward Classes (NCBC).

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2. The Taxation Laws (Amendment) Bill, 2021: It amended the Income Tax Act, 1961. It prevents the income tax department from raising tax demands retrospectively.
3. General Insurance Business (Nationalisation) Bill: It seeks to remove the mandatory requirement of the Central government holding not less than 51% of the equity capital in a specified insurer. It seeks to provide for greater private sector participation in the public sector insurance companies which are regulated under the Act.
4. Deposit Insurance and Credit Guarantee Corporation (DICGC Bill): It provides account holders access to up to Rs 5 lakh funds within 90 days of a bank coming under a moratorium.
5. Tribunal Reforms Bill: It replaced an ordinance that specified the process of appointment of members and their tenures and service conditions

### Way Forward

Rather than physical infrastructure for Parliament, we need to make the functioning of Parliament (the temple of democracy) more effective.

#### Terms to know

- Parliamentary Committees

### 28. Criminalisation of politics must be curbed

Source: The Indian Express

Syllabus: GS2 – issues and challenges pertaining to the federal structure

Relevance: This article explains the recent Supreme Court steps to stop the criminalisation of politics.

#### Synopsis:

While the Supreme Court issued steps to stop the criminalisation of politics. The legislature and political parties remain reluctant to curb it.

#### Introduction

Recently, the Supreme Court issued few steps to weed out the criminalisation from legislators. These include

The SC asked ECI “to create a dedicated mobile application containing information published by candidates regarding their criminal antecedents”.

#### About the case:

The supreme court observed that criminalisation in the Indian political system is growing day by day. The Court also observed that “Persons involved in the criminalisation of the political system should not be permitted to be the lawmakers.”

The Supreme Court has, however, stopped short of drastic steps to combat this problem. The SC also rejected the suggestion to direct the Election Commission to bar political parties that fail to comply with criminalisation protocols. The SC might be cautious and not infiltrating the domain of the legislature.

**Read more:** The Criminalisation of politics and Supreme Court – Explained, pointwise

#### Two reasons cited by the political parties to dilute the issue:

- “Winnability” of candidates: Political parties think a criminally charged person can win election by doing good for the people. This is an attempt to shift the blame of sending a criminally charged candidate to Parliament solely on the voter.

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- Innocent until proven guilty system of Indian law: This is somewhat acceptable. But there is a blatant double standard for this argument.
  - There were 4.78 lakh prisoners (as of December 2019) of whom 3.30 lakh were under trial, i.e. not yet proven guilty. Their fundamental rights — their right to liberty, freedom of movement, freedom of occupation, and right to dignity — are curbed completely. Even a peon cannot be appointed in government service if even a minor criminal case is pending against him.
  - But a person charge-sheeted with murder or rape can become a legislator and even a minister.
  - Further, an “innocent” undertrial cannot vote, but a man charge-sheeted for murder can even contest election from jail.
  - These blatant double standards are a clear violation of Article 14, which guarantees to all citizens’ equality before the law.

### **Suggestions of Election Commission to avoid criminalisation of politics:**

The EC demanded to restrict the person from conducting elections, in the following conditions.

- Offences that carry imprisonment of at least 5 years can be considered as a criterion.
- The Criminal cases against the candidate should have been filed at least six months before the scheduled elections.
- A competent court must have framed the charges.

### **Suggestions by the Supreme Court:**

The Supreme Court had sent a directive in 2014, directing that cases against political candidates must be completed within a year, failing which the matter should be reported to the Chief Justices of the respective High Court. But there is no positive developments occur in this regard. This also needs immediate attention.

## **29. Squaring up to India’s education emergency**

Source: The Hindu and Livemint

Syllabus: GS Paper 2 – Issues relating to development and management of Social Sector/Services relating to education

Relevance: This article explains the global Stringency Index and India’s school education system during the pandemic.

### **Synopsis:**

In making up for months of lost formal learning, there needs to be a strong government response to improve school education.

### **Introduction:**

The Oxford Stringency Index’s school closure indicator shows that 404 days in India between March 5, 2020, and July 20, 2021, were characterised as being at the most severe policy response (requiring the closure of all types of educational institutions). As a result, about 265 million schoolchildren have been taught exclusively through so-called “remote learning”, the largest number in any country for the longest period of time.

Read more: [Our children need education. How much longer can schools remain shut?](#)

### **About the Index:**

The Oxford COVID-19 Government Response Tracker has created a global Stringency Index. This index tracked the closure of educational institutions across all countries since the

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beginning of the novel coronavirus pandemic. This indicator is one of eight “containment and closure” indicators and a health information indicator used to calculate the index.

Read more: [Let's chalk out a plan to reopen our schools before it gets too late](#)

### **Key findings of the Index:**

Within a few months of the first lockdown of schools in March 2020, pandemic-hit Europe began resuming in-person schooling for certain groups of children or certain localities.

The Oxford Stringency Index shows that less affluent countries, such as Uruguay and Vietnam also took a more measured approach.

India's education policy response was similar to that of Brazil. This is significant as India faced less severity during 2020 than in Brazil.

Read more: [India's schoolchildren need their childhood back](#)

### **Global examples:**

By March 2021, 51 countries had resumed in-person education. In another 90 countries, including many in Africa, resorted to “hybrid” schooling models (i.e., a combination of in-person and remote teaching). Similar strategies were not systematically tried in India.

Read more: [Why are government schools not the first choice?](#)

### **Suggestions to reopen schools in India:**

Kerala provided basic access to remote learning by June 2020 to its four million students through the KITE VICTERs educational TV channel, which broadcast classes for all subjects in each grade. The government can initiate steps like that at the pan India level.

Once the schools reopen, offering a few standardised “bridge” courses and “remedial classes” may seem like a facile antidote to the months of lost formal learning.

An ‘Education Emergency Room’ should be set up in every district to coordinate, implement and monitor local plans.

Read more: [A pandemic-optimized plan for kids to resume their education](#)

## **30. Caste in stone**

Source: [Busines Standard](#), [TOI](#)

Syllabus: GS2- FR, Policy, the welfare of weaker sections

Relevance: To understand the impact of the 127th Amendment act.

**Synopsis:** Recently GoI passed legislation to enable states to declare their own OBC list. Many argue that it strengthens federalism, but we must also consider the socio-political turmoil it may cause.

### **Introduction:**

- Article 340 provided special protection and benefits to SC/ST. Further, it also provided a clause of socially and economically backward classes (SEBC) which was used to extend quota to OBC's. Further, Article 15(4), 15(5), 16(4) empower states to identify SEBC's (Socio-economic Backward Class)
- But the 102nd amendment act granted this power to the centre. The immediate backdrop was the SC ruling that struck down the Maharashtra government's move to grant quota to Maratha citing that the 102nd amendment act gives this power to the President, based on the recommendation of National Commission for Backward Classes (NCBC).

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- As a response, GOI passed the 127th amendment bill. The bill seeks to rectify Article 338B, (Inserted by 102nd Amendment Act 2008), which created NCBC as a constitutional entity.
- Read more: Lok Sabha passes Constitution amendment Bill to restore states' powers on OBC list

### Changes brought by the current bill:

- It enables States and UT's to frame their own list
- They can do this without consulting NCBC
- Political parties are further arguing for a caste census as a result of SECC was not published.

### The consequences of such a move could be dangerous:

- Till now this exercise was carried out by a constitutional process and constitutional bodies, now it may become a political exercise.
- Numerous sub-castes will scramble for quotas, leading to socio-political turmoil.
- Any group which has sufficient socio-economic power can demand and get quotas. e.g. Patidars, Marathas, Jats etc.
- Soon caste will begin to demand sub-categorization – i.e. Quota within quota.
- This may shift the political narrative from employment generation to seeking/granting quotas.

### Way forward:

- Proportional quota, where the quantum of quota is based on the proportion of their population will better meet the requirements of affirmative action than just granting blanket quota to any group that demands it.

### Terms to Know

- **National Commission for Backward Classes (NCBC)**

### 31. Is grain fortification the only way to meet India's nutritional challenge?

Source: Business Standard

Syllabus: GS2 – Issues relating to Poverty and Hunger

Relevance: Article throws a light on pros and cons of food fortification

**Synopsis:** As the Centre presses ahead with its plan to distribute fortified rice through the public distribution system, in order to fight chronic anaemia and malnutrition, critics have raised questions on the strategy.

### Context

In a recent reply in Parliament, the Centre has said it is running a pilot scheme to fortify rice and distribute it through the PDS for a period of three years starting 2019-20, with a total outlay of Rs 174.64 crore. The Central government is funding 90% of the scheme for the north-eastern and hilly states, and 75% for the rest of India. The pilot focuses on 15 districts across 15 states, preferably one district per domain.

Note: As we have already covered food fortification and its associated points in our 7PM initiative so we are covering only additional new points here. Please go through the following article first.

Must Read: Food Fortification in India – Explained, pointwise

Some are against while some are supportive of this strategy. Let us see both sides of the argument.

### Against food fortification

- Ignores the role of a balanced diet: The program of fortification ignores the central role of a balanced and diverse diet in addressing a variety of nutritional problems of India. Also, the new nutrient recommendations of the Indian Council of Medical Research and National Institute of Nutrition (NIN) show that a diverse natural diet is adequate to meet the normal micronutrient needs of the population.
- Avoidable expenditure: Fortification of only the rice delivered through the social safety networks will cost the public exchequer about Rs 2,600 crore annually. This, in the backdrop of the already ongoing public health initiatives of iron supplementation, represents an avoidable and wasteful expenditure with no palpable benefits.
- Misdiagnosis of the scale of the prevalence of anaemia: On the prevalence of chronic anaemia, which has been elaborated as one of the main reason for the fortification programme, experts have said that it is magnified because of the use of inappropriate haemoglobin cut-offs to diagnose the malady in children and pregnant women. This creates an ongoing perception of stagnant or worsening anaemia prevalence. However, it does not reflect the true nutritional status of a population.

### For Food fortification

The United Nations World Food Programme (WFP), in a cross-country mapping of the rice fortification programme done in Bangladesh, Bhutan, India and Sri Lanka, found that it is possible to improve the diet of millions of vulnerable people with fortified rice.

### Suggestions

UNWFP, in a report released a few months back, suggested three key interventions by the national governments to make the programme a real success.

1. Operationalization of fortified rice distribution channels to reach groups that can benefit most from the consumption of the grain is key to providing necessary incentives for production and supply in the initial phase.
2. Public-private sector collaboration: Fortification programmes are most successful when driven by partnerships and trust between the public- and private-sector actors, with a final public health objective. Multi-sectoral collaboration between various ministries—agriculture, education and health in particular—as well as with academia and local and international NGOs helps create an enabling environment for rice fortification, with each stakeholder contributing their individual expertise and sphere of influence.
3. Incentives to pvt sector: Finally, it said that the private sector should be provided with adequate incentives to build robust supply chains of fortified rice.

Thus, though there is ample evidence on the benefits of fortification to meet nutritional challenges, whether it is the only way available is a million-dollar question which policy makers and experts need to explore.

### Terms to know

- UNWFP

### 32. We, the people, miss our houses

Source: Indian Express

Syllabus: GS-2 Parliament and its functioning

Relevance: To understand the issues regarding the functioning of parliament.

**Synopsis:** Over the years, the functioning of Parliament has declined, which is not good for a healthy democracy. So, let us understand the issue involved in the functioning of Parliament

Drafting of Indian Constitution

The constitution assembly held its first meeting to draft the constitution on 9 Dec 1946. India finally adopted its constitution on 26<sup>th</sup> Jan 1950.

What was exceptional about the drafting process was the diligent attendance of the committee and its vigorous debates. It exhibited an approach of rapprochement and engagement with the opposition. However, over the years its functioning leaves much to be desired.

#### Functioning of Indian Parliament

- In 2020, Parliament sat in session for 33 days only.
- In the 2021 Monsoon session, Lok Sabha was scheduled to work for six hours per day for 19 days. Instead, it sat for 21 hours in total or 21% of what was conceived, as per the PRS Legislative Research
- In the past 10 years, the Rajya Sabha has functioned for less than 25% of its scheduled time.

#### Global examples:

- All the above-mentioned figure is much low when compared to other countries like the USA that met physically for 113 days in 2020
- Brazil Parliament, which adopted the usage of an application called Infoleg, functioned at higher rates than in pre-pandemic times, with extraordinarily high voting rates.

Also, according to PRS data, none of the 15 bills introduced in the monsoon session were referred to any Parliamentary committee. A sharp downward trend can be seen in referring the bill to Parliamentary committees. From 71% in 15<sup>th</sup> LS to 27% in 16<sup>th</sup> and 12% in the present one

Read more: [Parliament is abdicating its oversight role](#)

#### Way Forward

Rather than physical infrastructure for Parliament, we need to make the functioning of Parliament more effective.

# General Studies Paper - 3



**General Studies - 3**

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**1. The sovereign right to tax is not absolute**

Source: The Hindu and Livemint

Syllabus: GS Paper 3: Indian Economy and issues relating to planning, mobilization, of resources

Relevance: This article explains India's sovereign right to tax and its limitations

**Synopsis:**

India has a sovereign right to tax, but that right is subject to certain limitations.

**Introduction:**

The government has recently introduced the Taxation Laws (Amendment) Bill, 2021, in Parliament. The bill seeks to nullify the contentious retrospective tax law by amending the Income Tax (IT) Act of 1961 and the Finance Act of 2012.

**About the backdrop of the bill:**

Earlier, the Supreme Court had ruled against the retrospective reading of the law by tax officials in the case of Vodafone. Despite that, In 2012, the Indian government then retrospectively amended the tax code, giving itself the power to go after mergers and acquisitions(M&A) deals all the way back to 1962 if the underlying asset was in India.

The retroactive amendment resulted in Vodafone and Cairn Energy suing India before Investor-State Dispute Settlement (ISDS) tribunals of India-Netherlands and India-U.K. bilateral investment treaties (BITs) respectively.

Both the tribunals held that India's retroactive amendment of tax laws breached the fair and equitable treatment provision of the two BITs.

The proposed amendment, long overdue, is a welcome development. But this amendment hasn't been proposed to comply with the two adverse ISDS decisions. This is because of the government's belief that taxation matters are part of sovereign measures, they cannot be challenged before ISDS tribunals.

Read more: Cairn Energy dispute and Government disputes with private entities – Explained, pointwise

**Does the state have a sovereign right to tax?**

Several ISDS tribunals have recognised the fundamental principle that taxation is an intrinsic element of the state's sovereign power.

For instance, in a case known as Eiser v. Spain case, the tribunal held that the power to tax is a core sovereign power of the state that should not be questioned lightly. A similar opinion is held in other cases as well.

Read more: Retrospective taxation and the Taxation Laws (Amendment) Bill – Explained, pointwise

**Then how a state's taxation can be questioned?**

The two most used BIT provisions to challenge a state's taxation measures are expropriation and the fair and equitable treatment provision.

1. Expropriation: The State's taxation measures can be questioned on the following conditions.
  1. The tax should not be discriminatory
  2. It should not be confiscatory

3. The tax law should not be extraordinary, punitive in amount, or arbitrary in incidence
  2. Fair and equitable treatment provision: In this type, a state's taxation can be questioned if,
    1. It breaches legal certainty
    2. Amending tax laws in an unreasonable and disproportionate manner.
- Thus, India's right to tax in the public interest should be balanced with the investor's interest of legal certainty. So, the retrospective laws with public purpose have to justify the retroactive application of the law.

**Terms to know:**

- **Retrospective taxation**
- **Tax terrorism**
- **Income Tax Act, 1961**
- **Finance Act, 2012**

**2. Cyclone-ravaged Sunderbans is now drowning in plastic**

Source: The Hindu

Syllabus: GS Paper 3: environmental pollution and degradation

**Synopsis**

The unregulated inflow of relief materials in the Sunderbans region has resulted in a new crisis in the cyclone battered region: Plastic Waste.

**Background:**

- Sunderbans has been battered by many cyclones over the years, with Cyclone Yaas being the latest.
- To support the affected people, packaged relief material has been flowing into the Sunderbans.
- The unregulated inflow of relief materials has resulted in the accumulation of plastic waste in the Sunderbans.

**What are the concerns raised by the NGOs?**

Plastics in the Sunderbans would have both short term and long term ecological impacts.

- The presence of plastic in saline water increases the toxicity of water and could also contribute to the eutrophication of water.
- The breakdown of plastics in the water will lead to an increase in microplastics, which would subsequently enter the food system.
- Given that Sunderbans is connected to the sea, the increase of plastic in the region could lead to plastic waste entering the ocean.
- Sunderbans is largely dependent on fisheries and aquaculture and any change in the delicate ecosystem can spell doom not only for the ecology but also for livelihoods.
- Moreover, the Indian Sunderbans, a UNESCO World Heritage Site, is home to about 2,626 faunas, including Royal Bengal Tigers, Gangetic Dolphins, saltwater crocodiles, and threatened species of freshwater turtles. Hence, an increase in plastic waste may pose a threat to the unique biodiversity of the region.

**Steps to be taken:**

- Tight vigil on the entrances to the Sundarbans Biosphere Reserve and the Sundarbans Tiger Reserve.
- NGOs and locals should be encouraged to collect plastic waste, which should also be recycled.
- Organize cleanliness drives to remove plastic from the Sunderbans.

**3. The SC's Amazon ruling upholds the doctrine of party autonomy**

Source: Livemint

Syllabus: GS-3 – Indian Economy and issues relating to planning, mobilization, of resources

Relevance: To understand the recent SC ruling and extension of the Indian Arbitration Act 1996.

**Synopsis:** The SC order in Amazon's case has answered two important judicial questions.

**What is the background of the event?**

Read here: [Emergency arbitration award is applicable: Amazon wins in Supreme Court](#)

What is the story so far?

1. When Future Retail struck a deal with Reliance Retail, Amazon initiated the proceedings as per SIAC rules. The future group then approached Delhi HC, but HC refused to grant any relief.
2. Amazon also requested Delhi HC for enforcement of the Singapore arbitration award, which was accepted by Delhi HC. This single judge ruling was later stayed by the division bench of Delhi HC, after which Amazon approached SC.

**What are the two important points questions answered by SC?**

In the recent ruling of the Amazon and Reliance case, the court answered two important questions.

1. Whether an award by the emergency arbitrator under the SIAC Rules could be valid for consideration under the Indian Arbitration Act.
2. Whether a court order enforcing such an award is appealable.

**SC's response:**

On the first question:

- "Doctrine of Party autonomy" – In arbitration, both parties agreed upon the principles and platform for conflict resolution. Upon receiving an adverse award, the party cannot wriggle out of responsibility.
- Though the institution of emergency arbitration is not explicitly covered in Arbitration Act 1996, its provisions are broad upon to cover it. In fact, they help in decongesting the Judiciary.
- On 2nd question:
- On the second issue, the court observed that while the interim award was subject to review, the order of HC on its enforcement was not.

**Way forward:**

- The Judiciary is becoming sensitive to party autonomy and is more open to welcoming awards of international arbitrations.
- Such enforcement of contracts would help in promoting EODB (Ease of Doing Business)

#### 4. Making trade work for climate

Source: Business standard

Syllabus: GS3 – Conservation, Environmental Pollution and Degradation, Environmental Impact Assessment

Relevance: On Carbon border tax and its impact

**Synopsis:** An analysis of the complexities involved in dealing with climate change via measures like carbon border tax.

##### Context

The European Union's (EU's) plan for a carbon border tax (CBT)—that is, duty on imported goods like aluminium, steel, cement, and electricity from countries with less stringent greenhouse gas is gaining both support and criticism. The global trade is critically linked to GHG (greenhouse gas) emissions, thus EU's move is expected to pressure other countries to impose similar taxation and thereby reduce emissions.

##### Trends

Past : In the early 1990s, when world leaders came together to discuss and sign the Framework Convention on Climate Change, they recognized that the emissions would increase the warming of the planet and produce catastrophic weather changes that knew no borders.

- Signing of free trade agreements: Despite the well known fact of eventual warming of the planet, the developed world was busy signing free-trade agreements. The reason for this furious activity was that the already rich world was finding the cost of production too high there. They wanted to reduce their cost of production to enable consumption and economic growth.
- Present day: However, today, China is the biggest exporter; it has overtaken all other countries, including the US. China is also the world's biggest GHG emitter, followed by USA

##### Real problem

The real problem is that rich countries did not reduce their emissions. So even as manufacturing moved to "other" countries, their emissions, driven by the consumption of goods and electricity, continued to rise.

At the same time, the emerging world — China, India, Brazil, Indonesia, Vietnam, and all the "other" world exporters — saw their emissions rise. This is why we are in a extremely difficult situation wrt climate change.

Problems with CBAM

##### Carbon border tax has many issues associated with it.

- A protectionist measure promoting domestic industries
- Increase distrust: It will only add to the distrust between the developed and the developing countries.
- Will further inequity – The border tax will add to the revenue of the EU while it will impact the revenue's of exporting country. For instance, the UN Conference on Trade and Development (UNCTAD) estimates that at \$44 per tonne, the carbon border adjustment mechanism (CBAM) income will rise by \$2.5 billion in the EU and fall by \$5.9 billion for the exporting countries

## Conclusion

The world cannot ignore the question of global trade and consumption anymore. It needs a carbon tax to disincentivize consumption and to make production systems climate-friendly. But the monies collected from this tax, including the EU carbon border tax, should be spent in countries worst impacted by climate change.

## Terms to know

- CBAM
- EU
- UNFCCC

## 5. What good are BITs?

Source: Business Standard

Syllabus: GS3 – Effects of Liberalization on the Economy, Changes in Industrial Policy and their Effects on Industrial Growth

Relevance: Harnessing the potential of Bilateral Investment Treaties to promote economic growth

**Synopsis:** Many of us in India are irritated when the country's state agencies lose cases (example Cairn energy case), and large penalties have to be paid on account of Bilateral Investment Treaties (BITs). But from India's viewpoint, it is efficient to enter into BITs.

### Why it is efficient to enter into BITs?

- They provide insurance to foreign investors from risk of expropriation.
- To improve our policy framework – state can harness lost BIT cases as a feedback loop for improving policy framework.

### What is expropriation?

When the state grabs private property, this constitutes expropriation. In an early-stage democracy like India, the checks and balances that control the behavior of the state are limited. From the viewpoint of a foreign investor, making business plans in India involves expropriation risk.

### Importance of BIT to a foreign investor

Other than expropriation risk, a foreign investor is marred by following issues:

- Low voice in the political system: Locals have a greater voice in the political system and have a better sense of how policies will evolve in the future. While Foreign investors know less about India, have a low voice in the political system.
- Lack of confidence: Local companies are more confident in their activities, and take greater risks in the interpretation of law. Foreign companies are more unsure, and opt for extremely conservative interpretations. Hence, the rate of tax payment by foreign companies operating in India is systematically higher than local companies.
- Expropriation is difficult to quantify and insure: Expropriation risk and policy risk is difficult to quantify and impacts upon different situations in a non-uniform fashion. It is not easy to label a precise outcome as having involved expropriation. Hence, it is not an insurable risk. It is not a risk against which the global insurance market will supply protection to foreign investors.

Hence, if we do nothing about this, the required rate of return for investment into India is enhanced and many investments do not take place.

### How to address the issue?

BITs are an effective mechanism through which this issue could be solved. It consists of following benefits –

1. They act as an insurance for foreign investors against expropriation risk and policy risk
2. Provides for effective dispute redressal mechanism such as hearing, at a neutral forum, where both sides argue their case
3. Creates additional layer of checks and balance against arbitrary behaviour of government
4. Encourages greater investment into India, which is in the country's interests
5. Strengthen investment policy framework where lost cases act as feedback

### Way forward

Each lost case is an opportunity that can lead to improvements in the policy framework so that similar situations would not recur in the future.

### Terms to know

- BIT

## 6. Our broken growth model is in acute need of some repair work

Source: Live Mint

Syllabus: GS3 – Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment.

Relevance: Battling the slowdown in Indian economy

**Synopsis:** Solving India's chicken-and-egg problem of income and investment will take government action.

### Background

- India was expected to grow in double digits in 2021-22.
- However, most double-digit economic growth forecasts for the current financial year have been cut to single digits.
- For instance, the International Monetary Fund recently cut its growth forecast for India from 12.5% to 9.5%.
- India's economic growth model of recent years is one of the main reasons hampering India's rapid Economic growth.

### Factors behind economic growth

The two things that drove economic growth during 2001-2011 are

1. Investment: High investment to gross domestic product (GDP) ratio
2. Increase in Exports

### Trends & Problems

Despite high investment and increase in exports, Indian economy came under the following problems

- Inflation hit double digits. Projects did not take off on time, leading to huge bank loan defaults.
- Also, some business promoters simply siphoned off money borrowed from banks. This led to huge bad loans for banks that peaked at ₹10.36 trillion, as of 31 March 2018.
- More importantly, this pushed banks away from funding industrial projects.

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- Also, many corporates were not in a position to borrow, having already gone on a borrowing binge.
- In the process, India's investment to GDP ratio fell. In 2020-21, it was at an almost two-decade low of 27.1%.
- Meanwhile, Indian exports fell to 18.7% of GDP in 2020-21. This fall has primarily been driven by a massive fall in outward shipments of goods.
- Nevertheless, private consumption, came to the rescue. India continued to grow in double digits post 2011-12 and up until 2016-17.
- The trend led to consumption's share in our economy increasing from around 56% in 2011-12 to 60% in 2019-20.
- After 2016-17, consumption growth declined.
- Why private consumption declined?
- Private consumption was funded through savings as well as increased borrowings. However, due to increasing NPA's and low per capita gross national disposable income, private consumption started declining.

In this scenario, if income growth has to pick up, investment needs to go up in order to create jobs and spur economic activity.

### Why growth still not picking up?

As stated above, investment needs to go up, but businesses are not in a position to borrow.

- Even if they are, the capacity utilization in many sectors continues to be low, which means that producers have no need to expand unless consumer demand rises to justify it.

### Way forward

- If India needs to come out of this situation, both central and state governments need to spend more.
- This could involve putting more money directly in the hands of citizens in the form of tax cuts to spending more money on capital-intensive infrastructure projects.
- Cutting excise duty on petrol and diesel are other options.

However, the concern towards increasing public spending is that this will involve governments having to borrow more. And, the liabilities of the central and state governments have already touched around 91.7% of GDP, as of March 2021.

### Terms to know:

- **International Monetary Fund**
- **Basic Economy Terms**

### 7. Everything you want to know about CBDC

Source: Business Standard

Syllabus: GS3 – Indian Economy and issues relating to planning, Mobilization of Resources, Growth, Development and Employment.

Relevance: CBDC, its potential impact, relevant suggestions

**Synopsis:** The central bank digital currency will neither substitute nor compete with cryptocurrency; it's just a wallet. An analysis of its inherent problems and a way forward.

## 9 PM Compilation for the Month of August (Second Week), 2021

### Background

- The RBI has been working towards a phased implementation of a central bank digital currency (CBDC) with “little or no disruption”.
- About CBDC
- Read here: <https://blog.forumias.com/what-a-digital-currency-from-rbi-must-get-right/>

### CBDC in India

- CBDC is just a wallet or an electronic purse, issued by a central bank.
- Like credit card, internet banking and wallets, the CBDCs will be part of the payment system, supplementing use of cash, it's not an alternative to cash. There are many such wallets operating in the Indian financial system. The CBDC will be one of them, but with a difference that it will be issued by the nation's central bank.

Must Read: [What is a CBDC? – Explained](#)

### Impact of CBDC

- Since it will supplement cash, the cost of printing money, distribution and removing of soiled notes will come down drastically as the use of CBDC grows. And, to that extent, the RBI's surplus funds, will rise.
- For the masses, the transactions will be easy as they won't have to carry cash
- It will give a push to financial inclusion. CBDC can be used by many Indians who are still not in the banking fold.
- There is no scope for speculation which drives the value of cryptocurrency.
- Regarding safety, since such a wallet (CBDC) will be issued by the RBI (even though it can be done through designated banks), this will be the most secured transaction in the payments space.

### Concerns/Issues

- Interest payments: Should interest be paid on CBDCs or not? And should the RBI issue the CBDCs directly or through banks? When one keeps money with the banks, they earn interest. If the CBDCs don't offer interest, however small it is, why will people shift from cash to CBDCs? The more important issue is that if interest is paid and the RBI issues CBDCs, won't there be a flight of deposits from the banks?
- Threat to financial stability: If the regulator ends up competing with the regulated entities, the banking system may see erosion in deposits, threatening the financial sector's stability.
- Operational issues: There will be many operational issues for the implementation of CBDC, including the KYC (know your customer) norms and privacy of data.
- Risk of fraud: Another challenge will be the risks of fraud, like any other payment system

### Suggestions

The CBDCs can be issued via a distributed ledger, synchronised between the banks and the RBI and not a centralised ledger, held solely by the RBI. This is a decentralised model but if the RBI adopts this, it will not end up competing with banks, and financial sector stability will be preserved.



**Terms to know:**

- CBDC

**8. Explained: Electricity amendment bill 2021 —why are states such as WB opposing it?**

Source: Indian Express

Syllabus: GS3 – Infrastructure: Energy, changes in Industrial Policy and their Effects on Industrial Growth.

Relevance: Resolving issues with the discom-sector.

**Synopsis:** The Central government is facing opposition to the Electricity Amendment Bill 2021 even before it is introduced in Parliament. Examining key concerns being raised.

**Context**

West Bengal Chief Minister has written to the Prime Minister requesting that the Bill not be brought before Parliament claiming it was “anti-people” and would promote crony capitalism.

Must Read: Electricity Amendment bill 2021 – Explained

Note: For a better understanding of the issue, please read about the amendment bill first.

**Concerns**

**States have expressed various concerns against the bill:**

- Ignoring of residential & agri consumers: States have highlighted concerns that allowing the entry of private players could result in private players providing power to only commercial and industrial consumers and not residential and agricultural consumers. Amendment would therefore lead to a concentration of private, profit-focussed utility players in the lucrative urban-industrial segments, while poor and rural consumers would be left to be tended by public sector discoms.
- Higher penalties for failure to meet Renewable energy Purchase Obligations (RPOs)
- The requirement that Regional Load Dispatch Centres and State Load Dispatch Centres follow instructions by the National Load Dispatch Centre.

**Terms to know:**

- **Renewable energy Purchase Obligations (RPO)**

**9. Pegasus scandal points to the making of a surveillance state in India**

Source: Indian Express

Syllabus: GS3 – Security

Relevance: Understanding increasing state surveillance in India, measures to safeguard privacy.

**Synopsis:** There seems to be a concerted effort to create a surveillance state, monitor free flow of information and use technology to control instead of empowering citizens. Increasing rate of surveillance in India and measures that must be taken to counter it.

**Surveillance projects by Indian govt**

- Facial recognition: On March 11, the Indian government announced the adoption of facial recognition technology enabled surveillance. Using photographic and other information from government “databases”, 1,100 individual participants in the Delhi riots had been identified. When other advanced democracies, including the European Union and several states in the US, have been slowing down or stopping use of facial

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recognition in the public sphere altogether, here in India, we seem to be traveling at top speed in the other direction.

- CMS, NATGRID and NETRA: There are at least three other projects that are building a 360-degree surveillance mechanism by the government. These projects, namely CMS (Central Monitoring System Project), NATGRID and NETRA, operate under complete secrecy without any publicly available information.
  - NATGRID was built with an intent to enable government agencies to get information such as bank account details and transaction details, in violation of the principles which were laid down in the Supreme Court's Puttaswamy judgment.

### Measures

1. Pressure must be kept on the government to take suitable action.
2. An independent inquiry commission must be set up. This commission should not be headed by one or two Supreme Court judges, but by a panel consisting of members of judiciary, civil society and technical experts. Matter should not go to CBI.
3. In the absence of an independent judicial inquiry ordered by the Supreme Court, states should order the kind of investigations the state of West Bengal has ordered.
4. All the victims should approach courts, police and ask for their rights to be enforced. Courts should stop buying the argument of national security every time, and should not allow governments to use the market to create an infrastructure of surveillance.
5. Government's right to have continuous access to our data, without adequate safeguards, should also be held a violation of constitutional human rights.
6. Information about the three surveillance projects, namely CMS, NATGRID and NETRA, should be publicly available and they must be subject to the principles laid down in the Puttaswamy case.
7. Parliament should be persuaded to frame a law containing a strong personal privacy charter protecting the right to be free from collection and mass data analysis that are demonstrably harmful. Such an Act should not have any exceptions. It should subject all government surveillance — and government use of private surveillance technologies — to the rule of law.

### 10. Migration from factories to farms, a sign of distress

Source: Business Standard

Syllabus: GS 3 – Economy

#### Synopsis:

The government's Periodic Labour Force Survey (PLFS) report shows a sharp increase in employment in agriculture. It has increased to 45.6% in 2019-20, compared to 42.5% of the total employment in 2018-19. This is a sign of distress as migration to agriculture has been due to compulsion and not in wake of better opportunities.

#### Background:

The government's Periodic Labour Force Survey (PLFS) report shows a sharp increase in employment in agriculture from 2018-19 to 2019-20. The survey findings show a similar trend as shown by the Centre for Monitoring Indian Economy (CMIE's) – Consumer Pyramids Household Survey (CPHS). The CPHS also showed a rise in agricultural employment and a decline in manufacturing jobs.

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About Periodic Labour Force Survey:

- The PLFS is an annual survey conducted by the National Statistical Office (NSO).
- It was started in 2017, and it essentially maps the state of employment.
- In doing so, it collects data on variables such as the level of unemployment, the types of employment and their respective shares, etc.

### Key Findings of the Survey:

- A sharp increase in employment in agriculture is witnessed, from 42.5% of the total employment in 2018-19 to 45.6% in 2019-20
- The biggest increase in employment in 2019-20, within agriculture, was largely among women. Nearly 60% of all employed women were engaged in agriculture.
- According to the PLFS, the share of manufacturing in total employment fell from 12.1% to 11.2%.
  - Of all the specific sectors for which PLFS provides data, the manufacturing sector saw the biggest fall (0.9 percentage points).
  - The next largest loser is construction (0.5 percentage points).
  - And then it is transport, storage and communication (0.3 percentage points).

### Analyzing the Key Findings:

- The reverse migration from factories to farms has enhanced due to a reduced growth rate in the economy and the job losses due to the Pandemic.
- Further, such a large shift of labour in favour of agriculture is involuntary. It is a sign of distress in the labour market, where non-agricultural sectors are unable to provide employment and labour is forced to shift to agriculture.
  - The forced or at least involuntary nature of this migration is evident from the wages data provided by the PLFS.
  - Salaried jobs provide wages of the order of Rs.16,780 per month which translate into wage rates of Rs.558 per day.
  - In comparison, casual labour which is the type of employment provided by agriculture yields much lower wages – of the order of Rs.291 per day.
- The safety net provided by agriculture reduces the political pressure that widespread unemployment could have created.
- Presence of a huge number of females in the agriculture sector shows the domination of poor quality of employment that women get in India.
- It can also be deduced that large parts of employment from the relatively unorganised construction sector and the unorganised manufacturing sector moved into agriculture.
- Government efforts to boost manufacturing through production linked incentives or liquidity support to medium and small scale enterprises have not been effective in stemming the decline of manufacturing in India.

### 11. The foreign stimulus

Source: Business Standard

Syllabus: GS 3 – Economy

#### Synopsis:

Foreign money pouring into the start-up universe may finally provide the stimulus to the economy that the government was unable to provide. This money would help the country to achieve a sustained growth rate of 7% for the coming years.

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### Background:

- The Indian start-up scene is on fire. In the first six months of calendar 2021, \$10 billion was raised by start-ups and private companies in India. In July, another \$10 billion was raised, led by the mammoth \$3.6 billion by Flipkart, the single largest fundraising by a private company in India.
- At this rate, in 2021, we may see almost \$40 billion being pumped into the Indian private company universe by global capital. This surge points to the faith shown by investors in the Indian Economy.

### Factors pointing towards a robust future growth of the Indian Economy:

First, money raised by the start-up/private ecosystem will be spent to hire people, build infrastructure, strengthen the core tech, accelerate demand and build the brand.

Second, experts have predicted a strong revival of the IT sector. Attrition has rocketed (Cognizant just reported attrition of 31%) and salary hikes are accelerating.

- Attrition is defined as the natural process by which employees leave the workforce (through resignation or retirement) and are not immediately replaced.

Third, there is a clear trend of higher value-added manufacturing relocating to India. The trend is a result of the Production Linked Incentives schemes, China+1 strategy adopted by most MNC's or structural industry change.

- It is noticeable particularly in specialty chemicals, API, precision manufacturing in automotive and light engineering, and textiles. As a result, exports will accelerate, after almost five years of no growth.

Fourth, there is a clear reversal in the real estate sector. Housing demand is strong and pricing is improving. It is only a matter of time before new construction begins to pick up.

- This sector has been under serious stress for almost five years now. A recovery here will be a big multiplier, as it creates low-skill jobs and pulls in demand for cement/steel, and helps clean up the non-performing asset mess.

### Way Forward:

- India must make sure that it does not shoot itself in the foot and inadvertently take measures to temper foreign enthusiasm. The enthusiasm is very high towards India due to the apparent next wave of innovation and a high degree of mistrust over China post the pandemic.
- The proposed pricing and valuation of some new issuance in the start-up space seem quite rich. It is inevitable that a few issues will fail and investors, including retail, will lose money. However, even if some companies fail, we cannot shut the door to IPOs by the start-up ecosystem or raise significant hurdles to list.
- We must also be careful to guard against the perception of a lack of a level playing field. Many global investors are continually worried that domestic lobbies can make the operating and regulatory environment difficult for foreign-funded companies. There should be no discriminatory treatment of such companies in order to ensure a continuous flow.

## 12. Tax certainty is critical if the economy is to attract enough capital

Source: ToI

Syllabus: GS3- Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment.

Relevance: Issue of retrospective taxation

**Synopsis:** The repeal of the retrospective tax decision helps to minimize the risk of authorities taking harmful and unpredictable decisions.

### Background

- Read Here: Retrospective taxation and the Taxation Laws (Amendment) Bill – Explained
- Introduction
- It is hard to grow an economy without individuals and firms taking risk, and for an economy to grow at 7% or 8% annually for several decades the dependency on foreign risk capital is even larger.
- In this context, retrospective taxation laws have hampered the flow of FDI's and undermined the ability of corporate to take risks.
- Encouraging them to invest more requires such confidence-building steps that the government is committed to reducing uncertainty, and rectifying past errors.

### Adverse impact of Retrospective taxation

- Adds to the risks and destroys investment environment: According to experts, changing laws retroactively, spoils the operating environment, and adds to the imagined risks a firm must keep in mind before investing.
- Higher costs: The expected returns from an investment, depends on the cost of capital, which in turn depends on the uncertainty a project or business faces. The higher the uncertainty, the higher the cost.
- Positives of curb on Retrospective taxation
- The impact on the flow of investments is likely to be much more significant, as the change signals that retrospective changes will not happen again.
- Often, the capital comes attached with technology and skill transfers, which further helps growth.
- Tax certainty will help to attract enough capital to grow at 7%-8% for decades.
- Growth of Start-ups in India is highly dependent on foreign investments.

### Terms to know

- **Retrospective taxation**

### 13. The shaky foundation of Labor Law Reforms

Source: The Hindu

Syllabus: GS-3, Industrial, Policy reforms  
Relevance: To understand the challenges with the recent labour reforms

**Synopsis:** Government sought to reform the labour by bringing long-pending labour reforms. Despite their positives, there are many challenges associated with the labour reforms.

### Introduction

The government has brought out the next series of reforms that were deemed comprehensive and game-changing. The set of reforms was categorized into:

- Code on wages
- Industrial relations code
- Occupational Safety, Health and working conditions code
- Code on social security

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The code on wages bill was enacted in August 2019 and the other three were enacted in September 2020.

### Issues with the enactment of the bills:

- The bills were passed in Parliament without proper consultation and amidst opposition boycott.
- The government announced rollout from April 1, 2021, even though the State Governments were unprepared for it.
- The speedy process encouraged the investors and employers.
- However, the implementation on the ground is more symbolic than real. Courts have intervened by passing directives for urgent implementation. But, the response of the Government has been tardy.

### Government arguments in support of the bills:

The government has given numerous arguments to support its stand.

- According to GOI, it would extend universal minimum wages. It would also enhance Industrial security and social security for gig workers.
- The industrial relations code also provides for recognition of trade unions by employers, which has been eluding for over 7 decades.
- It also had benefits for employers by providing them flexibility like relief from framing standing orders for firms.

### Challenges with the Bills:

The Government has failed to provide legal visibility to millions of unorganized and migrant workers.

### Havoc unleashed by COVID 19 on the labour market

1. It led to more workers entering the informal market
2. Led to the withdrawal of workers from the labour market
3. It has increased unemployment
4. There have been instances highlighting the concerns of Industrial safety. IndustriAll reported that between May to June, 32 major industrial accidents have occurred in India, killing 75 workers.

### Implementation issues:

- Even though the central Government announced enactment in August 2019, the notification for the constitution of the advisory committee came much late in March 2021.
- Major states like Tamil Nadu, Kerala, and West Bengal have not issued draft rules.
- States like Jharkhand, up, MP has only framed partial rules.

### Way forward:

We should not look at symbolic implementation to achieve a better ranking in EoDB.

Timely and well-discussed legislation followed by a thorough implementation is the need of the hour.

### Terms to know

- **One nation, One ration card scheme (ONORC)**
- **National Database for Unorganised Workers**

#### 14. World Indigenous Peoples Day: How net-zero climate goal alienates tribals

Source: DTE

Syllabus: GS 3 Environment

Relevance: To analyse the concept of 'Net-Zero' emission.

**Synopsis:** With the rising popularity of the 'Net-Zero' emission concept, it is time to analyze all its facets.

##### Introduction

- The impacts of climate change are now visible from melting glaciers to climatological disasters. The polluters can no more deny or dismiss this.
- But they have come up with a new pledge which can be called 'green washing' or 'net-zero' emissions.

##### What is Net-zero Emission?

Net-zero emission is the method of balancing the greenhouse gas emissions in the atmosphere by the greenhouse gas absorption from the atmosphere.

In zero-carbon emission, the country will focus on limiting carbon emission. But in Net-zero carbon the country will focus on bringing the net carbon emission to zero.

In the initial phase, the country will focus on reducing human-caused emissions like burning fossil fuels, balancing factory emissions, etc. But, gradually the Net-zero emissions can be extended to the remaining areas as well.

Read more: [Net Zero Emissions Target for India – Explained, Pointwise](#)

##### Challenges with this concept:

- Since technologies involved are unproven, most of it will come from land-based removal and storage of carbon dioxide.
- Oxfam's report pointed how these goals can end up consuming a large amount of land.
- The demand on land could lead to challenges of food security.
- It would also threaten biodiversity, wildlife and indigenous communities.
- Any measure of vast plantations would tend to ignore local biodiversity.
- A recent analysis by Land Conflict Watch (LCW) showed that afforestation drives cause massive conflict between state and tribal communities. e.g. more than a hundred thousand hectares of such contested land is locked in compensatory plantations-related conflicts, affecting over 50,000 forest dwellers across six states.
- LCW (Land Conflict Watch) report also highlighted that more than a million tribal are under the conflict of Forests Rights Act, 2006.
- The development projects that are undertaken also lead to conflict with indigenous communities e.g. In Kachchh, tribal herdsmen and farmers have been fighting to protect their common lands from the construction of windmills.
- With India targeting 450 GW of green power, such conflicts are expected to rise.
- The real issue of emission and focus should be on emission cuts.

##### What is the way forward?

- There is a need to educate and create awareness about indigenous people and their rights as any future solution also needs to incorporate them.

### 15. A circular economy for plastic

Source: The Hindu

Syllabus: GS3 – Conservation, Environmental Pollution and Degradation, Environmental Impact Assessment

Relevance: Dealing with plastic waste

**Synopsis:** The Plastic pact model to address plastic pollution is now being brought to India by CII and WWF India. An analysis of the plastic waste issue and solutions offered by plastic pact model.

#### Why plastic waste needs to be managed?

A 2019 report by the Center for International Environment Law suggest that by 2050 Greenhouse Gas emission from plastic could reach over 56 gigatonnes. Similarly, the report Closing the Plastics Circulatory gap by Google suggest that without a large scale intervention we will be mismanaging more than 7.7 billion metric tonnes of plastic waste globally in the next 20 years.

#### The solution for India

As much as 3.3 million metric tonnes of plastic waste was generated in India in 2018-19, according to the Central Pollution Control Board (CPCB) report 2018-19. This roughly translated to 9,200 tonnes a day (TPD).

The total municipal solid waste generation is 55-65 million tonnes; plastic waste is approximately 5-6 per cent of the total solid waste generated in the country.

Hence, India also needs a long terms solution for its plastic waste problem. And for India, the solution must be multi-pronged, systemic, and large scale, to create a visible impact.

Plastic pact model which is now implemented in number of countries such as UK, South Africa, Australia offers such a solution.

#### What is Plastic Pact Model?

The Plastics Pacts are business-led initiatives and transform the plastics packaging value chain for all formats and products. The Pacts bring together everyone from across the plastics value chain to implement practical solutions.

Aim: It aims to achieve 4 targets

1. to eliminate unnecessary and problematic plastic packaging through redesign and innovation
2. to ensure all plastic packaging is reusable or recyclable
3. to increase the reuse, collection, and recycling of plastic packaging
4. to increase recycled content in plastic packaging

Must Read: Single-use plastic pollution in India – Explained

#### Advantages of the Pact

1. It is expected to boost demand for recycled content
2. Increase investment in recycling infrastructure
3. Creation of jobs directly as well as indirectly
4. Formalisation of informal sector engaged in plastic waste collection
5. It will support the Extended Producer Responsibility framework of the government and improve solid waste management as envisioned in the Swachh Bharat Abhiyan
6. Will ensure access to expertise and knowledge from different Pacts worldwide



7. This will lead to significant reduction of Green house gases

#### **About India Plastic Pact**

It focuses on innovation and solutions. It ensures accountability through setting up of targets and data reporting. While the India Plastics Pact will be active in India, it will link globally with other Plastics Pacts which is expected to benefit businesses especially MSME's.

Terms to know:

- Circular economy

#### **16. ISRO-SAC instrument finds presence of hydroxyl and water molecules on Moon**

Source: Indian express

Syllabus: GS 3 – Awareness in the fields of IT, Space, Computers, Robotics, Nano-technology, Bio-technology

#### **Synopsis:**

The discovery of hydroxyl and water molecules on the moon would help in studying its mineralogy.

#### **Background:**

- Chandrayaan-2 has detected the unambiguous presence of hydroxyl and water molecules on the Moon.
- The findings were confirmed by a paper published in the latest issue of the fortnightly journal Current Science. The paper was authored by scientists from the Indian Institute of Remote Sensing (IIRS) in Dehradun, SAC in Ahmedabad, UR Rao Satellite Centre in Bengaluru, and ISRO.

#### **About the Chandrayaan-2 mission:**

- It was aimed to widen the scientific objectives of Chandrayaan-1 by way of soft landing on the Moon and deploying a rover to study the lunar surface.
- However, due to a failed soft landing, the lander, rover, and the associated five payloads were destroyed.
- Nonetheless, the orbiter for mapping the lunar surface and studying the outer atmosphere of the Moon is continuously sending back crucial scientific data.
- The mission life of the Orbiter was planned to be of one year, but has exceeded expectations and is expected to serve for seven years.

#### **Findings of the paper:**

Imaging infrared spectrometer (IIRS) on board Chandrayaan 2 has detected the unambiguous presence of hydroxyl and water molecules on the Moon.

- IIRS is an imaging instrument that collects information from the electromagnetic spectrum for understanding the mineral composition of the lunar surface. Under this, each element possesses a 'spectral signature' unique to itself.
- It was developed by the Ahmedabad-based unit of Space Applications Centre (SAC) of ISRO.
- It is capable of operating in the wavelength of 0.8 to 5 micrometres, which is greater than Moon Mineralogy Mapper (M3). M3 was used in Chandrayaan 1 for detecting water and operates in the range of 0.4 to 3 micrometres. It was developed by NASA.

The formation of water and hydroxyl occurs due to interaction of solar winds with the lunar surface, a process termed as 'space weathering'.

- Space weathering along with the impact from small meteorites often lead to chemical changes on the surface of the moon.
- This ultimately leads to formation of either the reactive hydroxyl molecules or the more stable form of water molecules.

**Significance of Discovery:**

- It will provide clues to understand the various sources and water production mechanisms.
- It will also provide important inputs regarding geology and geophysics of the mantle (of the moon) in terms of their mineralogy, chemical composition, rheology and solar-wind interaction.
- The discovery is being hailed as critical for future planetary exploration and resource utilisation.

**17. Why India's military leaders must have a free and frank discussion on demarcation of air power roles and missions?**

Source: Indian Express

Syllabus: GS3 – Various Security forces, agencies and their mandate

Relevance: Unresolved issues pertaining to inter-services cooperation of armed forces in India.

**Synopsis:** Indian Air Force is marred by a deep sense of insecurity over tri-service integration and the concept of jointness of armed forces. A historical perspective and a way forward.

**Background**

In India, there is no mutually agreed upon or government-mandated demarcation of aviation roles and missions. This has left Indian Air Force with a deep sense of insecurity.

**Historical context**

- Debate b/w IAF & IN: The 1970s witnessed a bitter debate between the Indian Air Force (IAF) and the Indian Navy (IN) about the discharge of the maritime reconnaissance (MR) role, which the air force had inherited at independence. After the penetration in 1971 of our waters by Pakistani submarines, the government decided to hand over the MR role and aircraft to the Indian Navy in 1976.
- Demands by Army for an integral air arm: The Indian Army, too, had been demanding the creation of an integral air arm, citing unsatisfactory aviation support by the IAF in forward areas. The inter-services issue was resolved after the government intervened in 1986 and sanctioned the transfer of assets from the IAF to the newly formed Army Aviation Corps. The controversy did not end here, as control of attack helicopters remained an issue of inter-service contention.

**IAF's issues with jointness**

The fear IAF has of tri-service integration can be seen in above context. The IAF, having seen sister services appropriate its roles and assets, remained cautious about jointness. Concepts of Chief of Defence Staff (CDS) and integrated theatre commands, which would require air assets being placed under non-IAF control, ring alarm bells in Air HQs.

There are misperceptions on both sides of the air-power divide, and the need is for the tri-service leadership to sit around a table and provide mutual reassurance regarding service roles and missions.

### **Why air-power gained importance over years?**

Air-power, in the post-Cold War era, acquired importance. Based on the lethality and speed of modern air power, it is claimed that once “air dominance” has been achieved, the war is virtually won. In this paradigm, close support of surface forces receives low priority because quick military victories can be won from the air at minimal cost.

However, such assumptions were based on recent conflicts where modern air forces using advanced technology had encountered irregular forces.

### **Can India rely on air-dominance?**

India, on the other hand, is faced with well-equipped, motivated and competent adversaries. The Pakistan Air Force, although numerically inferior, has the assurance of Chinese support. The PLA Air Force not only outnumbers the IAF, but has the advantage of an advanced technological base.

Hence, in our calculations, we cannot afford to rely on any specific advantage, establishing “air dominance” over Pakistan or Tibet.

Potent questions

Questions that military leaders will need to address, jointly, are:

- Should attainment of air dominance be an end in itself, superseding military and maritime strategies
- Should air power be seen as merely an instrumentality to gain operational objectives on land, sea and air?
- Is there a via-media which will maximize the synergy and combat effectiveness of all three services, perhaps by modifying the IAF’s 2012 doctrine?

### **Suggestions/Measures**

There should be a free and frank discussion on the demarcation of air power roles and missions.

#### **On joint commands**

- First, it must be ensured that allocation of air power is not made piece-meal, but flows from an integrated, tri-service plan.
- Second, operational deployment of the command’s aviation resources must be managed on behalf of the C-in-C, by his 2/3-star IAF component commander.
- Third, the government must clarify that most high-level posts will, eventually, be tenable by officers of all three services.

### **18. Our Harmed Forces: ‘Merit’ Principle Is Dangerous: Don’t let politics enter that domain**

Source: TOI

Syllabus: GS3 – Various security forces and agencies and their mandate

Relevance: Selection for top military posts, issues of merit over seniority.

**Synopsis:** The Current system of promotion and advancement employed by the military is fair and based on merit. An analysis of the current system and potential implications of changing it.

### Background

- Read here: For top military posts, MoD weighs merits vs seniority

Significance of a fair promotion system

It is vital for services to ensure that the system of promotions and advancement is as just, fair and transparent as possible, so that the rank and file remain confident that the leaders they unquestioningly follow deserve the position they have attained.

### Existing methodology

- The military has a very fair methodology for selection of officers for promotion from the rank of Colonel to General (and equivalents in other services). There's a fierce competition and stringent selection criteria, resulting in 60-70% of officers not making the cut.
- Promotion boards, convened periodically for placing officers on a 'select list' for promotion to ranks of Colonel and above, examine only annual confidential reports rendered periodically on candidates.
  - ACRs contain numerical gradings for a number of attributes, as well as a 'pen picture' that describes the individual's qualities for the board and substantiates the grading.
- 'Merit', therefore, remains the sole criterion for the selection process by which a batch of 100 officers may be reduced to 10-12 by the time they reach 3-star rank.

### Current system is fair

The current system of promotion to higher military ranks is based on the principle of seniority-cum-merit. As pointed out above, it consists of repeated screening of officers on the basis of merit alone. Therefore, the handful who remain and survive to reach top echelons are of uniformly high caliber.

Choosing the senior-most, by date of promotion to his present rank (not by date of birth or date of commission), has, therefore, proved a 'safe bet' for decades.

Issues

### Areas that need reform:

- Written remarks for changing gradings: An issue of unhappiness arises from the fact that the service chiefs are entitled to have the last say as far as ACRs of 2- and 3-star rank officers are concerned. This is quite appropriate, but they too, must provide full justification, via written remarks, for changing earlier gradings.
- There's also a need to bring uniformity in personnel policies of the three services.

### Implications of a changed methodology

A deep-selection methodology, overlooking seniority and based on some other definition of 'merit', must be weighed against these drawbacks:

1. The selected would consider himself obligated to the politico-bureaucratic establishment, undermining his own credibility within the service
2. Political polarization: high-level military decisions may be biased to please politicians. Political polarization, if allowed to take place in the military, would create deep fissures within the officer corps – eventually infecting the rank and file.

## Conclusion

The public respects the military for its apolitical and non-partisan conduct. But if the citizens perceive it as just another interest-group seeking to promote itself, that respect will soon vanish.

## 19. Transition from fossil fuels in India is a matter of politics, communities, federalism & jobs

Source: TOI1, TOI2

Syllabus: GS3 – Environment

Relevance: Issues involved in transitioning from coal-based industries to a clean energy model

Synopsis: In light of the recently released IPCC report, it is clear that India needs an energy transition towards cleaner energy sources from the current coal-based scenario, but it must be done in a way which secures an equitable outcome for the vulnerable sections of the society.

### Issues involved

1. Asymmetry in energy distribution: While 85% of coal production is concentrated in relatively poor eastern and central states of Jharkhand, Odisha, Chhattisgarh, West Bengal and Madhya Pradesh, over 60% of renewable energy potential (and 80% of current capacity) is concentrated in relatively wealthy southern and western states – Gujarat, Maharashtra, Rajasthan, Andhra Pradesh, Karnataka, Tamil Nadu and Telangana.
2. Implications on govt revenue: The fossil fuel industries contribute significantly to the exchequer. Taxes on coal, oil and gas contributed 18.8% of the total revenue receipts of the central government and about 8.3% of the state governments in 2019-20. Thus, these taxes are essential for the government's revenue and spending.
3. Large scale of employment: The industry employs a large number of people, with at least 20 million people working in mines and factories. Automobile, iron and steel, and coal mining are the biggest employers. To put things in perspective, the coal-mining sector in the United States employed 54,000 people in 2019; in India, the figure is over 2.0 million.
4. Lack of job security: In addition, the informal workforce is approximately four times the formal employees. As a result, a vast majority of workers don't have employment security.
5. Therefore, the energy transition is more than technological fixes and investments; it is also about workers and communities who will be affected. To get this transition right, we will have to start developing policies and plans for a Just Transition and not merely an energy transition.

### Measures

A Just Transition in India will need policy and planning for five key elements (the five R's):

- Restructuring of the economy and industries in fossil fuel-dependent districts/ states;
- Repurposing of land and infrastructure, as these industries hold vast land and assets. For example, coal mines and thermal power plants alone have 0.3 million hectares of land, which can be repurposed to build a new green economy;
- Reskilling existing and skilling new workforce to avoid job loss and create a new workforce for the green industries;

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- Revenue substitution and investments in Just Transition. This will require progressively moving taxes away from fossils and using fossil taxes like GST compensation cess (formerly coal cess) and District Mineral Foundation funds for Just Transition; and,
- Responsible social and environmental practices during the transition process to create a better world than today.

### Way forward

Phase-out of fossil fuels is imminent; we have no choice.

### 20. Fighting the climate change – India’s way ahead (On IPCC report)

Source: TOI, Indian Express, Business Standard 1, Business Standard 2

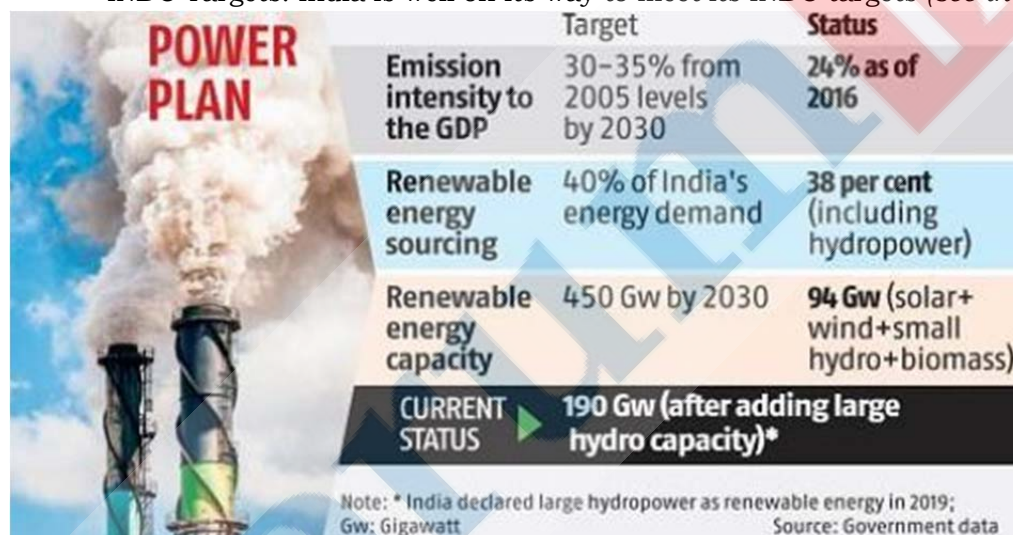
Syllabus: GS3 – Environment

Relevance: Fighting the climate-change crisis.

**Synopsis:** India is already taking many steps to combat climate change, but it needs to do more to ensure climate-adaptation and mitigation are at the heart of every government policy.

### Steps taken by India

- INDC Targets: India is well on its way to meet its INDC targets (*see the pic below*)



- PM KUSUM: India has already commenced one of the largest programmes for greening the agriculture power supply through the PM-KUSUM scheme.
- Green hydrogen: India is also giving an aggressive push to green hydrogen as a fuel. NTPC Renewable Energy Ltd recently signed a MoU with the Union Territory of Ladakh to set up India’s First Green Hydrogen Mobility Project in Ladakh Region.
- India has an energy revolution underway: This ranges from household electrification to smart meters, scaling up solar and wind to new ambitions in biofuels and hydrogen, energy efficiency to clean cooking for millions, electrification of railways to electric vehicles, first country with a cooling action plan to skilling thousands in green jobs.

### Why India has not declared net-negative emission targets?

India's stand is that it is the industrialized world, not developing countries, who should have Net Negative (*more saving than emission*) targets and moreover they should finance the green energy targets of India and other developing countries.

Must Read: IPCC 6th Assessment report – Explained in detail

### Measures India must take

1. India must adopt a more climate-friendly development pathway to deliver high rates of economic growth within a shrinking carbon budget.
2. Policy support to new low-carbon sectors: India must tap into sunrise sectors (green hydrogen), new business models (distributed and digitalised services, for distributed energy, EV charging, cold chains), new construction materials (low-carbon cement, recycled plastic), new opportunities in the circular economy of minerals, municipal waste and agricultural residue, and new practices for sustainable agriculture and food systems. Many of these technologies and business models are proven, but need policy and regulatory support.
3. A clear data on warming effects: The number of days with temperatures over 40°C will increase proportionately with the average temperature. This presents a threat to life to the large proportion of India's workforce which still conducts manual. India chronically under-reports heat deaths; this must change going forward if the government is to build up a true picture of the effect of warming on public health.
4. International cooperation: It's imperative to remove greenhouse gases from the atmosphere and repair the climate in critical regions, such as the poles. This will require new levels of international cooperation.
5. Climate-smart agriculture: Current cropping patterns and agricultural practices also contribute greatly to India's carbon footprint, and over the next decade they will have to be addressed, alongside greater reforestation to serve as traps for carbon. Climate-smart agriculture is already being trialled across the country, but the changing weather patterns warned of by the IPCC report mean farmers will need access to the latest advice and methods.
6. The government must stop subsidizing coal-fired thermal power plants
7. Agricultural extension system: The revival of the agricultural extension system is overdue, and is the only weapon in India's arsenal when it comes to adaptation in the primary sector.
8. Urban planning will also have to shift. For residents of Indian cities, walking in the sun must be de-emphasised going forward in the planning. Metro and electrified bus systems will have to be put in place that have a denser network of stops than are currently common in India.

### Conclusion

Climate change has to be at the heart of planning and policy across multiple domains going forward.

### Terms to know

- Agricultural extension

## 21. Revisit the idea of 'aging out' India's coal plants

Source: The Hindu

Syllabus: GS 3 – Infrastructure: Energy

### Synopsis:

It is right to let old coal capacity fade away in due course, but age shouldn't be used as the sole criteria for it. The focus should be on doing detailed analysis and weeding out the needless capacity in the pipeline, to derive long-term economic and environmental benefits.

### Background:

The government is showing a willingness to retire old coal-based plants (25 years or more) as testified in the recent budget speech by the finance minister. However, some experts believe that the government should revisit the idea of aging out old coal plants.

### Why should the old coal plants retire?

Firstly, there is the availability of under-utilized newer and presumably more efficient coal-based capacity. Hence, shutting down older inefficient plants would lead to improved efficiencies, reduced coal usage, and cost savings.

Secondly, they are major contributors to carbon emissions. Their closure will aid in achieving India's Nationally Determined Contributions, as per the Paris Agreement.

Third, it would be uneconomical for old plants to install pollution control equipment required to meet the emission standards announced by the Environment Ministry.

- This argument was reflected in a recent order from the Central Electricity Regulatory Commission (CERC).
- The CERC allowed Delhi's BSES distribution company to exit its concluded 25-year-old power purchase agreement with the National Thermal Power Corporation Limited's Dadri-I generating station.

### Arguments against the retirement of old coal plants:

Plants older than 25 years consist of around 20% of the total installed thermal capacity and play a significant role in the country's power supply.

There are also several old plants, which operate at lower costs. For instance, plants such as Rihand (U.P) and Vidhyanchal (Madhya Pradesh) are over 30 years old and have very low generation costs of around Rs. 1.7/kWh. The cost is lower than the national average.

Many studies suggest that the total savings from shutting older plants would be less than 5,000 crores annually. It is just 2% of the total power generation cost.

- These savings may not be sufficient to even pay for the fixed costs that would have to be paid anyway, even if the plants are prematurely retired.
- Similarly, savings in coal consumption by replacing generation from plants older than 25 years with newer coal plants are also likely to be only in the 1%-2% range.
- There are some old plants that may continue to be economically viable even if they install pollution control equipment as their current fixed costs are very low.
- Indeed, about half the coal capacity older than 25 years has already issued tenders for pollution control equipment installation.
- Old thermal capacity is required, to support the growing intermittent renewable generation until other technologies (such as storage) can replace them at scale.



**Way Forward:**

- Age should not be used as a sole criterion to retire a coal-based plant. A detailed analysis should be done, considering the various technical, economic, and operating characteristics of individual plants and units before taking the retirement decision.
- Further, an emphasis should be placed on accounting for aspects such as intermittency of renewables, growing demand, and the need to meet emission norms.

**22. Expiry of safeguard duty: Boon for solar developers, bane for manufacturers**

Source: Business Standard

Syllabus: GS 3 – Infrastructure: Energy

**Synopsis:**

The decision of the center to impose a basic customs duty from April 2022 and the expiration of the existing safeguard guard duty will result in higher solar imports. This move will benefit solar plant developers, but create more problems for domestic manufactures.

**Background:**

Indian solar cell and module makers may see difficult times ahead with no protection from imports till April next year. Safeguard Duty (SGD) was imposed on solar cells and module imports for the past two years, which expired last month.

Moreover, the Basic Customs Duty (BCD), announced by the Centre, will kick in only after 9 months. For solar project developers, it's a boon as they would be able to import before the BCD is enforced.

**About India's Solar Sector:**

- According to industry data, India has 3,100 Mw of cell manufacturing capacity and 9,000 Mw of module manufacturing capacity. India's installed capacity of solar power stands at 39.08 Gw (including ground-mounted and rooftop).
- The country aims to have 100 Gw of solar power capacity by next year.
- There is a price difference of about 10-20 percent between Indian and Chinese solar cells and modules.
- India imports close to 90 percent of its solar cells and modules and nearly 80% of this is from China.

**Benefits for Solar project developers:**

1. The 9-month duty-free period gives a much-deserved breathing space to Indian solar developers. They would be able to import cheaper modules from China.
2. This will cause a reduction of close to 15% in solar tariffs. Further, more projects and new players would enter the business.

**Issues for Manufacturers:**

1. The manufacturers are already unable to compete with cheap imports. Many of them have complained against the dumping of solar imports from China, Vietnam, and Taiwan.
2. At present, domestic manufacturers lack orders and are running below optimal capacity.

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3. In such a scenario, a duty-free period of 9 months will make sustenance for local manufacturers extremely difficult, as they will be left with almost nil orders to continue production.
4. Further, they will have to continue paying hefty duties on imported raw materials, thereby being unable to compete with internationally-produced modules.

### **Conclusion:**

The Centre can impose an anti-dumping duty to create a level-playing field for domestic module manufacturers. This will provide the much-needed relief to the material injury caused to the domestic sector and also help in protecting over 300,000 jobs.

### **23. The silent rise of Small Finance Banks (SFBs)**

Source: Live Mint

Syllabus: GS3- Inclusive Growth and issues arising from it.

Relevance: Financial inclusion and measures taken by RBI

**Synopsis:** Challenges faced by SFBs and Criticism against them

#### **Background**

- SFBs have grown rapidly since RBI first carved out this category half a decade ago in Indian financial system. In Financial Year (FY) 2018 – 2020, SFBs registered a phenomenal growth by doubling the advances and tripling deposit accumulation over the same period.
- At latest, five small finance banks or SFBs are expected to launch an Initial Public offering (IPO) over the next 2 months.
- More, Five years after the experiment on SFBs began, the RBI is now gearing up to issue another set of SFB licences to new players.
- Evolution of Small Finance banks
- The idea behind SFBs can be traced back to 2013. An internal group of the RBI recommended that much like microfinance institutions (MFIs), banks should begin viewing the poor as profitable customers.
- The proposal, however, became a reality when Raghuram Rajan became the governor of the RBI, and the term 'small finance' was introduced.

#### **Idea behind SFBs**

Although share of Indians with bank accounts has swiftly expanded over the past decade, most of these accounts are rarely used. A majority of Indians still remain outside the reach of formal financial institutions. Without assured access to credit, small entrepreneurs can't flourish, and innovation cannot take root.

This is exactly the problem that these new banks were meant to solve.

#### **Criticism of SFBs**

##### **Non-inclusive:**

- Most of the branches have been opened in the relatively well-banked regions or states.
- Most of the new small banks operate in urban and semi-urban areas and a large part of their deposit portfolio consists of large borrowers.
- They are only catering to the missing middle-income market.

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- For instance, as of March 2020, about 39% of all SFB branches were in semi-urban areas and 26% in urban centres.

### High cost for borrowers:

- The lending rate continues to be fairly high despite their transition into a bank.
- According to RBI data, loans had been given at an interest rate of 13% and above. This goes against their very purpose of such institutions, that is to enable enhanced financial inclusion.
- High lending rates also affects SFBs growth negatively. According to RBI data, SFBs have outstanding loans of ₹83,441 crore as of March 2021.

### Diversification:

- Many SFBs have diversified into other segments, such as MSME lending.
- In fact, SFBs have been lowering their exposure to microfinance customers to reduce the risk from income shocks, and political and operational risks inherent in the microfinance business.

### Challenges faced by SFBs

#### Weak Deposits:

- The share of current and savings accounts (CASA) in total deposits for SFBs stood at 15% in March 2020, as compared to 41% for banks. This is despite SFBs offering a higher interest rate to attract depositors. Weak Deposits limit their lending capacity and finally a banks' growth.

#### Market Risk:

- Over the past four years, SFBs have also had to face two big risk events demonetization and the covid-19 pandemic. These events have resulted in liquidity stress.
- The NPA (non-performing asset) ratio for the sector touched a high of 5% compared to the sub 1% mark earlier.
- A lot of regulations are liberal for universal banks. Becoming a universal bank is less capital intensive. That's why most of them want to become a universal bank."

#### Nomenclature:

- One of the initial challenges that SFBs faced was with the "small finance" byname. Brand acknowledgment among customers was a worry initially. Some people thought SFBs are similar to cooperative banks

### Conclusion

As more players enter the SFB space, a stiff competition is expected to break out in the segment alongside a rise in innovation and digitalization. However, the hurriedness shown by Indian SFBs to grow is threatening the financial future of India's unbanked millions.

#### Terms to know

- **Small Finance Banks (SFBs)**

## 24. Indian startups deserve an easier shot at success

Source: Livemint

Syllabus: GS3- Changes in Industrial Policy

Relevance- Regarding Limited Liability Partnerships (LLPs), their significance and need for further reforms.

**Synopsis:** Recently, the Limited Liability Partnership (Amendment) Bill, 2021, got the approval of Lok Sabha. Need for it and the changes introduced.

### Background

An enactment of law in 2008 allowed the emergence of large joint-stock companies as LLPs, with the liability of all investors limited to the extent of their investment. Thousands of limited liability partnerships (LLPs) sprang up. These could take loans and expand without anyone's personal assets put at stake.

However, financial risk is not the only kind there exists. In a rule-dense country, entrepreneurs also need to worry about the hazards of compliance failure.

### Changes proposed

- To qualify as a small LLP, the country's cap on business turnover will be raised sharply to ₹50 crore from ₹40 lakh and the limit on partner contribution to ₹5 crore from ₹25 lakh.
- Fraud penalties will be hardened, with prison sentences going up to 5 years and fines up to ₹5 lakh.
  - However, the likelihood of a partner being dragged up for relatively trivial offences is to be reduced for ease of doing business.
- The revised LLP law will have fewer penal provisions, cut to 22 from 24, and 12 of these violations will no longer be deemed criminal.
- The Bill also proposes special LLP courts for speedy trials and dispute resolution.

### Issues

1]. Many of LLPs deal in intangibles and have few hard assets for lenders to claim. For them to be credit-worthy as a class, they must comply with stiffer regulations than they'd need to without a liability limit. It's not just a long check-list of structure-specific dos and don'ts that daunts many budding startups in India.

2]. Compliance burden: Most small businesses struggle to comply with rules and filing requirements that can range from enforcement at the municipal level all the way up to central diktats. Energy spent on these often gets in the way of productive pursuits.

### Conclusion

Our startups have been a bright spot in an otherwise weakening economy. They deserve an easier shot at success.

### Terms to know:

- **Limited Liability Partnerships (LLPs)**

## 25. The repeal of the retrospective tax shows Modi government means business on reforms

Source: The Indian Express

Syllabus: GS Paper 3: Indian Economy and issues relating to planning, mobilization, of resources

Relevance: This article explains government actions to boost investor confidence

### Synopsis:

Along with the taxation Laws (Amendment) Bill, India has taken many steps to boost investor confidence.

### Introduction:

The government has recently introduced the Taxation Laws (Amendment) Bill, 2021, in Parliament. The bill seeks to nullify the contentious retrospective tax law by amending the Income Tax (IT) Act of 1961 and the Finance Act of 2012.

This move will boost investor confidence.

Read more: Retrospective taxation and the Taxation Laws (Amendment) Bill – Explained, pointwise

### The other moves of government to boost investor confidence:

India is enjoying one of the best years of foreign direct investment and foreign portfolio investment.

- For many decades, India had one of the highest effective corporate taxes (at 27%) in the world. But recently, the government brought the effective corporate taxes to near world competitive levels.
  - An effective tax is simply the ratio of the tax paid to income earned. The difference between the stated nominal and the actual effective arises because of legal tax deductions.
- After having one of the highest real policy rates in the world, the RBI has introduced a trend of having a competitive real policy rate.
- The Taxation Laws (Amendment) Bill will directly influence Indian sovereign (and corporate) bonds to become part of global bond indices. This will result in reducing the cost of borrowing for governments and corporates.

Read more: The sovereign right to tax is not absolute

The Commerce Department's High Level Advisory Group committee report was published in September 2019. That report had argued for several reforms, including some major reforms in the capital market. It is time for government to implement that and increase further investor confidence.

All this will result in more capital and more investment — both of this will result in higher growth.

## 26. Connecting India by inland waterways

Source: Indian Express

Syllabus: GS3- Infrastructure: Energy, Ports

Relevance: Infrastructure development, Inland waterways

**Synopsis:** Recently, Parliament passed a new law to bring uniformity in the rules and regulations governing inland waterways and navigation on them. The Inland Vessels Bill, 2021 replaces the century-old Inland Vessels Act, 1917.

### Background

- Read here: Indian Vessels Bill 2021
- Issues with the 1917 Act
- The 1917 Act was seen as a purely consolidating legislation with limited applicability and purposes.
- It had undergone several amendments, the last major ones in 1977 and 2007.
- It had provisions for restrictive movement of mechanically propelled vessels within the jurisdiction of the state government.
- Non-uniform standards and regulations that varied from one State to another.
- The government wants to promote inland waterways as a supplement to freight movement across India.

### Aim and objective of the bill

- It seeks to bring all inland waterways in India and movement of vessels on them for any purpose under a central regulatory regime.
- It is aimed at developing India's inland waterways as a viable, thriving mode of transport, especially for cargo. The inland waterways network spans close to 15,000 km across rivers, channels, backwaters, creeks etc.

### Key features of the Inland Vessels Bill, 2021

Registration: To operate in inland waters, vessels must have a certificate of survey, and registration.

- Those with Indian ownership must be registered with the Registrar of Inland Vessels.
- It will be valid across India.
- While the state government will issue the certificate, the form will be prescribed by the Centre like in the case of motor vehicles.
- The Bill defines mechanically propelled vessels as ships, boats, sailing vessels, container vessels, and ferries.

### Functions of the central government:

- It empowers the Centre to prescribe what kind of pollutants and sewage vessels and can discharge, and how much.
- It envisages maintaining a fund, which will be used for emergency preparedness, checking pollution and boosting navigation.
- The Centre will frame classification, standards of design, construction, and crew accommodation.
- Construction or modification will require approval of a designated authority.
- All such vessels are to be registered with respective states or Union Territories. Their movement and identities will be logged in a central database.
- The new law mandates that if any distress or SOS signal is sent out by the master of a vessel, any other vessel nearby must respond like maritime custom and rules on sea.
- In case of accidents, the nearest police station is to be involved for inquiry and action.
- Non-compliance will attract a penalty of up to Rs 10,000 for the first offence, and Rs 25,000 for subsequent offences.

However, the Bill has been criticized on the ground that it takes away a lot of rights of the states and vests them with the Centre.

- Terms to know
- Inland waterways
- Inland Waterways Authority of India (IWAI)

## 27. Can we offer a credible strategy for the reduction of emissions?

Source: Livemint

Syllabus: GS3 – Environment

Relevance: Understanding India's strategy for COP26 (UN Climate Change Conference) meeting at Glasgow in Nov 2021.

**Synopsis:** With the recent IPCC report highlighting code red for our planet, India needs to evolve its emission reduction strategy too. A brief look at the India's current strategy, why it needs changing, associated challenges and potential solutions.

### Background

The United Nations' Intergovernmental Panel on Climate Change (IPCC) has warned that we are set to exceed the target of limiting global warming to 1.5° Celsius above pre-industrial levels. The upcoming COP26 meeting assumes significance in this respect.

India must consider what its strategy should be for the meeting.

### India's traditional view

Traditionally, India has argued that expecting it to cut emissions is unfair because the main cause of global warming is the accumulation of greenhouse gases (GHGs) due to the actions of developed countries. Hence, the burden of reducing emissions should fall mainly on them.

Accordingly, India set its targets in Paris 2015 agreement, but the situation has now changed in the light of recent IPCC report.

### Should India change its view now?

Yes. Due to the following reasons:

- Other developing countries have agreed: In light of IPCC 6th assessment report, many countries (including developing ones) have agreed on measures to reduce emissions drastically, we will be under pressure to do the same.
- Technological progress: Also, the central assumption underlying our traditional position, that accepting a reduction in emissions will undermine our development objectives, is no longer valid. Technological changes now make it possible to get almost all the energy we need without any emissions.

Must Read: IPCC 6th Assessment Report – Explained in detail

### An effective strategy for India

An effective strategy for reducing emissions would involve action on four fronts:

1. Increasing the efficiency of energy use in all sectors to reduce our total demand for energy
2. Shifting from fossil fuels towards electricity as the final energy carrier in different sectors, like in transport, where all kinds of passenger vehicles including city buses can be electrified and railways.
3. Moving away from fossil fuels to renewables, mainly solar and wind, for power generation. These steps can be combined with the fourth one,

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4. Removing emissions from the unavoidable use of fossil fuels through technologies such as carbon capture or by afforestation.

### Challenges/Issues

- Areas where fossil fuel use cannot be avoided: Long-distance freight transported by road, air transport and shipping are some areas where the use of fossil fuel cannot be avoided for some time.
  - Industrial processes requiring high temperatures, or in those needing fossil fuel as feedstock, such as cement, steel and fertilizers.
- Grid management: Increasing the share of renewables will pose problems for grid management because of its intermittent nature. Battery storage at grid scale will be essential to stabilize supply to match demand, and this will involve additional costs.
- The energy transition needed calls for close collaboration between the Centre and states.
- Cost-effectiveness: Substituting thermal electricity with green electricity can only work if it is cost-effective.
- Measures
- Systematic plan to attract investment: Since the scale of India's demand for batteries for grid stabilization and for electric vehicles will be huge, we need to plan systematically to attract investment in the production of technologically-advanced batteries to meet our domestic demand as well as for exports.
- Green hydrogen: Commercial breakthroughs in the production of green hydrogen in the coming decades may make a big difference too.
- Niti Aayog should be tasked with reviewing studies, consulting stakeholders, and produce a credible transition plan for consideration by the government.
- An important part of the transition should be the phasing out of coal-based generation.
- Massive funding: This transition will require massive investments. The IPCC has estimated that the developing world as a whole will need \$600 billion per year up to 2050 for the energy sector alone. India will need \$150 billion per year, or about 1.8% of GDP. Some of this will have to come from the central government or its public sector undertakings and some from states, but most from private investors and multilateral development banks.

### Way forward

India should put forward a proposed emission-reduction strategy, based on Niti Aayog's review of available studies, and offer an emission path based upon a global package that includes adequate access to financing.

### 28. The climate crisis: An opportunity for India

Source: Business Standard

Syllabus: GS3 – Environment and Biodiversity

Relevance: Fighting climate change.

**Synopsis:** Global warming threat has opened a new path to growth for India that will only advance its economic prospects.



### **Background**

IPCC's 6th Assessment report has unambiguously stated that various significant impacts of climate change have already taken place. These may in fact be irreversible. Also, that the Indian sub-continent is and will be one of the most seriously impacted by climate change. So the challenge now is to not only adapt to what has already occurred in our planet's ecology, but to avoid further such consequences that threaten the fragile life sustaining systems.

### **India's role**

The global effort will not succeed unless India is part of the solution. Equally, India will not succeed unless global climate change is addressed at the same time.

Apart from this, India will need to be fully and actively engaged in multilateral negotiations to ensure a global regime that enhances rather than limits India's developmental prospects.

India's stand at the multilateral negotiations should be aligned with a significantly transformed development strategy domestically to ensure that the positions the country takes at the negotiations carry credibility.

### **A transformed eco dev strategy**

In its National Action Plan on Climate Change (NAPCC) adopted in 2008, India put forward a comprehensive strategy for environmentally sustainable development. Various components of NAPCC provides the following pointers for a transformed economic development strategy for India:

- **Shifting from fossil fuels:** A strategic shift from our current reliance on fossil fuels to a pattern of economic activity based on renewable sources of energy such as solar energy.
- **Expand energy targets:** India should expand its ambitious renewable energy targets, given the declining relative costs of renewable energy vis-à-vis fossil fuels.
- **Improving urban mobility and mass transportation:** In a densely-populated country, the emphasis has to be on providing mobility rather than encouraging private vehicular ownership. The policy ought to be to heavily tax the possession of private vehicles and invest, on a large scale, in mass transportation networks providing affordable and efficient mobility to the ordinary citizen.
- **Promoting sustainable agriculture:** NAPCC envisaged a major shift away from a water-intensive, chemical fertiliser and toxic pesticide-dependent intensive agriculture strategy to a water-frugal, micronutrient-based and non-pesticide agriculture. This would address the intense scarcity of water that is beginning to affect all aspects of our well-being, stop and reverse the declining natural fertility of the soil due to over-use of chemical fertilisers and prevent the entry of carcinogenic substances into our food-chains from the use of increasingly toxic pesticides. This shift in agricultural strategy would not only bring about major productivity gains but also address climate change since the current practices are a major source of greenhouse gas emissions.

### **Way forward**

India has the opportunity to pioneer a new developmental model that is aligned with the necessities of a climate-constrained world. It cannot pursue the energy-intensive and mass consumption model of advanced economies, which China adopted as well. There is no room in the world for another China-like major economy. India has no choice but to explore a different trajectory.

This will not only advance India's economic prospects but also make it a powerful voice for persuading other countries to take on much more ambitious commitments, without which the looming climate emergency could overwhelm humanity.

### Terms to know

- **National Action Plan on Climate Change (NAPCC)**

### 29. Why central government schemes to improve financial position of discoms have not worked?

Source: Indian Express

Syllabus: GS3 – Infrastructure: Energy

Relevance: issues related to assistance schemes for discom sector

**Synopsis:** Due to the problems associated with reform-linked assistance schemes, an alternate approach would be to provide only transitional financial support to all discoms, which are privatised under the private-public partnership mode.

#### Context

Recently, the government launched a new scheme to improve the distribution infrastructure of the distribution companies (discoms) with the primary intention of improving their financial health. Under this scheme, the discoms will be offered financial assistance provided they meet certain laid down criteria.

**Read more:** Reform based power distribution scheme

#### Failure of assistance programs

The recently launched scheme is nothing new, and such assistance programs for discoms have been going on since 2001, when the Accelerated Power Development Scheme was initiated. The government also launched the UDAY scheme in 2015.

The overall principle of all such schemes is broadly the same

- Financial assistance is offered in the form of grants and loans provided some pre-identified parameters are satisfied, indicating better performance of discoms.
- UDAY, however, did not involve any monetary assistance to the states, but only promised to help the states in reducing the cost of power through coal linkage rationalisation, etc.
- The problem with all these schemes (including UDAY) is that they have not delivered and the financial position of the discoms has only worsened.

Situation has worsened

- The Power Finance Corporation reports that the aggregate loss of the discoms (after tax) was about Rs 49,600 crore in 2018-19.
- A recent report of Niti Aayog has assessed the losses to be about Rs 90,000 crore in 2020-21

#### Issues with schemes

- Governance is difficult: The governance of such reform-linked schemes is a complex issue because the performance of the discoms needs to be monitored quarterly to facilitate the release of funds to deserving discoms. The two most popular parameters which are monitored are the loss levels and the difference between the ACS (Average cost of supply) and ARR (Average revenue realised). These parameters keep fluctuating,

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and it is very difficult to know their trend on a quarter-wise basis, rendering the release of funds to be tricky and cumbersome.

### **Transitional financial support**

An alternate approach that can be considered by the Centre (in lieu of such assistance schemes) is providing only transitional financial support to all discoms, which are privatised under the private-public partnership mode.

- Performance monitoring: The quantum of support can be worked out and the performance of the discom can be monitored over a five-year period.
- The onus would be on the privatised utility to use this support judiciously under the supervision of the regulatory commission.
- Targets: Targets of loss reduction can be laid down on a year-wise basis and if these targets are not met, the privatised utilities would have to bear the loss.
- Incentives: Incentives could also be thought of in case there was over-achievement vis-à-vis the targets.

### **This is exactly the approach followed in the case of Delhi.**

Examples:

- In Delhi, a transitional support of Rs 3,450 crore spread over five years proved to be exceedingly beneficial since it allowed the privatised utilities some breathing time to bring down their losses.
- On the flip side, one can also mention the case of the first phase of privatisation of discoms in Odisha (late 1990s), which proved to be a failure and one of the reasons often cited was the lack of any transitional support.

### **Conclusion**

Adopting this approach will ensure that the central government moves away from the micro-management of discoms, which inevitably happens if the release of funds is linked to reform-linked parameters on a quarter-wise basis. It would also give an opportunity to try a new approach, different from what was done in the past which clearly has not paid dividends despite the huge quantum of money spent.

### **30. Animal Spirits Are Back (On upsurge in investment)**

Source: Times of India

Syllabus: GS3 – Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment

Relevance: Private investment to boost economic growth post-COVID

**Synopsis:** The post-demonetisation, post-GST, and post-Covid economy is witnessing the rise of a new middle sector among Indian companies, that want to grow.

### **Context**

The pandemic that caused economic damage all over the world has led most governments to provide enormous stimulus support for economic growth, and this easy money has triggered a stock market boom.

In just the past seven months, India has created more than 20 unicorns (startups that are valued by investors at more than \$1 billion), and the chances of another 20 may be created

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before the calendar year is over, which is expected to create jobs and demand for various goods and services.

Apart from the foreign capital, following govt reforms have led to this upsurge in investments.

### Reforms

1. De-monetisation
2. Goods and Services Tax (GST)
3. Insolvency and Bankruptcy code 2016
4. Aadhaar-enabled financial transactions and digitisation
5. Increasing bandwidth for telecom businesses
6. Direct and Indirect tax reforms

### Other factors

To this list of favourable reforms and changes we must also add two other game-changing factors of the last five years.

1. Huge investment made by Reliance to create two new customer-facing businesses in telecom (Jio) and retail. This not only democratised data usage in India, but created supportive conditions for a rapid expansion in digital businesses in India. Improving bandwidth is now aiding the rise of businesses that are a combination of digital and physical – dubbed as ‘phygital’.
2. Government’s decision to abandon its obsession with tax compliance and black money. This has been crucial, as businesses now feel more confident that legitimate money will not be targeted for tax terrorism.

### Suggestions/Measures

- Improving on Contract Enforcement: We must take steps to improve our ranking in Ease of Doing Business on contract enforcement (Presently, India ranks 163rd).
- Judicial reforms: for quick disposals of commercial cases

### Terms to Know:

- **Insolvency and Bankruptcy code 2016**
- Ease of doing Business

## 31. Investing in degraded forest land for the health of our economic system

Source: Down to Earth

Syllabus: GS3 – Conservation, Environmental Pollution and Degradation, Environmental Impact Assessment

Relevance: Importance of effective management of land resources.

**Synopsis:** Arresting forest land degradation can help India achieve its SDG targets in a most cost-effective manner. Significance of a healthy forest ecosystem and its benefits.

### Context

Speaking at the high-level virtual dialogue on desertification, land degradation and drought organised by the United Nations (UN) General Assembly in New York, Indian PM said that India is on track to restore 26 million hectares (mha) of degraded land in order to achieve land degradation neutrality by 2030.

Managing land resources is crucial to not only achieving climate targets by way of carbon sequestration and other pathways, but also in securing the United Nations-mandated sustainable development goals (SDG) equitably.

From this perspective, it is necessary to understand the multiple benefits that are associated with arresting land degradation and desertification, along with their associated economics.

### **Impact of forest land degradation**

Globally, almost 30% of the total land area is degraded and nearly 3 billion people live on degraded land

- The economic cost of land degradation is approximately \$300 billion annually (Rs 22 lakh crore).
- Impact on agricultural productivity: Agricultural productivity is heavily dependent on soil fertility and availability of water. An important ecosystem service provided by the forest is to prevent soil erosion and provision, as well as regulate water supply.
- Impact on India:
  - India, forest land degradation is affecting rural economy and our ability to combat climate change
  - It is also adversely impacting India's targets to reduce greenhouse gas emissions.

### **Significance of the forest ecosystem**

1. Impact on multiple sectors: The health of our forest ecosystems has an impact on other sectors such as agriculture, energy, tourism, and health. A World Bank project found that support for small and medium forest improved the quality of dense forest cover, reduced seasonal out-migration by 23% as well as increase cash income
2. Human health: Forest health is also linked to human health. Good forest enables water regulation cycles, reducing the microbial load of downstream communities
3. Green employment: Forest sector can generate Green employment. Green jobs require low capital investment, generate multiplier effect through purchase of goods and services locally, and remain highly adaptive to changing scenarios. In India, roughly 250 million people are fully or partially dependent on forest and a majority of them belong to economically backward groups. Hence, public works programmes like the Mahatma Gandhi National Rural Employment Guarantee Act, 2005 can be used to generate jobs in the forestry sector.
4. Fulfillment of SDGs: Green employment will also restrict land degradation and help in the fulfillment of several SDGs.
5. Reduction in pandemics: Forest health has a close relation with the outbreak of zoonotic diseases. A strategy consisting of reducing deforestation, restricting wildlife trade and building early detection and control mechanisms can potentially reduce the risk of future pandemics

### **Way forward**

In light of the benefits of a forest ecosystem, India can, therefore, formulate appropriate economic incentives through public finance schemes and other measures to promote growth in the sector.

In the post-COVID-19 world, pandemic resilience is going to be a significant indicator in maintaining investors' confidence across all sectors.

### **Conclusion**

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As a policy action, arresting forest land degradation is the most cost-effective option to attain various SDGs. This is especially true in urban areas, where the benefits of greening are greatly undervalued.

Understanding the economics of forest land degradation is, therefore, crucial to designing the appropriate policy mechanisms to improve the health of degraded forest ecosystems and restrict human activities in such areas.

### Terms to know

- UNCCD
- Land Degradation Neutrality (LDN)

### 32. An urban jobs safety net

Source: TheHindu

Syllabus: GS-3 issues related to Indian economy and unemployment

Relevance: Impact of COVID on economy & employment

**Synopsis:** The article signifies the need to formulate a wage employment-based national urban livelihood scheme on lines of MGNREGA.

### Impact of COVID on the economy

World Economic outlook report presents a grim picture of the global economy. It states that – all of the world countries excluding China experienced economic contraction last year. Global GDP shrunk by 3.3% and Indian GDP shrunk by 8%. A similar impact can be seen on the unemployment rate

At the same time, an analysis of the Indian economy by the Centre for Monitoring India's Economy estimates that the unemployment rate in India peaked at 23.5% in April 2020 before falling to 6.9% in February 2021

### Rural-Urban Livelihood Divide

Presently, MGNREGA scheme is implemented only in rural areas. Urban areas do not have any guaranteed safety cover. During the Corona pandemic, a large amount of migration was seen to rural areas because of the guaranteed livelihood safety net. There is a need to introduce similar programs for the urban areas on lines of MGNREGA.

### Lessons need to be learnt from Himachal Pradesh (HP)

HP launched Mukhya Mantri Shahri Ajeevika Guarantee Yojana (MMSAGY). Its objective was to enhance livelihood security in urban areas by providing 120 days of guaranteed wage employment to every household at minimum wages in FY 2020-21

### Features:

- Any adult member of a household, less than 65 years of age, willing to do unskilled work is eligible for that scheme.
- The member should be residing in the jurisdiction of the Urban Local Body (ULB)
- Issue of job card within seven days of registration to the beneficiaries & employment is provided within a fortnight
- Compensation of Rs 75/day to a beneficiary in event of failure to provide job within the prescribed time

### Insights into the functioning of schemes:

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- The scheme can be launched with existing fiscal space or by pooling the resources of the Centre and State together
- Separate minimum wages for rural and urban areas will not cause migration to urban areas because of the high cost of living in urban areas
- The focus must shift from asset creation to service delivery & on enhancing the quality of municipal services
- The scheme will work as an “economic vaccine” and will protect people against unemployment.
- The scheme should be administered at the national level rather than the State level to boost the rural and urban economies.

### Terms to Know

- **MGNREGA**
- **World Economic outlook**

### 33. Bankruptcy code reforms must be handled with special caution

Source: Live Mint

Syllabus: GS3- Changes in Industrial Policy and their Effects on Industrial Growth.

Relevance: Improving the Insolvency and bankruptcy law.

**Synopsis:** Rather than focussing too much on haircuts and debt recovery, IBC should focus on maximization of value, as intended originally. Few suggestions for reforming the Insolvency and Bankruptcy Code (IBC), 2016.

#### Background

- A parliamentary standing committee has called for an overhaul of the Insolvency and Bankruptcy Code (IBC), 2016.
- The major concern has been over large haircuts and a high rate of liquidation.
  - A haircut refers to the lower-than-market value placed on an asset being used as collateral for a loan.
- While the suggestion to overhaul the law is welcome, it is important to understand the root cause of the problem and address the same.

#### Too much focus on haircuts

While assessing the effectiveness of the Code, too much emphasis has been laid on haircuts, which is often seen as the only determinant of its success. This approach is wrong due to the following reasons:

- The IBC is not responsible for large haircuts. This is the result of losses in enterprise value. Why should the market pay ₹1,000 for an asset that is worth only ₹100 by the time it comes under IBC?
- Fixing a limit on a haircut is like asking the market to pay a minimum of, say, ₹1,000 for an asset which is worth merely ₹100.
- Nothing except market forces should determine the haircut that creditors must take on their dues.

#### Should haircuts be fixed?

No. Fixing any benchmark for haircuts will have two harmful effects:

- Firstly, it will incentivize banks to extend riskier loans, as they would be assured of getting a minimum proportion of their dues back.

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- Secondly, it will discourage prospective bids for assets, as their market value may not be worth the minimum proposed. This will push companies further towards liquidation. This, in turn, will be terrible for the economy, which is already grappling with high non-performing assets and high unemployment.

Debt recovery was never the objective of this law. The primary objective of the IBC is maximization of value. Even, the Banking Law Reform Committee had noted that value should be determined by net present value calculations.

Recovery should be measured only against the value that's left in the company on the day it becomes an IBC case.

### Suggestion/Measures

- 1]. There is a need to revamp the judicial infrastructure.
  - The law must provide a strict timeline for the National Company Law Tribunal (NCLT) to look into insolvency matters.
  - The court should also be given legislative guidance on how its powers are to be used, so that there are no judicial delays.
- 2]. Create a fresh cadre of insolvency and restructuring professionals
  - Currently, the work of insolvency professionals is overregulated and most of their energy is wasted on compliance fulfilment. They should be given training on the operational turnaround of stressed companies.
- 3]. The regulatory regime governing insolvency professionals should encourage pragmatism and business risk-taking.
  - It should incentivize ethical conduct. For this, the entry barrier for these professionals should be raised, with focused training imparted at a younger age.
- 4]. There is a dire need to develop a market for stressed assets so that sales are not a challenge.
  - India's stressed asset market, which is estimated at \$115 billion, presents a large opportunity for investors through the IBC process as well as out-of-court alternatives.
  - The regulatory regime should allow the entry of global capital to this space and strengthen the process based on best practices observed in better developed stressed-asset markets.
- 5]. The participation of asset reconstruction companies in insolvency resolutions should be encouraged and not prohibited.
- 6]. Sixth, the success of any business regulation rests on the effectiveness of the court system. The role of courts should be limited, while their effectiveness and capacity are enhanced.

### Terms to know:

- IBC

### 34. Why Indian Railways failed to attract private players to run trains?

Source: Indian Express

Syllabus: GS3- Infrastructure: Energy, Ports, Roads, Airports, Railways etc.,

Relevance: Issues related to Privatization of Railways

**Synopsis:** Private sector's interest should be taken care of if Indian railways (IR) wants to attract private capital.



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### Background

- On July 1, 2020, the Indian Railways launched the formal process of inviting private parties to run trains on the Indian railway system.
- However, hopes of a large participation were dashed as there were no bids for nine clusters and only two bids for three clusters.
- Even for these three clusters, the only serious bid was by Indian Railways' (IR) own company IRCTC, which in effect negated the basic objectives of bringing in private capital.

### Possible reasons

- It is an outcome of the lack of alignment of the interests of IR and the concessioners.
- IR wants the capital and technology without giving up control, while the concessioner wants a far more equal relationship to be moderated by a regulator.
- IR has adopted an organisational design that does not take into account the characteristics and associated risks that will determine outcomes and investment decisions.

### Risks and constraints

- The biggest concern is the requirement for a huge investment before a single passenger can be carried. Train sets have to be purchased without really knowing how much traffic the service will be able to attract in the face of rising competition from airlines.
- IR does not guarantee the investor that, in case the concession fails, it will acquire the train sets.
- The other big concern is the absence of a regulator for resolving disputes. The proposed independent engineer is far from satisfactory.

### Core issue

#### The central issue is how to align the three interests:

- India's need to be capable of designing and manufacturing state-of-the-art rolling stock (*rolling stock in the rail transport industry refers to railway vehicles, including both powered and unpowered vehicles, for example locomotives, railroad cars, coaches, private railroad cars and wagons*)
- IR's need for private capital participation
- Private capital's necessity of earning a profit.
- These can be aligned provided the following suggestions are taken care of.

### Suggestions

- First, reduce the risks for the concessioners.
  - Requirement of huge investments in train sets can be eliminated by establishing a company that leases rolling stock not only to concessioners but also to IR.
- Second, reduce the period of the concession to around 15 years from 35 bringing in competition.
- Third, establish a regulator and moderate charges like the amount for the maintenance of tracks and stations.
- Fourth, the rolling stock company, apart from leasing train sets, can also be the window for bringing in new technology.

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- For starters, IRFC, which is already into leasing rolling stock, can be that company.
- However, technology transfer calls for the investment of large sums of money and the involvement of universities, research institutes and national laboratories.
- For example, for developing high-speed train technology, the Chinese involved 25 national first-class key universities, 11 first-class research institutes, and 51 national-level laboratories for research, development and production. India will also need to do something similar.

### Conclusion

With these changes, the plan may still take off. However, the initiative will remain limited to just running trains if there is no long-term vision.

### 35. Focus on food processing

Source: Business Standard

Syllabus: GS3- Food Processing and Related Industries in India- Scope' and Significance

Relevance: issues related to Food processing sector in India

**Synopsis:** If India intends to catch up with developed countries where a sizeable part of the produce is processed to add value, then the government needs to address the constraints faced by the food processing industry swiftly.

### Background

Of late, the food processing sector is clocking double-digit annual growth. Proactive Governments policy and measures are one of the major reasons for the growth of Food processing sector in India.

However, there is a lot more that needs to be done, as the food processing industry still faces some formidable constraints.

### Government measures

Govt has taken various measures for development of food processing sector:

- The government in recent years have incentivised private investment in the food processing sector to facilitate value-addition of farm produce and reduce its wastage.
- The government's production-linked incentive has facilitated the availability of world-class food products for the domestic and export market. It will also help in building of global brands to boost exports, which are already rising rapidly but still have untapped potential.
- Another well-thought-out scheme, the one-district-one-product, aims at promoting micro food processing units to capitalize on the popularity of local food products.

### Constraints faced

The key constraints faced by food processing industry include:

- Various limitations of supply chain infrastructure
- Seasonal production
- Lack of preliminary farm level freshness-retaining treatment
- Small scale of production
- A lack of focus on quality, and

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- Compulsion to source the raw material through the mandis run by the agricultural produce marketing committees (APMCs)

### Way forward

#### Need to focus on food preservation techniques

In a country like India where a sizeable part of the population lives in tiny villages with no or difficult access to the market, food preservation is as important as food processing.

- Food preservation has, in fact, been traditionally practised as a means of stretching the availability of seasonal foods in India. Conventional techniques like dehydration (sun drying), pickling (salted pickles or sweetened Murrabas) continue to be the chief methods of food preservation.

There is a need for greater research and development effort to refine the preservation methods to retain the quality and safety of preserved foods by preventing their contamination by hazardous bacteria, fungi and other microorganisms.

### 36. The climate emergency is real for India (On IPCC Report)

Source: Business Standard

Syllabus: GS3 – Environment

Relevance: Fighting climate change in light of new revelations made by the IPCC report.

**Synopsis:** Climate change-induced extreme weather events are already happening, and some have started to happen. India needs to adapt to this reality. Detailing few such events in India and steps that can be taken at policy level.

#### Context

The climate has changed forever and will remain so for centuries, if not a few thousand years into the future. Human-caused carbon dioxide emissions are responsible for it, and our current mitigation strategies are insufficient to stop it from changing further. The global mean temperature will cross the 1.5 °C limit in the current decade or next, and the 2 °C mark during 2040–2060.

#### Changes that have occurred

In the above context, following are some irreversible climate change and extreme weather events in India, that have already set in and are going to intensify further.

1]. Warming of tropical ocean: Since the 1950s, the tropical ocean has been warming faster than other regions, with the tropical Indian Ocean warming even faster than the rest of the tropical ocean basins. This has already put immense pressure on the Indian subcontinent, particularly the coastal regions.

- Sea level rise: Water expands and increases in volume with the heat, contributing to the sea level rise along the Indian coast.
- Intensification of monsoon: The monsoon and the cyclones source their moisture and energy from the warm waters of the Indian Ocean, and they have intensified. With the rapid ocean warming, we see a threefold rise in extreme rains causing floods across India—while the total monsoon rainfall has declined in some regions.
- Increased frequency of cyclones: Cyclones in the Arabian Sea increased by more than 50%, with very severe cyclones increasing by 150%.

2]. Compound events: The recent IPCC reports also warn us about multiple extremes overlapping. These compound events are already happening in India. With cyclones Tauktae

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and Yaas in May 2021, we witnessed storm surges to the height of 5 m and above, pushing water on to the land. The storm surge flooding over the coast was aggravated by the heavy rains from the cyclones and a background rising sea level.

3]. Impact on rural India: During the Maharashtra floods in July 2021, the India Meteorological Department recorded 1,074 mm of rain at the Mahabaleshwar hill station in just two days. This station has been monitoring rainfall for over a century, and the recent rains broke all-time records. All that water ran down the hills causing landslides and overflowing the rivers, thereby flooding the downstream towns, killing more than 200 people.

4]. Migration of communities: Climate hazards are also leading to the migration of marginal agricultural communities from northern states of India to the Indian megacities like Mumbai that are facing bigger threats due to climate change.

### What needs to be done?

- Curbing emissions is essential so that we don't accelerate climate change further
- We need urgent measures to evaluate and adapt to the increased risk due to intense cyclones, floods, and heatwaves in the near future.
- Identify local challenges: While climate change is global, the challenges are always local. The IPCC reports provide only a large-scale assessment, and it is our task to identify the local challenges and disaster-proof those regions where the risk and vulnerability are the highest.
- Empowering citizen-science networks: Sometimes citizen science networks can help, where government agencies cannot reach. There are several examples from Kerala and Maharashtra where citizen networks are monitoring the rains, rivers and landslides, and sending flood alerts to people in vulnerable areas. This can work beautifully with the assistance of scientists, engineers, and government bodies. Evidence shows that this has saved lives. We need to empower and make every district of India climate-equipped.

### 37. How new guidelines can give wing to drone start-ups?

Source: Business Standard

Syllabus: GS3 – Science and Technology

Relevance: On drone rules, 2021 and start-ups in the drone sector

**Synopsis:** India has fewer start-ups in the drone technology space than the US and China; it also lags most other economies in funding. Drone rules 2021 are a step forward, but more needs to be done to evolve other policies in tandem.

#### Context

The government recently announced new draft guidelines for drone operations in India. The Drone Rules, 2021, are a major revision to the drone policy in the country. While the government has made revisions to drone policy every year since 2018, it has not formalised any guidelines until now. Meanwhile, start-ups in the sector have multiplied.

Must Read: Draft Drone Rules, 2021 – Explained

### Increased usage of drones

#### Before pandemic

the government has been using drones for mapping and banks have been relying on the technology for insurance

### During pandemic

Various state government took help of drone-startups during pandemic.

- Tamil Nadu government was struggling to sanitize areas, they had to rely on a Chennai-based drone start-up, Garuda, to disinfect hospitals. In the following months, Garuda was employed by various other states to carry out the same task.
- Maharashtra also announced that it would be experimenting with the delivery of medicines in rural areas using drones.
- While the usage of drones is increasing since the government first launched its drone policy in 2014, many obstacles still remain.

### Current scenario of drone-startups

India lags developed countries in this emerging sector.

- Less number of drone-startups: The US, the UK and China have more drone start-ups. While India has 157 companies running drone operations, China has 204 start-ups in the space, and the UK has 192 start-ups. The US, which is the breeding ground for most innovations, has five times more start-ups than India.
- Small funding size: Although Australia and Israel have fewer start-ups than India, data indicates that they outrank the country in terms of funding. The top 10 drone companies in India have been able to garner average funding of \$5.1 million. Israel may only have 69 start-ups in the space, but their average funding size is \$33.5 million. The funding size of Chinese start-ups is \$107 million.

### What more needs to be done?

The new draft drone rules, 2021, seem to address the shortcomings. By relaxing norms in the registration of drones and removing the need for licenses in certain categories, the government plans to open the sector for more innovation.

But, policy in other areas needs to change too.

- Changes in geospatial policy: The new geospatial policy, released in February 2021, requires freeing specific drone regulations and a liberal approach in AR/VR space.
- Changes in import norms: Similarly, while the government is allowing operations of drones in the country, the import of drones and drone components will still be controlled by the Director-General of Foreign Trade. As India does not have sizeable domestic drone manufacturing firms, most are imported and assembled in India. Stricter norms on imports shall mean more restrictions for the sector.

### 38. How e-RUPI can transform government's welfare schemes?

Source: Indian Express

Syllabus: GS3- Science and Technology- Developments and their Applications and Effects in Everyday Life.

Relevance: Effective service delivery of Public goods

**Synopsis:** e-RUPI opens up a world of opportunities to the government, people, and businesses to provide, avail and pay for services seamlessly.

### What is e-RUPI?

- About e- RUPI
- Its Significance

### How e-RUPI can be used by corporates?

- Facilitation of cashless service at paid Covid vaccination centres (CVCs). For instance, corporates and philanthropies can buy services in bulk to vaccinate employees and those in need.
- Help in mitigating problems of delivering cash subsidies and ensuring their end-use.
- The private sector will also find it helpful to disburse non-cash benefits to employees and support CSR programmes
- Other Corporate applications of e-RUPI include disbursement and easy compliance of providing employee benefits with tax implications such as meals, education, travel and health.

### How e-RUPI can be used in various govt programmes?

- In cash transfers: Cash transfers are considered ineffective, given their problems, like lack of banking facilities, loss of working days of the poor etc. However, e-RUPI could solve this by making cash transfers purpose- and person-specific. It can free them from dependence on bank accounts.
- In PDS programme: e-RUPI could make the PDS programme more efficient. The inefficiency of the programme is due to high overhead costs, leakages, exclusion and inefficiencies. A food-specific e-RUPI voucher will allow beneficiaries to buy rations from an outlet of their choice. The value addition beyond the One Nation, One Ration Card will come from removing price distortion and the redemption of the voucher at market price by merchants within and outside the PDS network.
- In streamlining fertilizer subsidies: e-RUPI could be used to streamline fertiliser subsidies to farmers. e-RUPI will enable farmers to buy fertiliser at nominal prices with direct credit of the subsidy amount into the account of the authorised dealers. Further, the e-RUPI will be able to remove apprehensions about creating an IT infrastructure, managing nearly 3,00,000 fertiliser sale points, the collapse of dealer network and a complex system of timely credit.
- In school-voucher programmes: e-RUPI is almost custom-designed for school voucher programmes. Identified students can receive vouchers to pay school fees and expenses at empanelled institutions of their choice, public and private. It benefits students and schools while enhancing transparency and accountability.
- In basic income support: Another application is in basic income support. The lockdowns to contain the pandemic exposed the poor to acute distress, due to loss of means of livelihood. e-RUPI can mitigate their stress by rapidly distributing food and cash vouchers at scale.
- In Ayushman Bharat: A similar application of e-RUPI can be envisaged for the Ayushman Bharat healthcare initiative. Beneficiaries will receive e-RUPI vouchers of designated value tenable at empanelled healthcare facilities, providing them portability and facility choice. The service provider will benefit from the immediate payment.

The adoption of e-RUPI in various government programmes will enhance business efficiency, simplicity, transparency, and accountability in these programmes.

### Way forward

Incentives need to be given to increase the distribution and acceptance of e-RUPI. Light regulation and the opening of e-RUPI to competition will spur innovation and adoption. All banks, small and big, NBFCs, non-bank PPI issuers, and telcos may be allowed to issue it later.

### 39. The merits of an RBI digital currency outweigh risks

Source: Live Mint

Syllabus: GS3 – Indigenization of Technology and Developing New Technology.

Relevance: Future of Central bank Digital currencies in India

Synopsis: Launching a CBDC by RBI entails many risks while offering many opportunities too. A thorough assessment is the need of the hour. An analysis of the risks, concerns and benefits of CBDCs.

#### About CBDC

- Significance and Risks associated with CBDC

#### Does India need a CBDC?

#### Justification for a CBDC in India is given on the following two grounds:

1]. Helps in becoming more globalized: First, becoming more globalized in terms of international trade and investment are critical to India's national interests. With more than 50 countries looking into the possibility of introducing their own CBDCs, the future of globalization is CBDC-based.

- Shifting from SWIFT: Also, the current international payments system based on SWIFT is costly in terms of both time and money. So, within no time the international trade, investment and even remittances will look to shift to multi-country CBDC networks. In order to remain globally competitive under these circumstances, India will need to have a CBDC.

2]. Helps in domestic digitalization: An Indian CBDC can also help domestic digitalization. Current efforts at financial inclusion have seen very limited participation by private-sector banks, with the bulk of the burden being placed on public sector banks at considerable loss to them. Since the for-profit NUE mechanism is also bank-account-based, it might strengthen the divide. This will make inclusive digitalization a challenging project. CBDCs may provide an alternative to the NUE (New Umbrella Entities) by working outside the banking sector, like through the postal system.

#### Concerns

1. Domestic demand for other CBDCs: The possibility of CBDCs of other countries becoming international currencies is a real concern. This may lead to substantial domestic demand for these currencies in India, resulting in possible dollarization-like scenarios.
2. Data security issues: Given India's recent conflicts with China, the rise of a cross-border digital yuan could also present issues of data security, as digital currencies might provide their issuer with detailed information of transactions.
3. Disintermediation risks: Risks of disintermediation of the banking sector and the possibility of bank runs in the event CBDCs prove to be more attractive than bank deposits.
  - *Disintermediation means reduction in the use of intermediaries between producers and consumers.*
4. Liquidity problems: A move away from bank deposits, leaving banks with liquidity constraints, would require more interventions by the central bank by way of liquidity provisions.

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- Further, while CBDCs are expected to provide a safer alternative to private virtual currencies, it is still unclear how this will be achieved. Would such private currencies be prohibited, or would the CBDC coexist as a competitor to them?

### Way forward

The best way to deal with this is to establish global protocols on the cross-border use of CBDCs. In order to have a say in these international settlements, it will be very useful for India to have a credible and working CBDC.

### Conclusion

The adoption of CBDCs is the only economic development that is happening at a global scale without any historical precedent to fall back on. Hence, it is very important that every aspect of this development is scrutinized before implementation.

### Terms to know:

- **New Umbrella Entity (NUE)**
- **UBI**
- **SWIFT**
- **CBDC**

### 40. PM launches scrap policy for unfit vehicles; projects gain for owners, economy

Source: Indian Express 1, Indian Express 2, Down to Earth, India Today, The Hindu

Syllabus: GS3 – Environmental pollution and degradation

Relevance: On Vehicle scrappage policy

**Synopsis:** A formal launch of National Vehicle Scrappage policy is an important step towards waste to wealth. A critical analysis of the policy.

### Context

India's National Vehicle Scrappage Policy, unveiled in March 2021, has been formally launched by the Indian Prime Minister. It will help phase out unfit and polluting vehicles and also promote a circular economy. This waste-to-wealth campaign has been linked with *swachhata* (cleanliness) and *aatmnirbharta* (self-reliance).

- National Vehicle Scrappage policy is also known as Voluntary Vehicle-Fleet Modernization Programme.

Must Read: National Vehicle Scrappage policy – Explained

Note: Please go through the above article first. Only new points have been included in the present article.

### How the policy aids circular economy?

When a car is scrapped, apart from metals including iron and steel, many other parts may emerge that can be refurbished and ploughed back into use. Recycled steel from scrap, even seats and plastic parts, have value in the scrap economy. It is similar to the economic activity of scrappage of old ships, like in Alang shipbreaking yard in Gujarat.

In a circular economy, products, materials, equipment and infrastructure are kept in use for longer, thus improving productivity.

### Benefits

- Investment and jobs: The new vehicle scrapping policy will attract Rs 10,000 crore worth of new investments in the country and create 35,000 new jobs

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- The new policy would provide a boost to the country's automobile and metal industries.
- Rare earth metals: When scrapping is done scientifically, it will be possible to recover rare earth metals that drive modern technology.
- Aid in economic recovery: Globally, a scrappage policy has been followed by boost in demand in the auto manufacturing sector, especially in Europe and the US. This has also been a tool to deal with economic slowdown in the manufacturing sector and consumption due to recession.

### Issues

One of the issues is that the entire onus of incentivizing vehicle renewal depends on the discretion of the state governments, like rebates in road tax etc. Given the fact these are important sources of state revenue, the extent to which the state governments will implement this is not yet known.

### Suggestions/Measures

1. Stimulus by central govt: The central government can allow Goods and Services Tax cuts for replacement vehicles and even consider direct incentives for targeted fleet renewal of most polluting old trucks and buses.
2. A rebate can be given to the owners of end-of-life vehicles who are interested in 'only scrapping' the vehicle without immediate replacement. Higher incentives can be given for 'scrappage and replacement' of old / end-of-life vehicles.
3. Incentive support for the personal vehicle segment on the other hand can be linked with voluntary electrification. A study carried out by the International Council on Clean Transportation has shown that in Germany, replacing old cars with new cars powered with internal combustion engine does not provide as much effective emissions gains as replacing with electric vehicles. Therefore, limiting the numbers of personal vehicles that can qualify for incentives and linking their voluntary replacement with electric vehicles can contribute towards accelerating the target of 30-40 per cent electrification by 2030.
4. Increase limits on recoverable material: Under Automotive Industrial Standards – 129 (AIS 129) on reuse, recycling and material recovery from vehicles, 80-85% of material used in vehicle manufacturing by mass is to be recoverable / recyclable / reusable at the end of life. It should be extended to 85-95% to maximise material recovery as well as energy recovery from residual waste like used oil, non-recyclable rubber, etc.
5. Align with the European regulation to include extended producer responsibility to make vehicle manufacturers responsible for their own waste.
  - *Extended Producer Responsibility (EPR) is an environmental policy approach in which a producer's responsibility for a product is extended to the post-consumer stage of a product's life cycle.*

### Terms to know:

- Waste to Wealth mission
- Circular Economy

### 41. Seize the initiative on climate change, Mr Modi

Source: Business Standard

Syllabus: GS3 – Environment

Relevance: India's fight against the climate crisis

## 9 PM Compilation for the Month of August (Second Week), 2021

**Synopsis:** Though, not caused by us, climate change induced by the historical emissions made by developed countries, is the stark reality. India should prepare its roadmap for COP 26 Glasgow summit and secure an adequately financed deal for the developing world. Climate change, is thus, affording us an opportunity for world leadership.

### Context

The first part of the 6th IPCC Assessment Report has highlighted the severity of the climate change related events that are happening and will happen in future under business as usual scenario. The report is even more worrying for India because ours is the country most at risk from global warming and associated weird weather patterns and events. Our lives, livelihoods and macro-economy are dependent upon a fragile weather system.

Must Read: IPCC's 6th Assessment Report – All you need to know

### Concerns for India

1. Unreliable monsoon: As per IPCC report, monsoon will be severely altered by global warming. A more intense, but patchy monsoon, with a later onset, will change how farmers must operate. It will render current cropping timetables and crop choices irrelevant. It will make hilly areas prone to far more landslides, and will increase catastrophic flooding in the lower reaches of the Gangetic and Brahmaputra basins.
2. Warmer Indian Ocean: The report says that the Indian Ocean might warm more than other bodies of water, rendering life on the coasts far less comfortable.
3. Rising sea level: Further, a rising sea level will mean coastal erosion, threats to densely populated coastal regions, and increasing salinity that will reduce the availability of fresh water for settlements and render ever more fertile land uncultivable.
4. Climate refugee problem: India's politics will also be increasingly disrupted by climate refugees of one kind or another. Many will be internal refugees, leading to regional tensions. Others will be from outside.
5. International and inter-state water disputes: Disputes between Indian states and with our neighbours over water will take on a fresh edge.
6. Heat stress: The number of days with temperatures over 40° C will increase dramatically. A large number of people will still work outside, doing manual labour, under the scorching sun. An increase in the number of heat stress days will lead to public health crises.

### Way forward

The fact is that others have created this problem, but others will not solve it for us. That is unfair, but that is the reality. India needs to move forward on climate change to secure Indians' futures. It needs to emerge from COP26 with a deal that the India can credibly claim will, over the next decade, mobilise trillions of dollars in climate-oriented private finance towards the emerging world, including India. This is the Indian government's duty not just to its own people but to its own notion of developing-world leadership.

### 42. Chennai's Urban Forests

Source: Live Mint

Syllabus: GS 3 – Environment

Relevance: To understand the Miyawaki method of creating urban forests in less time.

## 9 PM Compilation for the Month of August (Second Week), 2021

**Synopsis:** Urban areas have lost a lot of green covers. Miyawaki's method promises to quickly create urban forests.

### About Miyawaki method:

It is a method pioneered by Japanese Botanist Akira Miyawaki. Miyawaki is a technique pioneered by Japanese botanist Akira Miyawaki that helps build dense, native forests. The approach is supposed to ensure that plant growth is 10 times faster and the resulting plantation is 30 times denser than usual.

It mandates planting indigenous shrubs and trees close together, ensuring dense multi-layered forests that grow faster than those produced via traditional afforestation methods.

It can produce rich, dense forests in about 20-30 years.

Read more: "Miyawaki method" to create dense green patches

### Implementation in Chennai

Chennai has lost a lot of forest cover. Many trees were lost due to encroachments. Cyclones have claimed a vast number of trees.

So the Miyawaki method is gaining popularity, particularly in urban landscapes where space availability is an issue. About 1300 saplings were planted by Chennai municipal authority (GCC – Greater Chennai Corporation). May NGO's like TREES have joined hands with GCC to support these drives

### Issues:

However, some disagree with the utility of the Miyawaki method. They claim:

- Choking small spaces with numerous trees is not an ideal approach.
- They suggest that a few well-grown trees can also sequester carbon effectively.
- They also apprehend that this method may be used to justify the cutting of older trees.

### Way forward

Despite its shortcomings, the Miyawaki method does have the potential of rapidly greening the barren urban landscapes.

## 43. Our GDP needs the HDP

Source: Indian Express

Syllabus: GS3 – Inclusive Growth and issues arising from it.

Relevance: Achieving sustainable and inclusive growth for all.

**Synopsis:** Despite the progress achieved in the field of technology; inequality and deprivation are still an important issue that needs to be addressed in India. Measuring Human Development Product might be a solution because GDP just indicates economic growth, while Human Development Product can help us identify and remove inequities and injustices

### Inequity and deprivation in India

- The median household income in India was Rs 15,000 per month, meaning just 500 rs per day (*and 125rs per day per person for a family of four*) for all the expenditure on food, clothing, housing, healthcare, festivals and more. Half of India lives with less than that.
- The bottom 25% of households (about 300 million people in India) live on an income of less than Rs 8,500 per month or Rs 70 per day per person.

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- Inequities also exist across gender, caste, regions, and more.

**These numbers do not account for the economic devastation that the pandemic has caused.**

To solve such problems we need to measure them and GDP is not a holistic criterion as it limits itself to just economic growth of a country. We need to dig deeper and measure 'Human Development Product (HDP)'. This concept includes measures that reflect progress on many other measures.

### Parameters for HDP

There is a necessity to add Human Development Product (HDP) as an additional parameter to measure GDP, since we can achieve only what we measure. HDP should consist of the following five parameters:

1. Female Labour Force Participation Rate (FLFPR)– It is currently at a very low level (11-22). The empowerment of women through their economic independence is central to human development.
2. Gender Income Parity– There should be equal wages for equal work between men and women. There is no point in more women participating in the labour force if they continue to get insecure and lower-paying jobs than men.
3. Stunting– Stunting amongst children is about 35%, which indicates the dismal state of our public health, the nutritional status of our people, and environmental conditions.
4. Water Quality and Availability– This is more difficult to measure, but we need an aggregate water health index. We can measure the quality and flow of 10 key rivers at specified geographical points and periodically, as well as measure groundwater levels and quality in some of the most stressed areas. All this could give us an aggregate water health index.
5. Quality of Polity– to check criminalization within politics. For this, we can measure the percentage of members of all our legislatures — state legislatures and Parliament — against whom criminal cases are pending or have convictions.

### Importance of the parameters

- Women related parameters– Two women related parameters mentioned above reflect deep structural issues, both in the economy and in society. Any progress on these two will happen only when there is broad-ranging progress across multiple factors such as education and an increase in employment opportunities
- Stunting– it reflects the widespread conditions of public health, nutrition and public education.
- Water– Tackling climate change and its effects on multiple fronts is a necessity. These can be measured in many ways. But nothing impacts an average person more than water.
- Quality of polity– It reflects the condition of a country and vice versa

### Way forward

The Human Development "Product", is a product of many important factors — education, health, livelihoods, societal norms, political climate, environmental conditions, and more. Improvement in HDP will reflect and happen only with improvement on all these factors.

## Conclusion

It's time we devise a true marker of human progress. HDP might be the answer.

## 44. An Indian sail to navigate the maritime environment

Source: The Hindu

Syllabus: GS 3 – Security

Relevance: On maritime security

**Synopsis:** India's leadership in the debate on maritime security has boosted its standing as a key player in the shared commons.

## Background

A high level open debate was conducted by the UN Security Council (UNSC) on 9th August 2021. Its theme was "Enhancing Maritime Security: A Case For International Cooperation".

Being the current chairman of UNSC, India urged the Global community to focus on maritime security and develop a common framework to deal with it. India's emphasis is rooted in its geography and ancient maritime traditions.

## Maritime Traditions

- India has a long coastline and large island chains spread-eagled across the Indian Ocean. It has a natural seaward orientation, with key sea lanes of communication coursing through its surrounding seas.
- India has ancient maritime traditions as well. In the 15<sup>th</sup> century, Vasco de Gama was piloted to the west coast of India from Zanzibar by a Gujarati seaman.
  - Long before that, India's ancient mariners were trading with the old world. India's maritime trade existed with Mesopotamia civilization 4,500 years ago. Further, Lothal was a key maritime centre of the Indus Valley civilization.
  - Buddhism and Hinduism spread to South-east Asia by the maritime route. Even Islam took the maritime route from India to South-east Asia.

**Such traditions have ensured that India acts as a responsible maritime power.**

## A responsible Maritime Power

- India has always called for peaceful settlement of maritime disputes. This idea is rooted in India's values of peace and non-violence.
  - For instance, India gracefully accepted the award by the Permanent Court of Arbitration in 2014 concerning the Indo-Bangladesh Maritime dispute. This helped the country to forge closer ties with Bangladesh.
- The country has promoted mutual cooperation among the maritime neighbours and extended a helping hand in times of distress.
  - India's role as 'first responder' in the Indian Ocean, whether in acting against piracy or providing relief after the Boxing Day tsunami in 2004, is well- documented.
  - The Indian Air Force airlifted 30 tonnes of relief material to Mauritius in August 2020 to contain an oil spill that threatened to engulf the island nation's pristine coast.

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- India now has white shipping agreements with several countries (*It is an agreement related to the exchange agreement between the navies of countries on the commercial ships on each others' oceanic territories*)
- The Indian Navy's state-of-the-art Information Fusion Centre-Indian Ocean Region (IFC-IOR) based in Gurugram hosts officers from the United States, Japan, France, Australia and the United Kingdom.

### Way Forward

The countries should come forward and work in the spirit of the 5 principles given by the Indian PM in the UNSC meeting.

Further, they should understand that Freedom of navigation and unimpeded commerce are key to the spread of prosperity. The critical supply chains depend on the concept of mare liberum (open seas) and not mare clausum (closed seas). For instance, the blockage in the Suez Canal earlier this year interrupted the flow of trade worth billions of dollars.

### Terms to know

- **Blue Dot network**