

**9pm**  
**Compilation**

**September, 2021 (Fourth Week)**

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# General Studies Paper - 1

General Studies - 1

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### 1. Why India needs 'good' urbanisation

**Source:** This post is based on the article “Why India needs ‘good’ urbanisation“ published in the **Indian Express** on **20th September 2021**.

**Syllabus:** GS 1 – Urbanisation, their problems and their remedies.

**Relevance:** understanding good local governance.

**Synopsis:** Covid reinforces that good urbanization is our most powerful technology for poverty reduction.

#### Introduction

**New York City**, with just **6% of the population of Russia, has a GDP that is equal to that**. Twenty-six of the world’s 33 megacities are in developing countries because their rural areas lack rule of law, infrastructure and productive commerce. This shows the significance of good urbanization or good development.

**India’s challenge** is not that of land, labour, or capital but of **increasing the productivity of urbanization** or its cities. It should also simultaneously look at improving the productivity of local self Government and rural areas. If 50% of our population in rural areas generate only 18% of the GDP, they are bound to live a life of poverty.

#### What are the challenges of rural areas and local governments?

Rural areas are characterized by poor infrastructure, poor facilities, poor law and order etc. All this leads to poor villagers migrating to cities. It is estimated that **two lakh villages** out of 6 lakh villages **have less than 200 people**.

The annual spending of our central and state government is about Rs 34 lakh crore and Rs 40 lakh crore respectively. **15th Finance Commission** estimates our 2.5 lakh plus local government bodies only spend Rs 3.7 lakh crore annually. This discrimination has many reasons:

**Power:** Local government power is curtailed by the state government in various departments like water, power, schools, healthcare, etc.

**Independence** — only 13 % and 44 % of the budget of rural and urban bodies is raised from internal sources.

**Read more:** [Recommendation of 15th Finance Commission and challenges faced by Local Bodies](#)

**Control:** There is excessive control over local bodies, which is deeply embedded in the structure of governance. For example, a Union ministry controlling finance and governance of the states would be unacceptable at the Centre. But at the State level, we have the **Department of Local Self Government**, which **has almost unlimited powers** like suspension/removal of mayors and other elected representatives.

**Separate central rural and urban ministries:** Joint policymaking is difficult, as each ministry wants to pull the policy in its direction.

**Lack of power and resources:** It drives away talented resources as they feel powerless in those positions.

**Centralised Structure:** Our democracy gives more power to the centre. Then rest of the power is concentrated in states, leaving local governments powerless.

**Leadership and power:** Empowering local governments is not taken seriously by the state governments. The city leadership is either ‘unelected with Power’ (bureaucrats) or ‘elected with limited power and unreasonable conditions’.

**Good Urbanisation:** Poor quality urbanisation has led to ‘**men-only migration**’. It leaves the women dealing with all matters like farm work, raising the children, and looking after in-laws, no proper health services etc.

Even the village children, who go to poor quality government schools, will always be at a disadvantage when compared to urban English educated school children.

**What can be done in the future?**

Good urbanization requires that the power centres in the state are willing to hand over power functions and finances to the local governments. This can lead to real empowerment of the local bodies.



# General Studies Paper - 2

## General Studies - 2

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### 1. Who is the hollow CAA really meant to protect?

**Source:** This post is based on the article “Who is the hollow CAA really meant to protect?” published in the **Indian Express** on **20th September 2021**.

**Syllabus:** GS 2 Mechanisms, laws, institutions and Bodies constituted for the protection and betterment of these vulnerable sections.

**Relevance:** Understanding the recent issue of Afghan refugees in India.

**Synopsis:** The CAA was never meant to help asylum seekers and protect persecuted people.

#### Introduction

The government evacuated many of its citizens and Afghan nationals from the Hindu and Sikh minorities after the Taliban takeover. But these people would **not be given Indian nationality** under **Citizenship Amendment Act** because of the provisions mentioned in it. It provides **citizenship only for those who have been in India since before December 2014**.

#### How Indian refugee policy is handled?

India had hosted several refugees in the past like **Tibetans**, Tamil refugees from **Sri Lanka**, persecuted Chin and Afghan refugees and the minority Chakmas from the **Chittagong Hill Tracts (CHT)**. India also had received worldwide admiration for refugees who fled from then East Pakistan in 1970-71.

But still, India **doesn't have any refugee-specific legislation**. It is conditioned by ad hoc policies adopted by the government to deal with specific circumstances.

#### How persecution (under the CAA) definition is different from United Nations?

**United Nations Convention on the Status of Refugees, 1951:** Under **Article 1A (2)**, it defines a **refugee** as ‘people who are **unable to avail the protection of their state and are forced to flee outside their country** due to “**fear of persecution**” based on their “**race, religion, nationality, membership of a particular social group or political opinion**”. It adopts a non-discriminatory approach.

**India:** It is **discriminatory** and adopts a **narrow interpretation of persecution**. It gives protection to **persecuted minority communities** — Hindus, Buddhists, Christians, Sikhs, Jains and Parsis — from **Bangladesh, Pakistan and Afghanistan** and **not to the Muslims**.

The government gave the reason that since the three countries named are dominated by Muslims, it would not be necessary to consider Muslims as being persecuted in these countries.

#### What is the intention of CAA?

The intention of the citizenship amendment act is to **confirm citizenship**. It is **not meant to provide protection for Asylum** to the people belonging to other countries. This was evident when the **government did not grant Asylum to Rohingyas from Myanmar or Hazara from Afghanistan**.

This does not mean that they can not seek protection in India. They are governed by many laws and can seek visas in India and apply for citizenship in due course.

## 2. A spike – India must prioritise vaccines to States and districts that are at greatest infection risk

**Source:** This post is based on the article “A Spike” published in **The Hindu** on **20th September 2021**.

**Syllabus:** GS 2 Health.

**Relevance:** Understanding India’s vaccination challenges.

**Synopsis:** Given the Indian population, vaccinating all adults itself is a challenge in India, given that supply challenges still persist.

### Introduction

Recently, India administered a **record 2.5 crore vaccine shots in a day** to mark the celebration of the Prime Minister’s birthday. It is equivalent to the populations of the whole of Australia, two-thirds of Canada and five times that of New Zealand. It is also near to China’s pace of vaccination of 2.47 crore shots on a single day.

Till now, **62% of Indian adults have now got at least one dose**, and **one in five fully are vaccinated**.

### What are the problems with vaccination drives?

**Vaccine Hesitancy:** People, owing to various reasons, hesitate in taking vaccines. Like in the USA, where vaccine availability is good, but people are hesitant.

**Shortage of vaccines:** In India, there is a supply shortage even when vaccine production continues. This would make it difficult for India to achieve its target to immunize its adult population (about 94 crores) by the year-end, as it will require over 185 crore doses, or close to one crore immunisations a day. India has till now crossed the 80 crore mark.

### What should the government do?

India’s caseload is reducing, with about 30,000 cases per day. India has also faced the delta variant, and chances of new variants coming up still exist. So vaccination cannot be ignored.

As schools would reopen in winter, the load to vaccinate children would also rise. So, it is a must for India to raise its supplies to meet the upcoming demand. For this government should:

**Prioritize the vaccines process:** Government should first provide vaccines to those States and districts that are at greatest infection risk.

**Speed up:** Proper follow-up with vaccine makers to speed up the process.

## 3. Empathy through Education

**Source:** This post is based on the article “Empathy through Education” published in **The Hindu** on **20th September 2021**.

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

**Relevance:** To understand the importance of Social and Emotional Learning.

**Synopsis:** Social and Emotional Learning is not fluff; it is an important goal in education.

### Introduction

The article highlights the importance of **Social and Emotional Learning (SEL)** as an important tool of education. India’s recent [National Education Policy](#) also highlights its importance in children’s development.

### What is SEL?

It forms the **foundation of human development**, for building healthy relationships, academic learning, manages emotions and much more things more effectively. The following are the key elements of SEL:

**Empathy:** It is the ability to understand another person's emotions. It is also the awareness of why they might be feeling those emotions.

**Theory of mind:** It is the ability to understand others' intentions, knowledge and beliefs and recognize that those might be different from your own.

Neurobiologically **different regions of the brain** such as the prefrontal and frontal cortices and others are **involved in the cognitive mechanisms of SEL**. Thus, it is vital to consider that the learning process is a social as well as an emotional experience.

### How pandemic brought challenges for SEL?

The pandemic has brought numerous challenges for SEL as school closures reduced opportunities for students to deepen social relationships and learn in shared physical spaces.

### What practices can we adopt?

Individuals from underprivileged backgrounds have faced immense learning losses during the pandemic. We need to prioritize **"inclusive and equitable quality education and promote lifelong learning opportunities for all."** We can start with the following strategies:

**Practices:** SEL practices should be based on students' socioeconomic backgrounds.

**Strategies:** SEL strategies of caretakers and educators must align with one another.

**Scientific use:** Long-term success requires SEL to be based on scientific evidence.

As can be seen that such comprehensive learning involves all the stakeholders, including parents and teachers. This onus lies on all of us to bring the changes.

## 4. Nutrition through biofortification

**Source:** This post is based on the article **"Nutrition through biofortification"** published in **Business Standard** on **20th Sep 2021**.

**Syllabus:** GS2 – Issues relating to Poverty and Hunger

**Relevance:** Significance of biofortification in fighting malnutrition

**Synopsis:** Malnutrition is a serious problem for India. Biofortification can help us address it

### Introduction

Malnutrition is still rampant in India despite it being the world's top or second-largest producer of most food items, such as staple cereals, pulses, fruit, vegetables, and milk.

Biofortification can be a helpful tool in alleviating this problem.

### What is the present scenario of malnutrition in India?

**Nutritionally-deficient diet:** The diet of a sizable section of the population is neither sufficient nor nutritionally balanced. The deficiency of protein, vitamins, minerals, or other major or micro-nutrients is widely prevalent.

India was ranked 94th among 107 countries on the **Global Hunger Index 2020**, falling behind its smaller neighbours like Nepal, Pakistan, and Bangladesh.

Particularly worrisome is the **lack of nutrients like iron and zinc, and vitamins like A and C**, which are vital for growth and tissue repair, and preventing diseases.

This nutritional inadequacy had, in fact, been highlighted even earlier by the **National Family Health Survey-4, conducted in 2016**.

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– It had found that as many as 38.4% kids below five were stunted and about 21% had low weight for their height (dubbed as “wasted”) and more than half of all women (nearly 53%) were **anaemic**.

### **What is the problem with govt initiatives?**

The government is attempting to combat undernourishment by offering **highly subsidised or free foodgrains to the poor** and the needy through various welfare programmes.

The month of September is observed as the “**Poshan Mah**” (nutrition month) and its first week as the “**Poshan week**” every year.

India’s **mid-day meal scheme** for school children, is one of the world’s largest programmes of its kind.

But these initiatives target the consumption of belly-filling staples rather than wholesome foods.

They **lack the required emphasis on balanced nourishment**. As a result, these initiatives have reduced the incidence of underfeeding but without denting malnutrition, which can be curbed only by boosting the intake of wholesome food.

### **What is the reason behind increased incidence of malnutrition?**

**Low nutrition foods:** The poor nutritional profile of average Indians can, in fact, partly be attributed to the fact that **most of the available and mass-consumed foods are inherently low in nutrition**.

**Focus on yield:** Most of the crop varieties developed by the country’s vast farm research network in the past were bred with an eye on enhancing yield and resistance against diseases and pests, then upgrading their nutrient content.

This problem is now sought to be rectified by biofortification.

### **What is biofortification?**

Biofortification means incorporating nutrient-enriching genes in select crop varieties, using conventional or modern plant-breeding tools.

Such genetically altered and nutrition-augmented crops, termed aptly as “**biologically fortified**” or “**biofortified**” crops, differ from the commercially available fortified foods as these have genetically ingrained, rather than artificially added, additional nutrients.

### **What are the advantages of biofortification?**

As per experts, Biofortification is the most **sustainable and cost-effective** means to provide the needed nutrition through food rather than food supplements.

The nutrient-doped varieties, developed under the all-India coordinated research programmes for different crops, **provide enough calories, as also essential nutrients, for healthy growth**.

More than 70 biofortified food crops have already been evolved and released for cultivation.

### **What is the way forward?**

The greater use of biofortified foods can go a long way in meeting the universally agreed and United Nations-backed goal of zero hunger by 2030.

This would require a **big push to the consumption of biofortified crops**.

Besides, it would also need **incentivising farmers to grow biofortified crops** and making consumers **aware** of their health benefits.

The most important thing is to ensure that **biofortified produce is traded separately in mandis** and growers get premium prices for that. Once these products get the label of healthy foods, their production as well as consumption would increase automatically.

### 5. Inequity and injustice writ large – Regarding NEET

**Source:** This post is based on the article “**Inequity and injustice writ large**” published in **The Indian Express** on **20<sup>th</sup> Sep 2021**.

**Syllabus:** GS2 – Issues relating to development and management of Social Sector/Services relating to Education

**Relevance:** On the uncertain theory of “merit”, NEET is heralding an era of great inequity and injustice.

**Synopsis:** This article explains the journey of Education and issues surrounding NEET.

#### Introduction

Historically, states had established medical colleges and allowed private persons to establish medical colleges. States regulated the admission of students to these colleges. Standards and quality of education improved over time. But, the NEET is creating an era of great inequity and injustice.

#### About the journey of education in India

The Constitution of India was a compact between the states. The central pillar of the Constitution consists of the Three Lists — Union List, State List and Concurrent List.

List II (**State List**), **Entry 11**, as originally enacted, read: **Education, including universities**, subject to the provisions of entries 63, 64, 65 and 66 of List I and entry 25 of List III.

List III (**Concurrent List**), Entry 25, as originally enacted, read: **Vocational and technical training of labour**.

**Entries 63 to 66** posed no problem at all because **they dealt with some named institutions, institutions of scientific and technical education funded by the Central government**, training institutions and laying down of standards.

During the emergency, by **42nd amendment**, the Parliament **deleted Entry 11 of the State List** instead added it into **Entry 25 of the Concurrent List**. Entry 25 was re-written as: **Education, including technical education, medical education and universities**.

The **44th Constitution Amendment did not restore** the original entries concerning ‘education’.

#### What are the reasons to run State medical colleges?

State government medical colleges are established using the money of the people of the state. They are intended, by and large, **to admit the children of the people of that state and teach them medicine** in English and, in course of time, in the state’s official language.

The **graduating doctors are expected, by and large, to serve the people of that state**, especially in the rural areas where healthcare was/is woefully inadequate. They are expected, by and large, to **speak and prescribe and counsel the patients in their language**.

State governments **encouraged admission of rural students**, students who studied in government schools, children from poor families, children belonging to disadvantaged sections and first-generation learners.

There were **grave issues that needed to be addressed** such as **capitation fees, excessive fees, poor quality of equipment**, inadequately attached hospitals, inadequate laboratory, library, hostel and playground facilities and so on. **These problems are continuing**

**problems** irrespective of whether the state regulates the admission of students or some Central authority does so.

#### How NEET evolved?

The National Eligibility cum Entrance Test (NEET) is acclaimed as merit has to be the sole criteria for admission at all India level. The Supreme Court also in **Modern Dental College vs State of MP case**, held that, “When it comes to higher education, that too in professional institutions, merit has to be the sole criteria”. Only a common entrance test will ensure merit-based admissions, fairness, transparency and non-exploitation.

#### Why NEET is creating inequity and injustice?

Justice A K Rajan Committee on the impact of NEET on the admission process in medical colleges in Tamil Nadu highlighted the inequity and injustice in the NEET.

	Pre-NEET (2016-17)	Post-NEET (2020-21)
Number of State Board students admitted	98.23	59.41
CBSE students	0.97	38.84
Rural students in Govt Medical colleges	65.17	49.91
in Pvt Medical colleges	68.49	47.14
Students of Tamil medium	14.88	1.99

Source: Indian Express

Students who study in state board schools and take the state board exam are at disadvantageous in NEET. Further, the **relevance of the State board itself will come into question**, as there is a common syllabus for NEET.

With NEET, state governments **shy away to spend the state's tax-payers' money and set up government medical colleges.**

Urban students **might not serve in the PHCs and taluk-level hospitals.**

**Must read:** [National Entrance cum Eligibility Test \(NEET\) – Issues and Significance- Explained, pointwise](#)

## 6. Our Courts are Infra Vires

**Source:** This post is based on the article “**Our Courts are Infra Vires**” published in the **Times of India** on **20th September 2021**.

**Syllabus:** GS 2 Issues related to the development and management of court infrastructure.

**Relevance:** Understanding the issue of judicial infrastructure.

**Synopsis:** To ensure that justice is never delayed, there is a need to urgently upgrade the judicial infrastructure to meet the load of the cases.

### **Introduction**

This article highlights the **state of judicial infrastructure** in our country. In this regard, the statement of the **Chief Justice of India** that he will be championing the creation of a **National Judicial Infrastructure Corporation (NJIC)** is a welcome move.

### **What is the status of Indian Judicial infrastructure?**

**Infrastructure:** At least **1/6th of district courts** have **no running water in women’s washrooms** in court premises. For **wheelchair-bound**, only 27% of district courts have a ramp for barrier-free access. For the **blind**, only 2% of district courts provide access to tactile pavements

**Building:** Our courtrooms are **not built to deal with large volumes of cases**, nor were they built keeping in mind the convenience of the native Indian population. Even newer courts do not have sufficient space and basic amenities for citizens

### **What the courtrooms should be like?**

**Physical Infrastructure:** It should be citizen-centric. **Srishti Institute of Art, Design and Technology and the Vidhi Centre for Legal Policy** has presented their report. It has demonstrated how the **citizen should be the central focus** of a redesigned court layout. This includes well-planned seating space for litigants, minimal distance between them and the judges and the use of simple sound absorbent material on the walls to facilitate hearing.

**Digital Infrastructure:** The coronavirus pandemic allowed the judiciary to take big steps towards digital courts with mandatory virtual hearings. This now needs to be integrated with existing systems by creating a **National Digital Courts Platform Infrastructure**.

Such infrastructure should include secure connectivity and data storage at the **base level**. It should also have interoperable digital registries of cases, lawyers and litigants at the **system level**. Finally, a range of digital services such as e-filing, e-payments of courts fees and digital summons are required at the **application level**.

### **What about the Finances allotted for judicial infrastructure?**

Research shows that the existing **centrally sponsored scheme on judicial infrastructure** has so far led to disbursements of Rs 7,460 crore from the Union government to the judiciary. At the same time, the **15th Finance Commission** has sanctioned an additional Rs 10,425 crore to build special courts over five years. Besides, the **e-courts Mission Mode Project** has been allocated Rs 1,670 crore for technological enablement.

### What should be the way forward?

As India's experience with GST shows, that once enabled, India's power of IT can transform any government sector. The big challenge there is to ensure that the needed amount of funds are available. There has to be a mechanism to **use these funds efficiently, backed by strong political will.**

### 7. Fund and Faculty count in higher education rankings

**Source:** This post is based on "**Fund and Faculty count in higher education rankings**" published in **The Hindu** on **21<sup>st</sup> August 2021.**

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

**Relevance:** Understanding the National Institutional Ranking Framework(NIRF).

**Synopsis:** The new edition of the National Institutional Ranking Framework highlights the huge gap between the best and the rest.

#### Introduction

**National Institutional Ranking Framework (NIRF)** has recently released its sixth edition of ranking for Higher Education.

**Read more:** [Union Education Minister releases India Rankings 2021](#)

### What are the advantages of the ranking?

**Choice of Institution:** It helps students to choose institutions for admission. It helps colleges to secure research funding. It enables teachers to choose the right colleges and employers to target campuses for hirings.

**Competition:** It identifies areas of improvement and also the measures to overcome those deficiencies. It promotes competition, which further promotes the quality of the institution.

**Privileges:** Good ranking opens the gate of other privileges to institutions like more autonomy, power to offer open and distance mode programmes, and permission to enter into collaboration with foreign universities etc.

### How Universities are ranked?

Universities are ranked on various parameters like research, publications, innovations, patents etc. Different standards are adopted by various organizations to rank the universities. For instance,

**Academic Ranking of World Universities (ARWU):** It ranks universities solely on the basis of their research performance.

**Times Higher Education (THE):** It gives 60% weightage to research.

**Quacquarelli Symonds (QS):** It gives only 20% weightage to research.

**NIRF:** It accords 30% weightage to **Research Performance and Professional Practices (RPP).**

### What did NIRF data reveal?

**Research Performance:** NIRF reveals that the **best university scored 92.6%** in the research category. This score declined to **60.52% for university that got the 10th spot.** This number further declined to 50.32%, 28.69% for 20th and 50th best universities respectively. For the **100th university, the score is only 4.35%.**

**Research scholars:** Data reveals that the **larger the number of research scholars, the higher the ranks of the universities in terms of RPP.** Data shows top 10 universities in

NIRF had an average of 2,627 research scholars, whereas universities ranked in the bottom 10 had no more than 165 research scholars.

**Salaries:** The data revealed another interesting fact, **the higher the institution spends on salaries of the staff, the higher is the ranking** of the university. For example, the average annual expenditure on salaries for the top 10 universities is ₹391.72 crores. While the universities, ranked between 91-100, spent only ₹79.26 crores.

Thus, one can conclude that the **funds and faculty** are the two most important factors that **improve the performance of any educational institution**.

### 8. NRC is final, rules Assam Foreigners' Tribunal

**Source:** This post is based on the following articles

- **“Done and Dusted”** published in **The Hindu** on **21st September 2021**.
- **“NRC is final, rules Assam Foreigners' Tribunal”** published in **The Hindu** on **20th September 2021**.

**Syllabus:** GS 2 – Mechanisms, laws, institutions and Bodies constituted for the protection and betterment of these vulnerable sections.

**Relevance:** Understanding the latest developments in NRC issues.

**Synopsis:** Recently Foreigner's tribunal in NRC issues a notice stating that the NRC list is final.

#### **Introduction**

While the **Registrar General of India** has **not yet issued a notification** on Assam's **National Register of Citizens** (NRC) to make it a legal document, a **Foreigners' Tribunal (FT)** has gone ahead and **recorded it as the “final NRC”**.

The FT also held that “there is no doubt that this **NRC Assam published in 2019** is nothing but Final NRC.”

#### **About the NRC**

The SC had mandated the NRC, after which the centre and state government of Assam had taken it up. The **first draft in 2018 had left 4 Million people out**, and the **June 2019 list left 1Lakh** more.

Another draft was released in August 2019. The final draft absorbed 2.2 million of those left out in the previous drafts. Of the **total population of 33 Million, around 1.9 Million were left out**. The **fate of those left-out persons was to be decided by Foreigners Tribunals (FT's)**.

This created an issue as different segments claimed that this exercise is biased towards Bengali Hindus or Bengali Muslims.

#### **Revision of NRC**

Considering all these, the Assam government and even the New NRC coordinator, have made repeated requests for a re-verification of 20% of the list, especially for the area's bordering Bangladesh. **With FT declares the list to be final, the questions of revision become doubtful**. Even if the revision is taken up, it has its own set of problems.

#### **What are the other issues associated with NRC?**

There have been many other issues creating delays in the revision process. The new NRC **coordinator's petition is still pending** in court. On the administrative side,

the **issuance of rejection slips is pending**. The rejection slips are **necessary to file appeals in the FTs**.

#### **What should be the way forward?**

Considering all these, the next logical step should be that the **Registrar General of India** confers his stamp on NRC. The **rejection slips have to be provided immediately for facilitating appeals to FTs**.

### **9. Tackling Hate Speech**

**Source:** This post is based on “**Tackling Hate Speech**” published in **The Hindu** on **21<sup>st</sup> August 2021**.

**Syllabus:** GS 2 – Important aspects of governance, transparency and accountability.

**Relevance:** Understand the meaning of hate speech.

**Synopsis:** There are no laws on hate speech as such, so India needs a political and pedagogical solution to control the menace.

#### **Introduction**

Recently, a Bishop from Kerala in his speech coined the term **Narcotic Jihad** and criticised few members of the Muslim religion. But the speech aimed at a particular religion has a divisive tone.

#### **What does Hate Speech signify?**

Though the precise definition would be difficult, but a lot can be inferred from various rulings of the courts around the world and also from the views of the experts.

**In Chaplinsky v. New Hampshire (1942):** The U.S. Supreme Court held that their Constitution does not protect “**insulting or ‘fighting’ words** — those which may **incite an immediate breach of the peace**.”

**Lord Bhikhu Parekh**, a British academic, said that hate speech views members of the target group as an enemy within. It creates hostility and breeds mistrust between individuals and groups.

**In Pravasi Bhalai Sangathan v. Union of India (2014) case:** The Supreme Court **quoted** from **the Canadian Supreme Court’s decision in Saskatchewan v. Whatcott (2013)**. It held that “**hate speech puts a serious barrier to the full participation of minority in our democracy**.”

#### **What are the challenges associated with hate speech in India?**

This idea of hate speech resonates well in India’s political context. Being a minority in a Hindu majoritarian nation, the other religions at times feel defenceless when hatred is directed against them. This leads to a climate of fear amongst them. It has also led to violence against them based on their identity. And **even genuine concerns** like the social and economic backwardness of **the minority community are ignored**.

#### **How India is tackling hate speech?**

There are legal protections against hate speech in India. **Section 153-A of IPC** prohibits speech promoting enmity between groups based on religion, race, place of birth etc.

However, **the law seems to suffer from misuse and disuse**. While remarks against the minority are ignored, even vague references against the majority trigger the legal action and state machinery.

### What should be the way ahead?

Given the challenges, a precise and accurate definition of law for hate speech is difficult. So a well-negotiated political and social solution is the best way forward.

### 10. With AUKUS dividing the Western bloc, is there a role for India?

**Source:** This post is based on the following articles

- “**With AUKUS dividing the Western bloc, is there a role for India?**” published in the **Indian Express** on **21st September 2021**.
- “**The new AUKUS alliance holds some lessons for India**” published in the **Indian Express** on **21st September 2021**.

**Syllabus:** GS 2 – Bilateral, regional and global groupings and agreements involving India and/or affecting India’s interests.

**Relevance:** Understanding India’s role in strengthening the Western bloc.

**Synopsis:** This article explains India’s relationship with Western Countries and India’s role in strengthening their relations.

#### Introduction

C. Raja Mohan is of the view that **AUKUS could leave a deep scar on US-EU relations and the North Atlantic Treaty Organisation, and weaken the international coalition in the Indo-Pacific**. According to him, India has an indispensable role in strengthening the international coalition in the Indo-Pacific.

**Must read:** [AUKUS Security Alliance – Explained, pointwise](#)

### What are the recent developments in the India-US security relationship?

Some major milestones in the Indo-US security relationship have been:

The signing of the path-breaking **Indo-US Civil Nuclear Agreement, in 2008; launching of the Defence Technology and Trade Initiative in 2012**.

The US Congress also accorded the **status of “Major Defence Partner” to India in 2016**; The US also **granted Tier 1 status to India**, enabling export of high-technology items; and **institution of “2+2 talks” in 2018**.

The **signing of the fourth and last of the key “foundational agreements” in 2020**, was supposed to have eliminated the final impediment to closer defence cooperation.

### How India is maintaining its relations with Europe?

The Indian government has also stepped up on the political engagement with Europe as a collective as well as its sub-regions — **from the Baltics to the Balkans and from Iberia to Mitteleuropa (Middle Europe)**.

India now discovered that **every European nation**, from tiny Luxembourg to a rising Poland, **has something to offer**. At present, Europe has become a thriving hub of India’s international relations.

### How India is maintaining its relations with Britain?

India has also made a **determined effort to build a new partnership with Britain**, which is the fifth-largest economy in the world, a leading financial hub.

The **UK and its settler colonies** have long been the **preferred destination for the Indian diaspora** (besides the US). While the diaspora tends to connect the domestic politics of the Anglosphere (English-speaking nations) with that of India, India is figuring out that the diaspora politics can be played both ways.

### What India needs to do to strengthen the Western bloc?

India's interests lie in deeper strategic cooperation with France and Europe as well as the Quad and the Anglosphere. India's diverse relationships in the West must be deployed in full measure to prevent a split in the Indo-Pacific coalition.

Read more: [Quad Summit and its relevance – Explained, Pointwise](#)

Further, to attain India's full potential, India needs a political collaboration that helps to restore its economy to its earlier buoyant trajectory. Further, If realpolitik so demands, India must break old customs and strike new partnerships — wherever there is a convergence of interests.

### 11. A new water policy for India

**Source:** This post is based on the article “A new water policy for India” published in the Business Standard on 20th September 2021.

**Syllabus:** GS2 – Governance.

**Relevance:** To understand the need for the new water policy.

**Synopsis:** Article discusses the need of new water policy in India while listing some directions based on which water policy can be drafted.

#### Introduction

In 2019, the Ministry of Jal Shakti set up a committee to draft a new National Water Policy (NWP). The earlier NWPs of 1987, 2002 and 2012 were drafted entirely within the government system based on “command-and-control” approach towards nature.

This is the first time that the government decided to set up a committee of independent experts to draft the policy.

The committee received suggestions from various experts, academics, practitioners and stakeholders. It found consensus in the various consensus received. It clearly shows that we need a new paradigm of water management and governance to deal with the water crisis in the 21st century.

#### What does the water crisis teach us?

It's teaching us that we need to respect the nature and think equally of others.

Nature is reminding us to acknowledge, with humility, our quintessential equality and inter-dependency. We need to protect Mother Nature, re-orient the development models and consumerism-driven lifestyles.

We are living in an inter-connected world. Furthermore, we cannot continue with business-as-usual approach in the search for development and modernisation as every action impacts the environment.

Till now, we failed to recognize that the economy is a small part of the larger ecosystem. This is the time we need to acknowledge the inter-connectedness and inter-dependence of the world where we live in.

For that, we need to be humble in our approach to natural systems. We also need to recognize that prakriti rakshati rakshita (Nature protects those who protect her).

#### What are the five water reforms that are guiding the NWP?

The five key water reforms enunciated by the prime minister are:

**First**, the need to break down the silos into which we have divided water;

**Second**, respect for the immense diversity of India while planning for water;

**Third**, greater focus on management and distribution of water;

**Fourth**, higher priority to recycling and reuse of water; and

**Fifth**, raising people's awareness and people's participation in management of water.

Final approval of the NWP rests with the National Water Resources Council, which is chaired by the prime minister and includes all chief ministers as members.

## 12. [What counts is seldom counted: About Census](#)

**Source:** This post is based on “**What counts is seldom counted**” published in **The Indian Express** on **22<sup>nd</sup> August 2021**.

**Syllabus:** GS 2 – Important aspects of governance, transparency and accountability.

**Relevance:** Understand the issue of census and caste census

**Synopsis:** The census in India has been postponed due to the pandemic. Such events are rare. This also opens up the opportunity to discuss utility and changes to the census.

### **Introduction**

It is surprising that while India is debating the caste census, the regular census has not been conducted yet. In fact, it is the **first time since the exercise started** that a census has **not been conducted**.

### **Why census is essential?**

The census provides a lot of useful information. It categorizes the data into the residence, age, gender etc. It also provides two units or levels of analysis – individual level and household level. So, the census has great utility as the data generated can be used for evidence-based policymaking.

### **What are the factors leading to the under or non-utilization of census data?**

To begin with we need to **improve the design** of the census and **add more collection points** than just name, age, gender etc. The census can be further **digitized**, which will help in ensuring better quality, coverage and quick results for the survey data.

Its importance is diminished when various ministries carry out their own large-scale surveys. Moreover, all these suffer from the same fundamental flaw that **data is not made available in the public domain in time**. For example, data on internal migration which was collected in 2011 was only released in 2016-17.

Even after all this, there is a **lack of interest by the scientific community in exploring and using this data**.

### **What is the challenge of enumerating caste in the census?**

Adding caste to census data will cement caste as an identity in India. This can lead to politicians using the data to patronize the electorate and created/deepen the social divides.

**Read more:** [Caste based census in India – Explained, pointwise](#)

### **What should be the way forward?**

We have to ensure that the **data collected has wide acceptability** in society, and the issues like having caste data in the census have to be well debated. Further, we should take steps to **increase the utilization of census data** for evidence-based policymaking.

## 13. **Creating citizen centric police**

**Source:** This post is based on “**Creating citizen-centric police**” published in **The Indian Express** on **22<sup>nd</sup> August 2021**.

**Syllabus:** GS 2 Mechanisms, laws, institutions and Bodies constituted for the protection and betterment of these vulnerable sections.

**Relevance:** Understand the issue of police reforms.

**Synopsis:** Despite Prakash Singh's judgement on police reforms, the reforms largely remain on paper. Thus, this demands a closer and deeper analysis.

### Introduction

On September 22, 2006, in the historic Judgement in the **Prakash Singh case**, the Supreme Court gave significant direction for police reforms. If implemented, these can have a transformative effect on the functioning of the police in India. It is for this reason that **September 22 needs to be celebrated as "Police Reforms Day"**.

### What are the challenges facing police reforms?

The biggest challenge is the **public awareness** of the issue. While there is huge public uproar for crimes like Rape, but soon the issue dies down and the root cause is never addressed. And if any attempts are made they are thwarted by the **nexus of police bureaucrats politicians**. Considering all these, SC in the Prakash Singh case had issued directions for police reforms.

### What were the recommendations given by the Supreme Court?

**Policy formulation:** Security commissions at center and states for policy-making at both levels. This would protect police from political pressures.

**Workload:** The '**Status of Police in India Report 2019**' (SPIR) by **Common Cause, Lokniti** pointed that police are overworked with average working hours of 14 hours per day. To reduce this burden, the SC recommended the **separation of police and investigation functions**.

**Postings: Establishment Boards** for unbiased postings, transfers, promotions and other matters regarding police officers. It involved UPSC for the selection of heads of state police forces.

**Complaint authorities:** "complaint authorities" has to be established at district and state levels for an impartial and independent inquiry into complaints of misconduct against police officers.

Despite such reforms coming directly from the Supreme Court, their implementation has been slow.

**Must read:** [Challenges associated with the functioning of Police – Explained, pointwise](#)

### What should be the way forward?

The politicians seek to maintain their hold on Police and also patronize the criminals. Thus, the best way forward would be to **create public awareness** to hold the elected representatives accountable for the implementation of police reforms.

## 14. India warns of reciprocal measures if UK doesn't recognise COVISHIELD

**Source:** This post is based on the following articles

- **"Small minded Great Britain: UK's refusal to recognise Covishield is inexplicable and a terrible signal"** published in **Times of India** on **21st September 2021**.
- **"India warns of 'reciprocal measures' if UK doesn't recognise Covishield"** published in **Times of India** on **22nd September 2021**.

- **“UK’s restrictions on travellers inoculated with Covishield are ill-informed. India must use diplomacy to clear impasse”** published in **Indian Express** on **22nd September 2021**.

**Syllabus:** GS 2 – Effect of policies and politics of developed and developing countries on India’s interests.

**Relevance:** To understand the issue of vaccine discrimination.

**Synopsis:** The UK seems to have adopted a discriminatory policy towards Indian manufactured Covishield. This has not gone down well within India.

### **Introduction**

Recently, UK released new post-Covid travel rules. According to the new rules, fully vaccinated (Covishield vaccinated) individuals will be considered ‘unvaccinated’ and will have to undergo mandatory self-isolation.

### **Why new UK rules are considered discriminatory?**

Under the new rules, UK did not recognise the Indian Covishield vaccine even though it recognises the Oxford AstraZeneca shots manufactured under a different brand name, **Vaxzevria**.

We need to understand that the Indian manufactured Covishield vaccine is the same as the Oxford AstraZeneca vaccine. It is a variant of the Oxford-AstraZeneca jab. The **only difference** between the AstraZeneca-Oxford vaccine and Covishield is the **place where the vaccine was manufactured and administered**. In fact, India also supplied 5 million doses of Covishield to the UK at its request.

Apart from this, Covishield has been recognised by [World Health Organisation\(WHO\)](#) as safe. In fact, it meets the vaccine requirement of 18 EU countries.

### **What is the impact of the new UK policy?**

This move will impact India and other developing nations that have been administering the Covishield vaccine. This might even fuel vaccine-hesitancy, as people would wait for the vaccines that are globally approved.

### **What should be the way forward?**

The best way forward is to **push the UK diplomatically** to reverse its ill-informed rule. Else, India might be forced to take retaliatory and reciprocal action.

## **15. [Let’s rework incentive structures to boost IBC recovery](#)**

**Source:** This post is based on the article **“Let’s rework incentive structures to boost IBC recovery”** published in **Livemint** on **23rd September 2021**.

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

**Relevance:** Reforms needed in Insolvency and bankruptcy code

**Synopsis:** IBC is a landmark reform and its efficiency can be further enhanced by adopting incentive structure.

### **Introduction**

Despite value erosion at disbursement due to poor credit discipline, the IBC has yielded impressive recoveries so far. However, the Code has also been criticized on several other grounds, many of which are questionable.

**Why IBC 's criticism is not justified?**

**Number of liquidations:** The purpose of any resolution mechanism is not to minimize liquidations, but to maximize recovery.

**Bankruptcy laws:** IBC is not designed to save companies from liquidation, but to maximize value using market mechanisms.

**Global comparison:** So far, close to half of all cases under the IBC have ended up in liquidation. This is an abnormally large number that implies its failure. However, according to data from US Courts, twice as many US firms file for liquidation than they do for reorganization. Hence, the proportion of liquidations (50%) under the IBC is not a cause for concern or criticism.

**Long resolution times under IBC:** For a new bankruptcy law, a lead time of 400 days is not unusual. Till 2005, the average duration in the US was 480 days.

**What are the issues still pending?**

**Lack of focus on efficiency:** IBC does not adequately address the fact that the ability to reorganize a business during bankruptcy is a vital driver of recovery values. Corporate bankruptcies are an opportunity for businesses to become leaner and more efficient.

In the US, many firms employ bankruptcies strategically and use it to renegotiate contracts and streamline fixed costs.

**Management:** Unlike the USA where debtors retain management control of the bankrupt firm, firms under IBC are managed by resolution professionals.

**Why USA's debtor in possession model can not work in India?**

**Debtor-in-possession provisions:** Experts have suggested to introduced it to allow the management to retain control of the bankrupt firm and incentivize them to streamline operations and maximize recovery. However, most firms in India are owned and operated by promoter families, hence debtor-in-possession is a recipe for disaster.

This will also substantially increase the duration of bankruptcies, since promoters with management control will have no incentive for a quick resolution.

**What is the way forward?**

**Firstly**, incentivize resolution professionals, since they take charge of a bankrupt firm's management under the IBC. An incentive fee structure based on a percentage of recovery will also attract talented managers, thereby boosting IBC resolution quality.

**Secondly**, authorities need to take a broader economic approach to incentivizing reorganization for maximizing recovery.

**16. Citizen scorecards for better accountability**

**Source:** This post is based on the article "**Citizen scorecards for better accountability**" published in **Business Standard** on **22nd September 2021**.

**Syllabus:** GS 2 Power, Functions and responsibilities of CAG and PAC.

**Relevance:** To understand the working of the Public accounts Committee and its Citizen Scorecards.

**Synopsis:** The CAG's auditing standards highlight the importance of performance audits for promoting transparency and evaluating outcomes.

## Introduction

Soon, Parliament is going to celebrate 100 years of establishment of the Public Account Committee in December.

## What is the Public accounts Committee (PAC)?

It was set up in 1921 under the **Montagu-Chelmsford reforms** to conduct audits of the Government or the executive. It is thus the **oldest parliamentary committee** in India. Post-independence, PAC was **established through the Rules of Procedure and Conduct of Business in the Lok Sabha**. Similarly, the state PACs are established through their respective Vidhan Sabhas.

It is **constituted every year with 15 members from Lok Sabha and 7 members from the Rajya Sabha**. Since 1967, a convention has developed that PAC will be **headed by an Opposition member from the Lok Sabha**.

## What is the work of PAC?

**Review:** It reviews the **financial and performance audits** which have been conducted by the **Comptroller and Auditor General (CAG)**. The review reports are then presented to the Parliament.

**Performance Scorecards:** Soon, it is going to develop citizen-centric performance scorecards for various ministries. This will ensure better delivery of public services to citizens. Citizen scorecards developed by PAC can be standardized by the CAG, and can also be replicated by the PACs in state Assemblies.

## What are the citizen scorecards?

All government departments and agencies are responsible for providing certain citizen-centric services to the public. These services can be tracked quantitatively through well-defined performance metrics. Using these metrics, a report card or scorecard will be developed.

Example: Civil Aviation Ministry provides information on passengers flown, flight punctuality, passenger grievances, seat utilisation, pilot licences issued, and so on. These are released on a monthly basis to the public and are tracked closely by the media.

## How can the scorecards be made?

The CAG could sign MoUs with various ministries and agencies to establish well-defined citizen scorecards. Once these citizen-facing output metrics are ready, they can be used to conduct high-quality performance audits for each government entity within the CAG's purview. These citizen scorecards can then be replicated in the state CAGs. The citizen scorecards could be reconciled with the SDGs as well.

## How these scorecards will prove beneficial?

These scorecards will bring accountability. Our bureaucracy has become used to putting facts and figures that do not directly relate to citizen's lives. This scorecard thus reverses the trend and can make the executive more accountable.

## 17. Judiciary must reexamine how it has viewed citizenship questions in Assam

**Source:** This post is based on the article "Judiciary must re-examine how it has viewed citizenship question in Assam" published in **Indian Express** on **23<sup>rd</sup> September 2021**.

**Syllabus:** GS 2 Mechanisms, laws, institutions and Bodies constituted for the protection and betterment of these vulnerable sections.

**Relevance:** Understanding the Foreigners Acts in India.

**Synopsis:** NRC was designed to filter out the foreigners in India. However, this seems to be impacting the very right of citizenship of Indians residing in Assam.

### Introduction

Recently, Gauhati High Court, while hearing the case of Asor Uddin, gave its view on citizenship. Ason was declared to be a “foreigner” by a Foreigners Tribunal through an ex parte order.

The HC said **citizenship**, being an important right of a person, **should be decided based on merit**. It should consider the material evidence that is produced by the person concerned. It should not be cancelled ex-parte or by default.

### Why Foreigners Tribunal is in news?

In Assam, any person, including decorated army officers, can be accused of being a “non-citizen”. The **Ministry of Home Affairs** revealed in Parliament, that from 1985 to February 28, 2019, 63,959 people have been declared “foreigners” through ex parte orders by the Foreigners Tribunal in Assam.

**Read more:** [NRC is final, rules Assam Foreigners' Tribunal](#)

So, effectively 62% of the total people, who have been challenged as foreigners, have been declared as “foreigners” in the state.

### What is the Foreigner Act (FA)?

Its roots lie in the **Foreigners Ordinance**, which was **promulgated in 1939 to meet the emergency created by the Second World War**. The ordinance was never meant to deal with persons who are considered citizens. Section 2(a) of the 1946 Act defines “foreigner” as a person who is not a citizen of India.

**Foreigners Act, 1940:** It replaced the said ordinance. Section 7 of the 1940 Act vested the **burden of proof upon the foreigner**.

**Foreigners Act, 1946:** It repealed the 1940 Act. But, the **burden of proof remained the same**. Under it, a person can be stripped of his citizenship if he/she failed to appear before FT when called. He will then be declared a “foreigner” through an ex parte order.

### What was the Supreme Court’s judgement?

The “burden of proof” has been validated by the Supreme Court in the **Sarbananda Sonowal case**. Sonowal challenged the **Illegal Migration (Determination by Tribunals) Act, 1983**, (henceforth IMDT), before the SC. IMDT emphasized procedural fairness and the **burden of proof was on the state**. But IMDT was declared unconstitutional as the apex court found these procedures “extremely difficult, cumbersome and time-consuming”.

Moreover, Supreme Court, based on a **1998 report by former Assam Governor S K Sinha** has stated that there are “millions of illegal Bangladeshi nationals in Assam”. But the report was not based on any scientific and empirical data. To add to the complexity, Assam started detaining “declared foreigners” since 2010 to deport to the “country of origin”. But the failure to deport created a situation of indefinite detention.

### What should be the way forward?

Given the fact that Citizenship is an important right, it should be given due importance.

### 18. The importance of Quad meeting amidst current geopolitical flux

**Source:** This post is based on the following articles

- “Improving the economic game” published in **The Hindu** on **23rd September 2021**.
- “The importance of Quad meeting amidst current geopolitical flux” published in **Indian Express** on **23rd September 2021**.
- “Understanding the American enthusiasm for the Quad” published in **Indian Express** on **23rd September 2021**.

**Syllabus:** GS 2 – Bilateral, regional and global groupings and agreements involving India and/or affecting India’s interests.

**Relevance:** To understand the recent developments in Quad and suggestions to improve the Quad performance.

**Synopsis:** This article explains the previous Quad summit and the performance of Working groups and suggestions to improve Quad further.

#### Introduction

The leaders of **Australia, India, Japan, and the United States** will meet for the **first-ever in-person** Quadrilateral (“Quad”) summit. It is especially significant as it is set against the backdrop of few important recent events.

Such as the [withdrawal of the US from Afghanistan](#), the formation of the [AUKUS security alliance](#) and following the release of the [European Union’s Indo-Pacific strategy](#).

#### About the Development of Quad

**Must Read:** [Quad Summit and its relevance – Explained, Pointwise](#)

The four nations are vibrant democracies and open economies. Three are developed countries and one is an emerging market.

#### About the previous meeting and its outcome

The Quad leaders met formally but virtually for the first time in March this year, and the joint statement captured the “**spirit of the Quad**”, stressing democratic values while pledging to strengthen cooperation on the “defining challenges” of the times. **Working groups** were set up **on vaccines, critical and emerging technologies, and climate action**.

**Read more:** [“3rd Quad meeting” Focussed on rules-based world order](#)

#### What is the progress of working groups?

The Working groups (WG) fulfilling the past commitments of Quad countries. For instance, **Progress of WG on Vaccines:** The joint vaccine production programme seems to be on track and their **distribution first to needy Indo-Pacific countries will begin in early 2022**.

**Progress of WG on emerging and critical technologies:** This group is reporting progress. A principal endeavour of this WG is to leverage the **Open Radio Access Network (O-RAN)** to derive benefits of interoperability of the 5G technologies offered by different vendors in the west.

**Progress of WG on Climate Change:** Cooperation on multiple dimensions of the climate challenge is proposed, including finance, emissions reduction, technology and capacity-building.

However, some key issues remain unresolved within this group as **India**, being a developing nation, is unable to show “more ambitions” regarding its climate goals. But efforts are

underway to finalise technology-sharing and other cooperation to meet the challenges of climate change.

### **What is the significance of Quad for India?**

For India, **each of the other three countries is a strategic partner**, and bilateral and multilateral initiatives have been taken across multiple areas in different fora with each. The Quad syncs with India's other regional programmes such as the [Indo-Pacific Oceans' Initiative](#) and the [Supply Chain Resilience Initiative \(SCRI\)](#).

### **What the Quad should focus upon?**

**Devise a matching strategy against China:** With the China challenge now recognised as being both multi-faceted and long-term, the Quad needs to devise a matching strategy.

So, the Quad should **consider practical recommendations** like, 'The Quad Economy & Technology Task Force Report: A Time for Concerted Action' crafted by international experts and published by think tank Gateway House.

**Strengthen the economic partnership further:** To advance their goals for a free, open and inclusive Indo-Pacific, the Quad must activate business partnerships. This can be done in the following ways.

**Joint efforts** can be made by all Quad countries to **establish alternative manufacturing hubs**. This will not only aid SCRI but also make regional supply chains more diversified.

The Quad could **consider adding a trade ministers' interaction** to its agenda which may engage in lowering trade barriers and boosting trade linkages

**Ensure Quality infrastructure investment:** Innovative financing and public-private partnership models between Quad nations can enlarge the space for private industry and support public funds in the endeavour.

**India should be cautious:** India's has to consider the initiatives of Quad with a strategic perspective as it is the **only Quad power with land borders with China** and have **proximity to Afghanistan**.

### **19. A disease surveillance system, for the future**

**Source:** This post is based on the following articles "[A disease surveillance system, for the future](#)" published in [The Hindu](#) on **24<sup>th</sup> September 2021**.

**Syllabus:** GS2- Issues relating to development and management of Social Sector/Services relating to Health.

**Relevance:** To study the disease surveillance system.

**Synopsis** Diseases and outbreaks are realities and a well-functioning system can help reduce their impact.

#### **Introduction**

The article highlights the importance of epidemiology in preventing and controlling infectious diseases.

### **What is epidemiology and disease surveillance?**

Epidemiology is the study and analysis of the distribution, patterns and determinants of health and disease conditions in defined populations. This is done either to prevent or stop the further spread, a process termed as disease surveillance.

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However, in the last 19<sup>th</sup> or early 20<sup>th</sup> Century, with the advancement of medical science and discovery of antibiotics, the focus on disease surveillance system has been shifted especially in development countries.

It is again in the late 20<sup>th</sup> Century, with focus on eradicating smallpox and tackling re-emerging diseases, countries started to strengthen their disease surveillance system.

### What is the status of disease surveillance in India?

India launched the **National Surveillance Programme for Communicable Diseases** in 1997. This programme was launched in the purview of the Delhi cholera outbreak and Surat Plague outbreak in 1988 and 1994 respectively.

**Integrated Disease Surveillance Project (IDSP):** It was launched in 2004. The focus of this programme was to increase government funding, strengthen laboratory capacity, train the health workforce and have at least one trained epidemiologist in every district of India.

It was on IDSP foundation that India tracked all the Covid related activity from deploying a team of epidemiologists to contact tracing, rapid testing etc.

### What are the challenges?

The **key tools in epidemiology** are **disease surveillance system and health data**. However, in the [ICMR Serological Survey](#), it was found that **states have performed variably**.

In a good disease surveillance system, any increase in the case of diseases can be identified quickly. For eg: Kerala, one of the best Disease surveillance systems in identifying covid and recently Nipah Cases in India.

Whereas states like UP and MP cases of dengue, malaria, leptospirosis etc received attention only when more than three dozen deaths were reported.

### What should be done?

**Ministry of Health and Family Welfare, the Government of India and World Health Organization** jointly reviewed IDSP in 2015. They jointly gave the following recommendations to strengthen the disease surveillance system in India:

**Financial resource allocation:** Focus should be on promoting health services and disease surveillance. For this, required resources should be allocated to the concerned department.

**Trained human resources:** Proper training should be given to the workforce in the primary healthcare system in both rural and urban areas.

**Strengthening laboratories:** Labs should be strengthened to increase the ability to conduct testing for public health challenges and infections. A system should be designed where samples collected are quickly transported and tested, and the reports are available in real-time.

**Emerging Outbreaks:** Study of animal and human health should be linked to control the outbreak of various diseases like Nipah, avian flu etc. For this “One Health Policy” approach should be implemented.

**Strengthening the system:** Focus should be on strengthening the **civil registration and vital statistics (CRVS) systems** and **medical certification of cause of deaths (MCCD)**.

**Coordination:** Proper collaboration should be there between the Centre, State government and Municipal Corporation to develop joint action plans.

Although, we cannot avoid the emergence of new and old diseases, but with the well-designed surveillance system we can control the impact of these diseases.

## 20. Make departments smart, first

**Source:** This post is based on the following articles “**Make departments smart, first**” published in **The Hindu** on **24<sup>th</sup> September 2021**.

**Syllabus:** GS2 – Important aspects of governance, transparency and accountability.

**Relevance:** To analyze how the smart city should be like.

**Synopsis:** E-governance holds the promise of improving local governance, but only if we pay attention to the basics.

### Introduction

To have a smart city, there is a need to **make all the departments of the city smart**. In such cities, **good governance is dependent on good service delivery**. This requires good availability of data.

Thus, we need to develop ‘smart systems’ that generate data by default.

### How departments can be made smart and efficient?

To make the departments work more smartly and efficiently, there is a need to use digital technologies across all three domains — **processes, human resources, and citizen-centricity**. We need to work on:

**E Governance:** There is a need to **shift the work from regular copy pen format to digital format**. This will also help us to save time, reduce errors and reduce manipulation in the system. For Example in Andhra Pradesh, ULB employees reported saving an average of 11 hours every week after a digital system was adopted.

**Transition period:** Administration should adopt phased targets to adopt new tools. It should also provide training to the employees for their effective use.

**Citizen Centric:** Changes should be done keeping the citizens in mind. It should be citizen-centric.

**Collaboration:** Collaboration should be there between various government departments and with non-governmental partners as well — to create a virtuous cycle of co-creation, learning, and efficiency.

This is how smart cities emerge, not from the top-down, but **from an organic collaboration** between departments, employees, and citizens, who are simply looking to do their own jobs more effectively.

## 21. How Poshan vaticas can help bridge the nutrition

**Source:** This post is based on the following articles “**How Poshan vaticas can help bridge the nutrition**” published in **Indian Express** on **24<sup>th</sup> September 2021**.

**Syllabus:** GS2 – Mechanisms, laws, institutions and Bodies constituted for the protection and betterment of these vulnerable sections.

**Relevance:** About the Poshan Vatikas.

**Synopsis:** Self-reliance and the adoption of sustainable food systems to address nutrition security amongst women and children is needed to address the challenge of nutrition.

### Introduction

In the backdrop of Poshan Maah in September 2021, the **Ministry of Women and Child Development** is keen to promote the establishment of “**Poshan Vatikas**” across the country.

### **What are Poshan Vatikas?**

These are the Nutri-gardens which aim to provide a fresh supply of fruits, vegetables and even medicinal plants.

Nutri-gardens represent a **global best practice** that has the potential to address the multiple goals of diet diversity, nutrition security, agri-food cultivation, local livelihood generation and environmental sustainability.

### **What are the Integrated Child Development Services (ICDS) guidelines regarding it?**

The main objective of introducing them is to **encourage community members to grow local food crops** in their backyards.

This will provide an inexpensive, regular and handy supply of fresh fruits and vegetables. This will also help in **addressing the micro-nutrient deficiencies** through access to diverse and nutritious diets. Moreover, it would also help in the generation of economic activity for local cultivators and village industries.

**Land Space:** It will identify land spaces used to set up vaticas including anganwadi centres, panchayat areas, government schools, vacant lands or any other patch of community/government land available in the locality.

It also mandates **retrofitting of these gardens** with backyard poultry and fishing as per the prevalent food culture. This can be particularly useful in addressing the protein requirements.

### **What are the benefits of the Nutri gardens?**

**Promote dietary behaviors:** Educate children about the need for the consumption of fresh food produce and promote messaging for healthy dietary behaviors amongst women. For example, the government has been incentivizing a drive for the plantation of moringa at all anganwadi centres. Moringa or drumstick, is a native Indian plant, rich in beta carotene, iron, vitamins A, B2, B6 and C5.

**Global Scientific research:** A review of global evidence from USA and South Africa shows that setting up of nutri-gardens can significantly improve awareness about dietary diversity and a preference for the consumption of fresh food produce. In India, **the MS Swaminathan Research Foundation** has taken various steps for this like seed kits for growing green leafy vegetables, roots and saplings of fruit trees etc.

### **What should be the way forward?**

The success of the national strategy depends on how the Poshan Vatika programme is implemented.

There is need to overcome the barriers like that availability of cultivable land, water, the skill of farmers etc. If all this can be implemented then Poshan Vaticas would become an opportunity to increase convergence between agriculture and nutrition policy for India.

## **22. Ex Gratia: Why GOI should pay, Compensating Death**

**Source:** This post is based on the following articles:

**“The court mediated decision for COVID 19 death compensation will help the poorest”:** published in the **Times of India** on **23<sup>rd</sup> September 2021**

**“Vital Relief”** published in **the Hindu** on **24<sup>th</sup> September 2021**.

**“Ex Gratia: Why GoI should pay”:** published in the **Times of India** on **23<sup>rd</sup> September 2021**.

**Syllabus:** GS2 – Welfare schemes for vulnerable sections of the population by the Centre and States and the performance of these schemes.

**Relevance:** To understand the impact of the loss of lives due to Covid.

**Synopsis:** The court mediated decision for COVID 19 death compensation will help the poorest.

### Introduction

Recently, Centre on the suggestions of the Supreme Court has agreed to provide financial relief of ₹50,000 per deceased individual to families of those who died of COVID-19. It will also include those who were involved in relief operations or associated with preparedness activities. The assistance will be subject to the cause of death being certified as Covid'. They will get the amount within 30 days of submitting the necessary documents.

### Who will provide the relief amount?

The relief amount, proposed by the [National Disaster Management Authority \(NDMA\)](#), is to be paid out of the [State Disaster Response Fund](#).

SDRF represents a dedicated facility to deal with notified disasters, including COVID-19.

**Read more:** [Covid deaths: Centre okays ex-gratia, state funds to cover it](#)

GoI will contribute 75% to each state's SDRF except for hill states and NE states, where its share is 90%.

### What is the concern?

**Identification of beneficiaries:** Given that many deaths during the covid wave were not certified as COVID deaths, identification of beneficiaries is a challenge in itself. Poorer citizens were most often the victims of this process. Ex gratia payments will most likely leave them out.

**Financial Challenges:** Though the government has provided Rs 29,983 crore corpus in addition to SDRF, the financial challenge will still remain. For example, we need to keep in mind that expenses related to recurring notified disasters such as droughts and floods will also have to be met.

**Clarity:** There is no clarity whether ex gratia should have been limited to poorer citizens like the other welfare benefits are. Or should extend to the richer section also.

**Non-inclusion of other diseases:** There's also the question of why other disease-related deaths should not attract ex gratia payments. In a country with poor public health and extremely unequal access to quality private healthcare, Covid wasn't the first and won't be the last disease that can cause deaths on a large scale.

**State finances:** It is also important to recognise that states have been at the forefront in fighting the pandemic. But States also face severe funding crunch due to declining revenues. Therefore, pushing states to fund the ex gratia could severely dent resources for other disaster-related expenditures.

**Already compensated:** More than half of the states have already compensated beneficiaries even before the announcement of NDMA. They provided relief ranging from Rs 10 thousand to Rs 1 lakh. But that compensation was done from CM Relief Fund and not from SDRF.

### What should be the way forward?

It is true that on its part, GoI has been proactive with various pandemic-related measures, and it has also allocated Rs 35,000 crore for vaccination. GoI should now work to cover the entire ex gratia cost.

This can be done through two ways. Either GoI can increase its share in SDRFs or it can pay directly through the Consolidated Fund of India.

### 23. Building more inclusive, welcoming schools for LGBTQ+ children

**Source:** This post is based on the article “**Building more inclusive, welcoming schools for LGBTQ+ children**” published in **Indian Express** on **25<sup>th</sup> September 2021**.

**Syllabus:** GS 2 Welfare schemes for vulnerable sections of the population by the Centre and States and the performance of these schemes.

**Relevance:** Understanding inclusive education structure for transgender.

**Synopsis:** Not just infrastructure and process revamp, we also need reforms in curriculum and teacher education.

#### Introduction

This article highlights the discrimination faced by the non-binary gender. Recently, during the [Shiksha Parv conclave](#), PM also emphasized the need for inclusive and equitable education.

Recently, Kerala High Court brought attention to medical textbooks that described non-binary gender identities as “offensive perversions” and “mental disorders”. This is despite the fact that Kerala was the first state to adopt a transgender policy six years ago.

#### What is the status of the transgender community?

As per the **2011 Census**, there are 4.8 million transgender persons in India. They have a literacy rate of just 46%, compared to 74% of the general population.

A study by the [National Human Rights Commission \(NHRC\)](#) in **2017** found that over two-thirds of transgender children drop out of school before completing class 10 in Delhi and Uttar Pradesh.

In **2020**, there were only 19 transgender candidates among the 18 lakh students appearing for the class 10 board exams.

#### What are the problems faced by the transgender community in the schools?

**Discrimination by teachers and students:** Children belonging to the transgender community often face problems of bullying, humiliation, sexual harassment. For example, in 2018, a reputed Kolkata school forced 10 of its female students to write a confession letter stating “I am a lesbian”. The consequences of such bullying and intimidation were often severe in terms of mental health as well as academic outcomes.

**UNESCO survey 2018 in India:** It revealed that 60% of transgender reported experiencing physical harassment in high school; 43% were sexually harassed in elementary school. Only 18% reported incidents of abuse and harassment attributed to school authorities.

#### What initiatives have been taken by Government to address the problem?

**National Education Policy 2020:** It recognizes transgender children as educationally disadvantaged. It recommended widening their educational access through a **Gender Inclusion Fund**.

However, all the initiatives are just limited to conditional cash transfers, distribution of bicycles, provision for sanitation and toilets and countering barriers of access. These steps cannot ensure inclusive classrooms and schools.

**Read more:** [Non Binary genders need more visibility in India's Census 2021](#)

**What can be done to remove the stigma?**

**Awareness and Acceptability:** Focus should be on enhancing awareness and acceptability of the LGBTQ+ community through education. India can learn from **Scotland, which became the first country to have an LGBTQ+ inclusive school curriculum in 2021.**

**Inspirational Stories:** Stories of notable persons who identified themselves as LGBTQ+ should be included in the curriculum. Eg Story of Heather who had ‘Two Mommies’

**Inclusive language:** Focus should also be on inclusive language like using “partner” instead of “husband/wife” or “them” instead of “him/her”.

**Teacher Participation:** Teachers should play an important role to model inclusive behaviour and confirm that schools are safe, supporting places for LGBTQ+ students.

**Comprehensive Sex Education:** Comprehensive sex education must support young lives in exploring sexualities rather than viewing sexual minorities as a disease or disorder.

**24. Complex count: On caste census**

**Source:** This post is based on the following articles “**Complex count: On caste census**” published in **The Hindu** on **25<sup>th</sup> September 2021.**

**Syllabus:** GS 2 Mechanisms, laws, institutions and Bodies constituted for the protection and betterment of these vulnerable sections.

**Relevance:** Understanding caste census.

**Synopsis:** A precise caste census is difficult, but the data will be useful to drive social policy.

**Introduction**

This article talks about the complexities that are inherent in the caste census. There are challenges in conducting a caste census, but given the merit of such a census, should we go ahead with the census?

**What are the challenges in the caste census?**

India, which seeks to construct a casteless society, **a caste census can deepen the caste divide.** Further, such a census can be **used by politicians to further their caste agenda.** Some may intensify the **demand for reservation,** while others may **justify the need to abolish caste reservation.**

Apart from all this, there is a genuine **administrative difficulty,** which was also cited recently by the Government as the cause for not going ahead with the caste census. For example, in the 1931 census, there were a total of 46 Lakh caste names. And if we add the sub-castes, the number will rise exponentially. So, at present, it is hard to include all caste and sub-castes in the caste census. This challenge was also cited by the Government when 2011 SECC data was not released, citing “several infirmities”.

Given all these, the exercise may seem futile. But we also need to consider the benefits that may accrue from this.

**How can we make the caste census data useful?**

The data can be used for making **evidence-based policies to strengthen affirmative action.** This will further the goal of creating equitable opportunities in society. This will also confirm legal requirements, as courts had mandated quantifiable data for affirmative action and reservation policy.

**Read more:** [Caste based census in India – Explained, pointwise](#)

**What should be the way forward?**

We can begin with a preliminary socio-anthropological study that can be done at the State and district levels. This exercise can act as a pilot for other large-level exercises.

**25. India dithered over projecting naval power. Now it's been pushed to the sidelines of the Indo-Pacific**

**Source:** This post is based on the following articles

- **“India dithered over projecting naval power. Now it's been pushed to the sidelines of the Indo-Pacific”** published in **Indian Express** on **24th September 2021**.
- **“India is not a bystander in the AUKUS saga”** published in **The Hindu** on **25th September 2021**.

**Syllabus:** GS2 – Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests.

**Relevance:** To know about India's missed opportunities to improve international cooperation.

**Synopsis**

This article explains the opportunities that India missed, which ultimately led to the formation of the AUKUS alliance.

**Introduction**

Recently, the US, UK, and Australia announced a **new trilateral security partnership** for the Indo-Pacific named the AUKUS. Recently, the US has clarified that India or Japan would not be added to the AUKUS alliance.

**Must Read:** [AUKUS Security Alliance – Explained, pointwise](#)

**What are the opportunities India missed which led to the formation of the AUKUS alliance?**

**Raja Menon** is of the view that **India's missed opportunities led to the formation of the AUKUS Alliance**. He mentions the following reasons to support that view.

**India did not push the US to provide nuclear technology to India:** One should remember that Australia is not the only country to seek nuclear technology from the US.

**Indian efforts to expand nuclear submarines** have been crippled by a **lack of funding** and the **inability to access highly enriched uranium cores** for the propulsion reactor.

Many Indian naval veterans have, on their visits to Washington, approached key figures in the US establishment about nuclear submarine technology for the Indian Navy. But the **PMO and MEA did not support the naval veterans**.

So the US rejected Indian requests that the US Navy is **against transferring the technology to a non-aligned state**.

**India failed to materialise Quad:** With the introduction of the Quad, India had an opportunity to operationalise the coalition and set up a Quad secretariat in India.

India **could have easily pushed the Quad to focus on the maritime domain**. But, **India** so far did not take the Quad beyond diplomatic talks and **failed to push Quad into the areas of common interest**. **This led to the formation of AUKUS** focusing on the maritime domain.

**What is the result of India's inaction?**

**India will not be a frontline state to tackle China:** With nuclear submarine technology, Australia has now been catapulted into a frontline state against Chinese aggression, not India.

**Erode India's regional presence in the Indian Ocean:** At present, the Indian Navy presently dominates the **Indian Ocean**, but its conventional underwater capability has been shrinking.

## 9 PM Compilation for the Month of September (Fourth Week), 2021

The AUKUS alliance could eventually lead to **crowding of nuclear attack submarines** (SSNs/submersible ship nuclear) in the **Eastern Indian Ocean**, eroding India's regional pre-eminence.

### **What are the available options with India?**

**Documenting India's strategic needs:** the **US office's Net Assessment** defines the evolving scenario every four years in a docket entitled "**Global Futures**" as a guide to government. At present, India has no such document, so **India should document the evolving scenarios** to understand our strategic needs better.

**Focus on Navy:** India will have to **provide more attention on improving its naval capabilities**, as this is the only instrument that gives us punitive capability against China.

**Signing a nuclear submarine deal with France:** With the formation of the AUKUS, France lost a billion dollars worth of submarine projects with Australia. So, India can use this opportunity and sign a **technology transfer deal for Nuclear submarines** like **Project 75 'Scorpene'**.

# General Studies Paper - 3

General Studies - 3

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### 1. Structural changes in GST

**Source:** This post is based on the article “**Structural changes in GST**” and “**The food tax that points to a loss of clarity on GST**” published in **Business Standard** and **Live Mint** on **20th September 2021**.

**Syllabus:** GS3 – Issues related to GST

**Relevance:** Increasing revenue collection and GST reforms needed

**Synopsis:** Several important decisions taken during the Goods and Services Tax (GST) Council’s 45th meeting in Lucknow last week.

#### **What are the important decisions taken during the GST Council’s 45th meeting?**

**Concessional rates for Essential medicines:** The council extended concessional rates for several drugs, such as Remdesivir, used to treat Covid-19. It also reduced duty on some other drugs like Itolizumab and Posaconazole till December.

**Reforms in Inverted Duty structure:** It further decided to correct the **inverted duty structure** in textile and footwear, which was discussed in earlier meetings. Additionally, the council decided to form two groups of ministers to examine the issue of inverted duty structure in different sectors and using technology to improve compliance.

**Tax collection responsibility shifted to E-commerce entities instead of restaurants:** E-commerce operators like Swiggy, Zomato have been asked to pay GST on restaurant services supplied by them, at the point of delivery. 5 per cent GST will be levied at the point where the delivery is made by Swiggy and Zomato. The tax will also be imposed on cloud kitchens.

#### **What decisions was taken w.r.t extending GST compensation for states?**

At the time of implementation of GST, it was decided that states would be compensated for shortfall in revenue collection with an annual growth rate of 14 per cent for five years.

Some states have argued in favour of an extension of GST compensation beyond 5 years. **In this regard, the minister said the compensation to states would not be extended beyond June 2022.**

#### **Why the compensation won’t be extended beyond 2022?**

Extending the compensation mechanism beyond June 2022 will further complicate the GST system since compensation cess collection will be used to repay debt.

Any extension in the collection of the compensation cess itself will affect items on which it is levied and firms will have to alter business plans.

The basic structural problem is **lower revenue collection**, and government want to rectify this anomaly.

#### **What is the reason for low revenue collection?**

Premature rate reduction, largely because of political reasons, has resulted in lower revenue collection.

For instance, MS Sitharaman noted **the revenue-neutral position** at the time of implementation was about 15 per cent. However, the **rate has come down to 11.6** per cent.

The Fifteenth Finance Commission report also showed, revenue from GST was lower by well over 1 per cent of gross domestic product in 2019-20, compared to the collection from taxes subsumed into GST in 2016-17.

### **What are the impacts of low revenue collection?**

Lower collection affects the central government finances and has an additional indirect impact on states in terms of lower transfers.

Lower overall GST collection is one of the reasons why dependence on petroleum products for revenue has increased

### **Why tax collection responsibility was shifted to E-commerce?**

**Tax evasion:** As per estimates, the gap in taxable turnover for suppliers where TCS was deducted by Zomato was greater than the turnover declared by such suppliers. tax loss to exchequer due to alleged underreporting by food delivery aggregators is Rs 2,000 over the past two years.

### **What should be done?**

**Firstly**, the council should target reverting to the revenue-neutral rate as soon as possible, along with reducing the number of slabs.

**Secondly**, Tax input credits to restaurants are not available. This is because, since raw ingredients are mostly sourced from the informal sector, they have few supply invoices to claim any tax already paid by suppliers. But, For GST coherence and definitional clarity, input credits should invariably be allowed.

## **2. New hope in private investment?**

**Source:** This post is based on the article “**New hope in private investment?**” published in **Business Standard** on **18th September 2021**.

**Syllabus:** GS3 – Resource mobilization and infrastructure financing

**Relevance:** Infrastructure development and Financing

**Synopsis:** After long, India has witnessed an increase in private investment. This article explains the reasons for the current shift and significance of Private investment.

### **What is the significance of Private investment?**

Private investment is the most important source of economic and cultural dynamism in a country.

Most **gross domestic product (GDP)** and most **jobs** are created by the private sector.

When private firms build **fixed assets**, this generates a **long-term stream of output** and a long-term stream of **wage payments**.

### **What is India’s story w.r.t private investment?**

India got good growth in the 1991-2011 period, and after that private investment has faltered.

For instance, there has been a decline in the following years of about Rs 50 trillion. On average, this is a decline of Rs 5 trillion or about \$70 billion per year.

### **What is the reason for declining Private investment?**

One reason is the sharp decline in private participation in infrastructure and the enhanced role of the state in infrastructure. About half of the decline in private sector investment has happened in infrastructure.

**For instance**, private “under implementation” infrastructure projects (expressed in 2021 rupees) peaked in 2011/12 at about Rs 36 trillion and now stand at Rs 10 trillion.

A decline of Rs 26 trillion in private projects “under implementation” is on account of the **problems of infrastructure**.

**Why States cannot offset private sector roles wrt to Infrastructural investments?**

A decline in private spending is being offset by an increase in government spending. But there are inevitable difficulties in this strategy:

**Fiscal capacity and project management in government are quite limited**, so the state-led strategy has limited headroom.

**For instance**, from 2018 onwards, the stock of government “under implementation” projects has declined in real terms by Rs 7 trillion.

As a consequence, the total infrastructure projects “under implementation” declined from Rs 70 trillion in 2018 to Rs 63 trillion today.

**What is the reason for current increase in private investments?**

**Return to normalcy:** In the pandemic, some firms faced radical uncertainty, had little management bandwidth left had put investment activities on hold. By 2021, uncertainty had declined and these firms are going back to normalcy in investment.

**Export boom due to rising demand from European countries:** Developed countries used fiscal policy to restart their economies on a gigantic scale, and an export boom from India started. This was assisted by nationalism in China, which led many in the world to shift business to India. Many Indian firms shifted resources to emphasise export- or export-adjacent activities, and have harnessed the export boom. Through these developments, many firms in the export sector are investing.

**Industries gained from Pandemic are investing:** Finally, the structure of consumption in the pandemic shifted. Some industries did badly (e.g., Commercial real estate), but some industries did well (e.g. broadband telecom). Firms in the right industries saw high growth and are back to investing.

**3. An existential crisis for the banking sector?**

**Source:** This post is based on the article “**An existential crisis for the banking sector?**” published in **Business standard** on **20th September 2021**.

**Syllabus:** GS3 – Planning, Mobilization of Resources, Growth, Development

**Relevance:** Reforms in banking sector

**Synopsis:** The business model of banks is under threat. Hence, both banking and market regulators must take a close look at the evolving landscape.

**Introduction**

**Corporate India has cut its debt burden.** They are replacing high-cost debt with cheap money, raised from the market, and sale of assets.

Since 2016, RBI has been insisting on big corporations raising part of long-term borrowings from the corporate bond market. Bonds allow funds to be raised for the long term, or even forever.

**How the business model of banks is under threat?**

**Priority sector lending:** Banks are allowed to raise deposits from the public. Since they raise cheap money, they must have an exposure to the weaker section of society or the “priority sector” up to at least 40 per cent of the loans.

**Cost of reserve requirements:** banks also need to keep 4 per cent of their deposits with the regulator in the form of cash reserve ratio (CRR), on which they don't earn any interest, and buy government bonds to the extent of at least 18 per cent of deposits.

**High cost of money:** The cost of money for the best-managed banks is between 4 and 4.5%. Add to this at least 2 percentage points fixed cost. In contrast, the best-rated NBFCs have been raising one-year money at around 4.2%.

Banks today have clearly a 1.5-2% disadvantage vis-à-vis the best NBFCs.

**Power of technology:** The use of technology is no longer confined to the payments space and loans. For instance, Amazon Pay has tied up with wealth management platform Kuvera, which is offering users to facilitate investments into mutual funds, fixed deposits, and more overtime. Setu, is offering a similar facility for Google Pay.

Once the popularity of such platforms grows, they can start dictating terms on interest rates. For better earnings, people may start preferring such platforms over banks. It cuts the cost of brokerage and benefits the customers, but it raises doubts on the financial sector stability

#### **What is the way forward?**

**Interest on CRR:** it is needed because banks have many obligations and banks have access to public money in the form of deposits.

**Lower the priority loan target:** Those banks that are not able to meet their priority loan targets either buy such loans from others who have excess exposure or keep the shortfall with certain agencies at an interest rate that is far lower than their cost of money.

#### **4. Ease of doing business at risk if issue of appointments to tribunals is not resolved**

**Source:** This post is based on the article “**Ease of doing business at risk if issue of appointments to tribunals is not resolved**” published in the **Indian Express** on **20th September 2021**.

**Syllabus:** GS 3- Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment.

**Relevance:** Resolving issues with the tribunals.

**Synopsis:** Article discusses the vacancies in the tribunals and how it's affecting the Insolvency and bankruptcy code's actual purpose to resolve the debt. Timely appointment will make strict time-bound insolvency resolutions a reality.

#### **Introduction**

Recently, Supreme Court questioned the government on vacancies in the National Company Law Tribunals (NCLT), and the National Company Law Appellate Tribunal (NCLAT).

#### **What are the implications of the vacancies?**

**First,** IBC helps to improve India's ranking on the “Ease of Doing Business”. But **vacancies in the tribunals have slowed down insolvency resolution due to the huge pendency of cases.**

Both the NCLT and NCLAT have been without chairpersons for many months and also had members less than the actual strength. Recently, government appointed members and chairpersons to both NCLT and NCLAT.

**Second,** IBC was enacted with an object of time-bound resolution of debts, pendency of appeals. But in reality, it is leading to delay in the final resolution.

### Why a slower resolution process is bad?

Resolution applicants take a higher risk if the process is uncertain and if there is no fixed time for transfer of control of a corporate debtor to the successful applicant. A longer approval period means greater value erosion of a corporate debtor which would be an unattractive proposition for any prospective resolution applicant.

This uncertainty can be cured by a faster approval process by the NCLTs by the creation of more benches and filling up of current vacancies.

### What steps can be taken?

**First**, along with filling up vacancies, the members being appointed must have sufficient domain expertise, and they must be provided with training.

**Second**, we can recover the lending process which got disrupted due to COVID-19 by supporting the mechanism under the IBC to inspire confidence in creditors.

**Third**, Supreme Court can make appointments by itself, and it can take harsher steps like transferring jurisdiction under the IBC to high courts.

### 5. India must shed obsession with 'marginal farmers'. Their future lies outside farms — in dairy, poultry, food retail

**Source:** This post is based on "India must shed obsession with 'marginal farmers'. Their future lies outside farms — in dairy, poultry, food retail" published in the **Indian Express** on **21<sup>st</sup> August 2021**.

**Syllabus:** GS 3 – Issues related to direct and indirect farm subsidies and minimum support prices.

**Relevance:** To Understand the issue of farmland and farmers.

**Synopsis:** Farming is best left to those who can do it well. Better fewer, but better.

#### Introduction

Recently **National Statistical Office (NSO) Situation Assessment of Agricultural Households report** was released. It throws up interesting data which can also be used to guide the agriculture policies for the future.

### What are the key findings of the Survey?

An average agricultural household earned a total monthly income of Rs 10,218 during 2018-19 (July-June). Out of this, the net receipts from crop production were just Rs 3,798 and from farming of animals was Rs 1,582. Taken together, this hardly contributes 53% of the total household income.

The **single-largest income source** was actually the **wages/salary**, at Rs 4,063. Thus, it can be said that the **average farmer, is more a wage labourer than a seller** of produce from his/her land.

### What does the data imply?

If we consider that **farmers are those that derive 60% or more of their income from farms**, then **only 30 Million can be called farmers**. This implies that India's agriculture policy should primarily target these 30 Million farmers.

We should target these farmers through improved access to markets, water, electricity, credit and other means. We should focus on lowering the production cost and improving the output efficiency.

### What should we do for the rest of the farmers?

We need to understand that for the remaining farmers, the **crop-based mechanism needs to be reviewed**. We should look to **migrate them to activities like dairy, poultry etc.**

### 6. Utilize a rear-view mirror for further telecom reforms

**Source:** This post is based on the article “Utilize a rear-view mirror for further telecom reforms” published in **Livemint** on **21st Sep 2021**.

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

**Relevance:** Regarding India’s telecom sector, past issues and potential lessons.

**Synopsis:** Article takes a look at the history of telecom disputes in our courts, which shackled the sector’s potential, and lessons that governing institutions must avoid going forward.

### Background

– **Read here:** [Telecom sector reforms – Explained, pointwise](#)

### What are some past telecom disputes that happened in India?

**The 2G case:** The 2G case was about spectrum allocation and its consequent loss to the exchequer.

– In the 2G case, the government’s **‘first come first served’ policy** to allocate spectrum licences was not only discriminatory, it also favoured a select few.

– **Advice overlooked:** In addition, the Department of Telecommunications (DoT) overlooked the advice of the law ministry, Prime Minister’s Office and Telecom Regulatory Authority of India from time to time, and acted unilaterally.

– **CAG estimates revenue loss:** The CAG estimated a revenue loss of ₹1.76 trillion to the exchequer, alleging wrongdoing in spectrum allocations.

– **SC cancels licences:** The case reached the Supreme Court, which instead of punishing officers for corruption and/or cancelling the licences of companies that unduly benefited, cancelled all 122 telecom licences.

### Supreme Court’s October 2019 ruling on the AGR case:

AGR dispute, which was about a disagreement on its definition, started in 2003. In this dispute, DoT holds significant accountability.

– **Lack of trust in telcos:** The DoT’s approach was marked by a belief that telecom operators were making windfall profits but withholding money from the government. This apparent lack of trust in telecom companies resulted in deference to a private chartered accountant (instead of the CAG) to define AGR while expanding the scope of gross revenue to include non-telecom revenues, and inadequate consultation on AGR with key stakeholders.

– **Role of SC:** SC failed to see the bigger picture. Instead of deferring to a specialized and neutral body, the apex court ruled on flimsy grounds that the tribunal had no jurisdiction over the matter. Given that the AGR orders of the government were set aside by various courts between 2006 and 2015, levying a penalty and interest on past AGR dues was plainly unjust. This reportedly inflated the AGR liability by about 300%. Yet again, the apex court **failed to appreciate the economic fallout**.

### **What were the implications of 2G and AGR cases?**

**Impact of the 2G case:** It adversely affected international relations, investments, competition and consumers. Moreover, the subsequent 2G spectrum auction was benchmarked to 3G rates, which forced the telecom companies to borrow more money, leading to an increased burden for many. Ultimately, the 2G case was a significant moment for the industry towards its decline.

Overall, **Market competition** and **consumer welfare** were directly impacted. Consequently, competition in our telecom market declined, which was once overcrowded with 10-12 operators.

### **What is the way forward?**

Reforms introduced by the govt can only provide temporary relief. For a permanent solution we need a set of multi-pronged approach that could strengthen our reforms:

**One**, privatize state-run operators to ensure that they act as major competitors.

**Two**, make the exclusion of non-telecom revenues in AGR retrospective.

**Three**, use the unutilized Universal Supply Obligation Fund of about ₹58,000 crore for soft loans in this sector, and also reduce this fund's levy from 5% to 3%, considering its poor utilization so far.

### **7. Gig economy workers need more protection of their rights**

**Source:** This post is based on the article "**Gig economy workers need more protection of their rights**" published in **Livemint** on **21st September 2021**.

**Syllabus:** GS3 – Issues Related new age industries and Employment generation

**Relevance:** Gig economy, labour reforms

**Synopsis:** India needs to create more formal jobs and provide protection to gig economy workers through labour reforms.

#### **Introduction**

Three years ago, **CEO of Walmart** had said that the Flipkart-Walmart combination would generate 10 million jobs in India, which is roughly equal to India's **annual job creation requirement**.

But, Flipkart didn't say these jobs would materialize in one year. Similarly, **Ola** and **Zomato** have boasted of large employment generation too.

The problem is that these jobs are not traditional in nature. They belong to the gig category.

#### **How the job creation by platform economics has high uncertainty?**

**No stable and secure employment:** These so-called jobs do not provide health insurance, nor pay for overtime with no sick leave.

**Lack of income security:** There is no room for wage negotiations, and unions are absent. In the gig economy, job creation should be seen as the provision of livelihoods for entrepreneurs.

**Grievance redressal mechanism:** For instance, when Ola and Uber started cutting back incentives, the drivers in Mumbai decided to go on 'strike'.

But there was no clarity against whom they were striking. When the strikers agitated at a local transport commissioner's office, he had to tell them that he did not regulate the hail-a-taxi business.

**How the slogan “be a job giver, not a job seeker” is misleading?**

**Type of job:** most people want a stable job with a salary at the end of the month. That is not the same as job security. It is about their ability to take risks.

**Existing poverty:** Since India has a large population below or near the poverty line, their vulnerability to an income shock is very high.

**Risk-handling capacity:** due to poverty, it is low and hence youth display risk aversion toward entrepreneurship.

**India lacks social security for the temporarily unemployed:** The huge popularity of the National Rural Employment Guarantee Scheme is because it acts as a proxy for unemployment insurance. It also acts as a wage floor in rural areas.

**Why India needs to create stable jobs?**

**Huge population dependent on agriculture:** A national survey revealed that nearly 40% would gladly leave farming if a stable job was available in industry.

**No protection to agri-labourers:** A recent report indicates that farmers in India are earning more by serving as labour on someone else’s farm than cultivating themselves. But their labour does not get any protection from labour laws.

**Emerging gig economy:** it is such that there is no employer-employee relationship. It is more like a business partnership, with gig workers often serving as independent contractors. **Gig economies door for exploitation. For example,** the food delivery guy who has to beat a 30-minute deadline.

**Informalization of workforce:** Nearly 90% of India’s workforce is estimated to be in the unorganized or informal sector, and much of the labour law framework anyway does not apply to most Indians at work.

**What is the way forward?**

**First,** focus on declining labour force participation rate and one of the reasons is the gig economy.

**Second,** define gig workers as labour and not just contractors or partners.

**8. The difference education makes to what the salaried earn in India**

**Source:** This post is based on the article “**The difference education makes to what the salaried earn in India**” published in **Livemint** on **21st September 2021**.

**Syllabus:** GS3 – Growth, Development and Employment

**Relevance:** Unemployment in India

**Synopsis:** Earning variations can be explained by education but our problem of educated unemployment deserves deeper examination.

**Introduction**

Unemployment among educated youth has been high in India for some years now. Despite consistently rising unemployment, youngsters **continue to invest in education** because over their lifetime, they expect to earn more compared to people with low education.

**Why people continue to invest in higher education?**

**Socio-economic factors:** Educated workers may earn more because of other related traits such as superior abilities, ambition, diligence and better endowments like parental resources and status.

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**Returns on education:** educated youth's lifetime- earnings' trajectory changes vis-à-vis those with lower educational levels.

**Decision making:** education tends to improve decision-making on crucial life options. It is also found to improve patience and focus, and enable the formation of larger social networks, resulting in better access to opportunities.

### **How education makes difference to the salaried in India?**

**For young adults:** In both rural and urban areas, younger adults (aged 20-24 years) with lower levels of education start at a similar level of salary, **implying not much locational premium.**

**For experienced:** There are **lack of alternative jobs in rural areas** for experienced workers who have less than a college education. In urban areas, there is a marginally better increase in the salaries of middle-aged workers with lower education compared to similarly educated younger workers.

**Self-employment vs salaried employment:** Workers with less than primary education are better off in salaried employment, over their earning life in both rural and urban areas. And, workers with middle and secondary level of education earn more in self-employment in urban areas than in salaried employment.

**Educated workers:** The average earnings of young regular salaried workers in urban areas are significantly higher than those of their rural counterparts, and the earnings **see a sharp upward** increase from the early twenties to mid-thirties.

**Educated workers in the oldest age group (55-59 years):** In urban area, salary is 2.3 times that of workers with lower education in the same age bracket. They also earn 1.6 times higher than their counterparts in rural areas.

### **What does this analysis of rural and urban worker reveal?**

**Surplus of educated workers:** The high level of unemployment among Indian youth with degree-level education indicates a surplus of educated workers.

**Public policy relevance:** if the phenomenon of vast educated unemployment is more a reflection of low employability because of poor-quality education, then the effective surplus of educated workers may be much less.

The India Skills Report 2019 suggests that only 47% of youth in India with a college education are employable. Alternatively, educated youth tend to look for higher-paying and better-quality jobs, and if offered lower pay, are often ready to wait for a longer time to find a suitable job.

### **9. How effective is CPCB in its management of e-waste?**

**Source:** This post is based on the article " **How effective is CPCB in its management of e-waste?** " published in the **Down to Earth** on **20th September 2021.**

**Syllabus:** **GS 3- Conservation, Environmental Pollution and Degradation, Environmental Impact Assessment.**

**Relevance:** To discuss the role of CPCB in tackling the menace of e-waste.

**Synopsis:** In this article, we will discuss the e-waste generation in India, roles and responsibility of CPCB and actions needed by CPCB to manage it.

#### **Introduction**

Electronic waste (e-waste) is the fastest-growing stream of waste globally. As per the recent report of the United Nations, **the world produced around 53.6 million tonnes of e-waste in**

2019, out of which only 17.4% was recycled. UN termed this phenomenon a 'tsunami of e-waste'.

#### **What is the scale of e-waste generation in India?**

As per global e-waste monitor report, India generated 3,230 kilotonnes (KT) of e-waste, out of which only 30 KT of e-waste was formally collected in 2019.

India generated around 2.4 kilograms of e-waste per capita; **only 1 per cent** of e-waste was formally collected. The informal sector of waste collection dominates over the formal sector.

Though India's per-capita generation is among the lowest in the world, **the country is the third-largest generator of e-waste in the world.**

**Maharashtra, Karnataka and Uttar Pradesh** are the states with the highest number of authorized recyclers / dismantlers. Other states should also work in this direction.

#### **Who is responsible for managing e-waste in India?**

The responsibility of managing e-waste in India lies with the Central Pollution Control Board (CPCB) and State Pollution Control Boards (SPCB).

In **Shailesh Singh v. State of UP**, NGT summoned the CPCB and SPCB due to unscientific disposal of e-waste. The NGT asked the authorities to submit a report on the actions taken to manage the e-waste in and around the capital.

#### **What are shortcomings in e-waste management in India?**

**First**, producers of the notified 21 categories of electronic equipment are not able to collect e-waste as per the specified target

**Second**, only a few producers have been granted **Extended Producer Responsibility Authorization** (EPRA) from CPCB.

**Third**, many unauthorized dismantling and recycling units are still in function

**Fourth**, efficient monitoring of the authorized dismantlers / recyclers is required due to the leakage from authorized to unauthorized dismantlers and recyclers

**Fifth**, ensure allocation of industrial space or shed for e-waste dismantling and recycling in the existing and upcoming industrial parks and clusters

**Sixth**, the data collected by CPCB is do not include imported e-waste figures. It leads to actual figures for e-waste generation far higher than the current estimates.

**Seventh**, state-wise data is not produced due to a lack of reported data by SPCBs.

#### **What are the recommendations to tackle the menace of e-waste?**

**First**, strict enforcement of the existing domestic rules and regulations

**Second**, integrate formal and informal sector to reduce costs at the pre-processing stage and efficient recycling.

**Third**, data inventory for data analysis and interpretation to know an estimate of e-waste produced annually.

**Fourth**, publishing data in the public domain will create transparency with respect to generation, flow channels and methods of handling and disposal of e-waste

#### **10. How sustainable is India's exports boom?**

**Source:** This post is based on the article "HOW SUSTAINABLE IS INDIA'S EXPORTS BOOM?" published in **Livemint** on **21st Sep 2021**.

**Syllabus:** GS3 – Issues related to Imports and exports

**Relevance:** Export growth and Economic growth

**Synopsis:** The rise in exports has sparked hopes of a swift post-pandemic recovery, but there are reasons to be cautious.

### Introduction

August was the fifth straight month when India's goods exports exceeded \$30 billion. In the last five years, other than this ongoing run, it crossed \$30 billion in just one other month i.e. March 2019

The increase is also broad-based. As many as 24 categories have registered an increase in exports in dollar terms over the corresponding 2019 period.

### Why India still needs to be cautious?

There are two reasons to be cautious.

**The first point of caution is the nature of items driving the ongoing export growth.**

Primary commodities, essentially, goods available from cultivating raw materials without a manufacturing process, are behind the current boost.

The largest gainer in exports compared to last year is petroleum products, and some of the other commodities that have registered the biggest increases over 2019, are ores, metals, cotton, and sugar.

In this context, experts warn of the **'bullwhip effect'**, wherein the post-pandemic economic recovery globally causes a spike in demand for primary goods. But, a subsequent tapering of demand can harm the same exporters.

**The second point of caution is related to the international transportation of goods, which happens mainly via ships.** Due to the pandemic, the number of ships, and containers in circulation fell. Meanwhile, world trade is topping pre-pandemic levels. The shortage of containers is also creating congestion and increasing processing time at Indian ports.

So, how corporates in India navigate these two factors will have an impact on the sustainability of the current export upswing.

### What needs to be done to make exports growth sustainable in the long run?

**Firstly, modest export growth in manufactured products needs to be taken care of.** The highest increase in exports was seen in iron ore (87%) and cotton (43%). However, growth has been relatively modest in select key sectors in India's export basket, especially in manufactured products. Notable among them are drugs and pharmaceuticals. Exports of ready-made garments have fallen by 11%.

**Secondly, measures should be taken to mitigate the global shipping crisis.** A 200% increase in the **Baltic Dry Index** notwithstanding, freight rates are expected to rise further in the coming months, as demand for shipping peaks in India around the festive season in October and November.

The rise in freight charges has particularly affected exporters from small and medium enterprises.

**Thirdly, exports need to be incentivized by the government.** In 2019-20, exports comprised 19.3% of India's gross domestic product (GDP). Thus, a rise or fall in exports can have a significant bearing on economic growth. For India to succeed in export-led development, the focus should be on enabling manufacturing and global competitiveness.

One way to increase the competitiveness of Indian exporters is through government incentives. However, incentivizing Exports without offending WTO rules is a challenge. For instance,

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The erstwhile **Merchandise Exports from India Scheme (MEIS)**, which provided an incentive of 2-7% on the shipping value of eligible exports, was deemed illegal under WTO norms **after India's per capita GDP crossed \$1,000** in 2017.

To replace the MEIS, and comply with WTO norms, the government instituted the ₹12,454-crore **Remission of Duties and Taxes on Exported Products (RoDTEP)** incentive scheme. This provides rebates to eligible exporters with remission rates ranging from 0.3-4.3%. Exporters can use this to pay specified taxes.

**Fourthly**, according to trade economists, beyond primary goods, India has a comparative advantage in lower-skilled, labor-intensive manufacturing such as textiles, which also has the potential to create large-scale employment. Another sector where India has a cost advantage is pharmaceuticals. India needs to support and incentivize such sectors.

**Finally, innovative policy support.** The **production-linked incentive (PLI) scheme** is one example of policy support paying dividends for smartphones, where India has become a net exporter, though with low-value addition. Such sector-specific policies need to be identified for other sectors also.

### 11. Swooping down on algorithms

**Source:** This post is based on the article **"Swooping down on algorithms"** published in **The Hindu** on **22nd Sep 2021**.

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

**Relevance:** Understanding the need to regulate Algorithmic decision-making

**Synopsis:** China's draft rules on regulating recommendation algorithms address pressing issues. Lessons for India.

#### Introduction

China has pursued aggressive measures in its tech sector in the past few months. A host of legislative instruments are in the process of being adopted, including the Personal Information Protection Law, the Cybersecurity Law, and the draft Internet Information Service Algorithm Recommendation Management Provisions.

The Management Provisions, released by the Cyberspace Administration of China, are possibly the most interesting and groundbreaking interventions among the new set of legislative instruments.

#### What are China's management provisions?

The draft Internet Information Service Algorithm Recommendation Management Provisions lay down the processes and mandates for the regulation of **recommendation algorithms**.

Provisions attempt to address the concerns of individuals and society such as user autonomy, economic harms, discrimination, and the prevalence of false information.

The draft says **users should be allowed to audit and change the user tags** employed by the algorithms to filter content to be presented to them.

Through this, the draft aims to **limit classifications that the user finds objectionable**, thereby allowing the user to choose what to be presented with. This also has ripple effects in platformised gig work, where the gig worker can understand the basis of gigs presented to her.

#### What are recommendation algorithms?

**Recommendation algorithms** are widely employed in e-commerce platforms, social media feeds and gig work platforms.

### How do recommendation algorithms work?

Such an algorithm helps a user navigate information overload and presents content that it deems more relevant to the user.

These algorithms **learn from user demographics, behavioral patterns, location of the user, the interests of other users accessing similar content**, etc., to deliver content.

### What are some negative implications of such algorithms?

Such recommendation algorithms **limit user autonomy**, as the user has little opportunity to choose what content to be presented with.

Algorithms tend to have certain **inherent biases** which are learned from their modelling or the data they encounter. This often leads to **discriminatory practices against users**.

### What lessons can India take from this?

Regulating algorithms is unavoidable and necessary. The world is lagging in such initiatives and China is hoping to emerge as a leader. The regulatory mechanism institutionalises algorithmic audits and supervision, a probable first in the world.

It is high time for India to **invest better and speed up legislative action** on the regulation of data, and initiate a conversation around the regulation of algorithms. India should strive to achieve this without copying China.

India must **act fast to resolve the legal and social ills** of algorithmic decision-making.

Policymakers should ensure that freedoms, rights and social security, and not rhetoric, inform policy changes.

### What is the way forward?

Algorithms are as fundamental to the modern economy as engines to the industrial economy. A one-size-fits-all algorithm regulation fails to take into account the dynamic nature of markets.

An ideal regime should have **goals-based legislation** that can lay down the regulatory norms for algorithms. Such legislation must aim to lay down **normative standards that algorithmic decision-making** must adhere to.

This should be complemented by sectoral regulation that accounts for the complexities of markets.

## 12. Focus on agri-exports

**Source:** This post is based on the article “**Focus on agri-exports**” published in **Business Standard** on **22nd September 2021**.

**Syllabus:** GS3 – Issues related to Agriculture

**Relevance:** Agri exports and Doubling farmers income

**Synopsis:** Reforms that needs to be undertaken to achieve full potential of Agri exports in India

### Introduction

The pandemic-driven supply shortage of farm goods and the resultant inc in price in the global market had given India an opportunity to strengthen its Agri-exports.

Consequently, rice exports almost doubled to an all-time high of 9.5 million tonnes and those of wheat by over 2 million tonnes last year. But such bonanzas cannot be expected to endure for long.

In this regard, to support exporters, the government is planning to reintroduce transport and marketing support for agricultural exports.

It will help exporters to cope with high freight costs and other logistical constraints. But this step alone may not suffice to lift farm exports to the desired extent.

Other measures, aimed specifically at upgrading the quality and enhancing cost competitiveness of farm products, are equally vital.

### **How Agri exports have fared in India?**

India has traditionally enjoyed a positive trade balance in agriculture, but the present level of Agri-exports is just around half the potential.

Farm exports in 2020 were around \$42 billion, whereas the current potential, as assessed by the Agricultural and Processed Food Products Export Development Authority, is around \$80 billion.

The country's first dedicated **Agricultural Exports Policy**, announced in 2018, had set an even more ambitious export **target of \$100 billion**.

The annual growth of Agri-exports, is merely 2.5% in 2020. This rate needs to go up substantially to provide an outlet to surplus agricultural produce and increase farmers' income.

### **What needs to be done?**

**Need to diversify the range of products as well as export destinations:** At present, only limited categories of agricultural products are shipped abroad. Example, rice (chiefly Basmati rice), meat (mainly buffalo meat), marine products (primarily shrimp), sugar, spices, certain types of cotton, and select vegetables and fruit. This range would need to be expanded to tap additional markets.

**Public Investments in Agri infrastructure:** A prerequisite for consolidating the country's foothold in the agri-export market is to increase the infrastructure for post-harvest management, storage, and the transportation of export-bound farm produce.

**Structural reforms:** According to a joint report by the Federation of Indian Chambers of Commerce and Industry (FICCI) and YES Bank the following reforms are suggested.

- Export-friendly policy environment
- World standard quality assurance facilities,
- A system to facilitate traceability,
- Greater private investment in the export-oriented Agri-processing industry.
- Need to enhance the export-worthiness of small farmers' produce through value-addition.
- Backward and forward linkages small farmers to link them directly with processing units and exporters.
- Building Indian brands and project India as a reliable supplier.

### **13. Jack Ma's point on collateral-free lending holds relevance in India**

**Source:** This post is based on the article "**Jack Ma's point on collateral-free lending holds relevance in India**" published in **Livemint** on **22nd September 2021**.

**Syllabus:** GS3 – Issues related to mobilisation of resources

**Relevance:** Linkage between credit and Growth.

**Synopsis:** The opportunities that cash-flow-based lending offer can have a profound influence on easing some of the constraints on smaller enterprises

#### **Introduction**

Some of the points made by Jack Ma on digital finance at the Bund Finance Summit are worth reading in the context of the progress made in Indian digital finance over the past few years.

**What criticism did Jack Ma levy on traditional credit disbursal?**

He described the current system of credit disbursal by bank, based on collateral as “**pawnshop mentality**”. He stated that though this was necessary for banks development but is now at odds with the possibilities of new forms of lending.

According to Jack ma, collateralization with a pawnshop mentality is not going to support the financial needs of the world’s development over the next 30 years.

**What alternative did he suggest?**

He wants to replace this pawnshop mentality with a **credit-based system rooted in big data** using today’s technological capabilities.

This credit-based system is not built on traditional IT, not based on a personal relationship-driven society, but must be built on big data, in order to truly make credit equal wealth.

**Why Jack Ma’s vision holds significance for India?**

These remarks on the need to move from a lending system based on collateral to one based on big data are significant especially at a time when India has inaugurated an account-aggregator system.

It will **help small businesses** with inadequate collateral or credit histories access credit at far lower rates than they do now.

**Account aggregators** working through a secure public credit registry can do for the credit sector, what the United Payments Interface (UPI) has done for retail payments in India.

**How the shift towards cash-flow-based lending can revolutionise Indian economy?**

**Access to cheap credit for small businesses:** There is ample research to show that tiny enterprises pay interest rates that are far higher than what their default rates predict. By easing these credit constraints, the account-aggregator system can lend to small enterprises that have some digital and tax footprints. Lenders can access data on bank statements, GST returns, personal spending, etc., to price loans to enterprises they would earlier stay away from.

**Will help to overcome ‘the De Soto Effect’:** De Soto effect states that the global poor working in tiny informal enterprises are in effect shut out of the formal credit system. Hence, they are forced to live in poverty, because a lack of clear property rights makes it difficult for them to offer their land assets as collateral to banks.

A slum dweller with no formal land title thus has to depend on informal sources of money that leave her with little to reinvest in the business.

It is quite likely that a successful shift to lending based on borrower cash-flows will ease the credit constraints on informal enterprises.

**Can ease the formalisation process in India:** Formalization of the Indian economy is under overdue. One suggestion to enable fromalisation process is, by closing the domestic productivity gap. The informal enterprises should grow in scale that allows them to close their productivity gap with larger firms in the organized sector.

However, credit constraints are part of the reason why small firms fail to scale up in India, which employ most Indians who have left farming behind. Cash-flow-based lending can help in this regard.

#### 14. [Changing the agri exports basket](#)

**Source:** This post is based on the article “**Changing the agri exports basket**” published in **The Hindu** on **22nd September 2021**.

**Syllabus:** GS3 – Food Processing and Related Industries in India

**Relevance:** Doubling agri-exports

**Synopsis:** India has the potential to become a global leader in the food processing sector, by making changes to Agri export basket.

#### **Introduction**

The Indian government has been **encouraging agricultural exports** to meet an ambitious target of \$60bn by 2022.

#### **What is the current scenario of agriculture?**

**Growing exports:** The Ministry of Food Processing Industries shows that the contribution of agricultural and processed food products in India’s total exports is **11%**. But the majority share is of primary processed agricultural commodities.

**Shift in India agricultural economy:** It is shifting from primary to secondary agriculture, where the focus is more on developing various processed foods. The Indian food processing industry promises high economic growth and makes good profits.

#### **How export from agricultural sector has evolved over the years?**

**Processed foods:** India’s agricultural export basket is changing from traditional commodities to non-traditional processed foods.

**Shift from traditional exports:** for instance, Basmati rice is one of the top export commodities. However, now there is an unusual spike in the export of non-basmati rice. In 2020-21, India exported 13.09 million tonnes of non-basmati rice, up from an average 6.9 million tonnes in the previous five years.

In 2020-21, the export of poultry, sheep and goat meat, cashew kernels, groundnuts, guar gum, and cocoa products went down in terms of value and total quantity.

**Indian buffalo meat:** it is seeing a strong demand in international markets due to its lean character and near organic nature. The export potential of buffalo meat is tremendous.

**Focus on high value exports:** The main objective of the **Agriculture Export Policy** is to diversify and expand the export basket so that instead of primary products, the export of higher value items, including perishables and processed food, be increased.

#### **What are the challenges still existing?**

**The export of processed food products has not been growing fast:** India lacks comparative advantage in many items. The domestic prices of processed food products are much higher compared to the world reference prices.

**Trade restrictions:** Non-tariff measures imposed by other countries on Indian exports. Such as, mandatory pre-shipment examination by the **Export Inspection Agency**, compulsory spice board certification for ready-to-eat products which contain spices in small quantities, prohibition of import of meat- and dairy based-products in most of the developed countries and withdrawal of the **Generalised System of Preference** by the U.S.

**Lack of strategic planning of exports by State governments:** for example, lack of a predictable and consistent agricultural policy discouraging investments by the private sector.

### What is the way forward?

**Firstly**, the Centre's policy should be in the direction of **nurturing food processing companies**, ensuring **low cost of production** and global food quality standards.

**Secondly**, creating a **supportive environment** to promote export of processed food.

**Thirdly**, Indian companies should focus on **cost competitiveness**, global food quality standards, technology, and tap the global processed food export market.

### 15. More companies pledge 'net-zero' emissions to fight climate change, but what does that really mean?

**Source:** This post is based on the article "**More companies pledge 'net-zero' emissions to fight climate change, but what does that really mean?**" published in **Down To Earth** on **22nd September 2021**.

**Syllabus:** GS3 – Conservation, Environmental Pollution, and Degradation

**Relevance:** Net zero emission and carbon credits,

**Synopsis:** "Net-zero emissions" is in the news, and government leaders and CEOs are under pressure to discuss as to how they'll reduce their countries' or businesses' impact on climate change.

#### Introduction

Amazon, just announced that more than 200 companies have now joined its Climate Pledge, committing to reach net-zero emissions by 2040.

#### What does net-zero emissions actually mean?

**Net-zero emissions:** It's like balancing a check book. The country or company cuts most of its emissions through efficiency and clean energy, then offsets the rest by removing carbon dioxide from the atmosphere or eliminating emissions elsewhere.

#### How companies claim net-zero emissions?

**Carbon credits:** Taking advantage of carbon reductions elsewhere by buying carbon credits and supporting sustainable development projects, such as installing wind or solar power in poorer countries.

For example, a U.S. company might pay to protect forests in South America and then subtract those trees' negative emissions from its own emissions to say that its operations are "net-zero."

#### Then, why carbon credits draw criticism?

**Emission reduction is not permanent:** it allows those companies to keep generating greenhouse gases.

**Administrative issues:** credits might get double-counted by more than one entity. Some projects, like tree planting, can take years to pay off in emissions reductions while the companies buying forest offsets continue emitting greenhouse gases.

**Not sufficient:** Several countries, including the United States, have pledged to meet the goal of net-zero emissions by 2050. But when the U.N. analyzed each country's commitments under the Paris Agreement, it found they still fall short by so much that even if every pledge is met, temperatures will rise about 2.7 C this century.

#### Why do net-zero emissions matter?

**Global warming:** Greenhouse gases trap heat near Earth's surface. When their concentrations get too high, they fuel global warming.

**Paris deal:** To keep warming under 1.5 C with the least disruption, the United Nations says the world needs to be on a path to reach net-zero emissions by about 2050.

**Climate risks:** Global warming today is just over 1 C (1.8 F) above preindustrial levels, and rising seas and extreme weather are already a problem.

**How companies can achieve net-zero emissions?**

**Ramp up energy efficiency:** Improvements in insulation and equipment can reduce the amount of energy needed or wasted.

**Switch from fossil fuels:** shifting to renewable energy, such as solar or wind power, that doesn't produce greenhouse gas emissions. Once the company's electricity is renewable, using electric delivery vehicles further cuts emissions.

**Finding negative emissions:** It might be too expensive or not yet technologically possible to replace steam boiler with a carbon-neutral product. In that case **companies purchase carbon credits** that would remove the same amount of carbon from the atmosphere that would be generated by the boiler.

**What is the way forward?**

**Firstly**, keeping global warming to 1.5 C will require negative greenhouse gas emissions.

**Secondly**, focus on making home and buildings extremely energy-efficient and relying on heating and electricity from clean energy sources.

**Thirdly**, there needs to be a consistent trajectory of improvements and accountability mechanism, not just promises and carbon offsets.

#### 16. [How new global tax rules may reshape India?](#)

**Source:** This post is based on “[How new global tax rules may reshape India?](#)” published in **Live Mint** & “[India, other G24 nations call for gradual withdrawal of ‘Google tax’](#)” published in **Business Standard** on 23rd Sep 2021.

**Syllabus:** GS 3 – Issues related to resource mobilisation

**Relevance:** Digital taxation and new global rules

**Synopsis:** The conventional global tax system is changing, with several countries, including India, imposing a digital service tax and participating in a new global initiative to modernize tax rules.

**Why there's a need for new global tax framework?**

The new tax framework **seeks to tackle digital economy firms** in particular since they do not easily fit into the conventional concept of corporate taxation, which relies on a fixed place of business in a market.

Until now, MNCs could create a registered legal entity in multiple countries and ultimately report a bulk of their revenues in jurisdictions with a very low tax rate.

Since there was no global agreement, individual countries had to compete with each other by lowering corporate tax rates, which is described as “**a race to the bottom**”. This **affected the revenue** for most nations.

Further, countries are **unable to tax tech companies in jurisdictions where they make their profit**.

In this context, OECD, is involved in preparing the blueprint for the new global tax deal. The global solution is aimed to ensure multinational entities pay more taxes in countries where they have customers or users than from where they operate.

**Must Read:** [OECD/G20 Inclusive Framework Tax Deal](#)

### How India taxed global giants till now?

India pioneered the concept of **digital taxation** by levying a **unilateral digital service tax** called **equalization levy in 2016** on online advertisements. This has subsequently been expanded to cover the sale of goods and provision of services through e-platforms.

India's move to impose an equalization levy has since been followed by several other countries such as France, Austria, Chile and the Czech Republic.

### How will it benefit India?

India with a large consumer base **will have a bigger share of the pie** as compared to the other market jurisdictions

Since these companies would in any case be paying taxes in the markets where the consumers are located, it may **encourage them to have physical proximity to their markets** by way of having offices to cater to the unique preferences of each geography.

A dent in the appeal of certain low-tax countries could in turn **boost India's attractiveness** at a time when India is offering tax incentives for setting up factories locally.

India's lowest corporation tax is on par with the proposed global minimum tax rate, so it is **not likely to impact new investments into India.**

### What are some issues related with it?

**Firstly**, India along with other Group of 24 (G24) member nations, has objected to the withdrawal of unilateral measures like the equalisation levy (EL) in one go. They are worried that the proposed global digital tax deal covering only top 100 companies may not lead to sufficient revenue for developing countries.

**Secondly**, the developing countries grouping also recommended that no less than 30 per cent of tax on non-routine profits of these companies should be allocated to market jurisdictions where they have sales.

**Thirdly**, India had proposed allocation of profits under fractional apportionment method. Based on this method the entire profit of the group will be apportioned to different countries in which the group operates through a formula, taking into account factors like employees, assets, sales, and users

### What is the way ahead?

The major changes in the international tax regimes, offers a unique opportunity for India to attract foreign investment.

With continued policy rationalization, increased focus on ease of doing business and more business-friendly policies, India should regain its status as one of the fastest-growing large economies in the near future.

### 17. A flawed calculation of inflation

**Source:** This post is based on the article "A flawed calculation of inflation" published in **The hindu** on **23rd September 2021**.

**Syllabus:** GS3 – Growth, Development and Employment.

**Relevance:** Factors responsible for inflation in India

**Synopsis:** The current official inflation rate does not correctly measure price rise and it needs modification.

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### Introduction

Inflation for the last four months has been worryingly high. Wholesale price index (WPI) has been above 10% and consumer price index (CPI) crossed the 6% mark.

### Does the official data capture the real picture?

**Data issues:** Unlock had gradually started in June and July 2020, but normalcy had not returned. Hence, the official inflation figures for these months in 2021 do not reflect the true picture.

**The price rise differs for different items of consumption:** For WPI, the weights in production are used, for CPI, the consumption basket is used. The consumption basket is vastly different for the poor, the middle classes, and the rich. Hence, the CPI is different for each of these classes and a composite index requires averaging the baskets.

**Consumer confidence:** RBI data show that consumer confidence fell drastically from 105 in January 2020 to 55.5 by January 2021. That means, even when the economy started to grow officially, consumer confidence had not recovered.

**Employment and incomes:** they are still down and 230 million slipped below the poverty line. All this implies that the consumption basket for different sections of the population had changed.

**Under-representation of services:** services are about 55% of the GDP but have no representation in WPI and about 40% in CPI. For instance, health costs shot up during the pandemic, this is not captured in inflation figures.

### Why inflation is a cause of worry?

**Inflation affects the consumer:** If the rate of inflation is 10%, then compared to the previous year a person has to spend 10% more to buy the same number of things.

**Impact on the poor:** the poor have to curtail essential consumption. In India, 94% work in the unorganised sector and mostly earn low incomes and have little savings.

**Impacts on govt's revenues and the budgetary deficit:** inflation puts pressure on the government to cut back budgetary expenditures, especially on the social sector. That aggravates poverty and reduces demand further.

### What are the factors contributing to inflation?

**Increased taxation of energy to raise resources:** Since energy is used for all production, prices of all goods and services tend to rise and push up the rate of inflation. This is an indirect tax, it is regressive and impacts the poor disproportionately more. It also makes the RBI's task of controlling inflation difficult.

**Disrupted supplies:** it added to shortages and price rise. Prices of medicines and medical equipment and items of day-to-day consumption also rose. Fruits and vegetable prices collapsed in rural areas but rose sharply in urban areas.

**Big business raised prices:** in spite of a lower wage bill, they raised prices as reflected in a sharp rise in the profits of the corporate sector.

**International factors:** Most major economies have recovered and demand for inputs has increased while supplies have remained disrupted (like chips for automobiles). So, commodity and input prices have risen. Also, the weakening of the rupee added to inflation.

### 18. Regaining fiscal balance

**Source:** This post is based on “**Regaining fiscal balance**” published in **Business Standard** on **23rd Sep 2021**.

**Syllabus:** GS 3 – issues relating to Planning, Mobilization of Resources, Growth, Development and Employment.

**Relevance:** Fiscal policies and revenue mobilisation

**Synopsis:** The advance tax numbers suggest growth in revenue collection continues to remain strong. However, Central government finances would need careful management.

#### **Introduction**

In the current financial year, the fiscal position has improved significantly and the recovery in revenue collection has surprised many.

By July-end, the government **collected revenue worth over 37%** of its Budget Estimate (BE) for the current fiscal year. The comparable number in the last fiscal year was **about 11%**.

**Better than expected revenue collection** has also resulted in a lower fiscal deficit so far. The government is targeting to contain the **fiscal deficit at 6.8%** of gross domestic product in the current year, compared to 9.5% last year.

#### **Why Central government finances would need careful management?**

**High expenditure to be incurred in Welfare programmes:** According to Finance Secretary T V Somanathan, the government is also incurring expenditure above the BE. For instance, the government reintroduced the distribution of free food grains during the second wave, which is likely to cost about Rs 1 trillion.

**Decreased revenue from non-tax receipts:** The government appears to be cautious on committing additional spending despite higher tax collection because non-tax receipts can be significantly lower than the BE. For instance, it is unlikely to meet the disinvestment target.

#### **What steps need to be taken?**

In the present situation, the government can boost spending without creating permanent programmes, such as those involving cash transfers.

**Pushing capital expenditure**, which has been lagging so far in the current fiscal year, could be one possibility. Since the tax collection is likely to exceed the budget estimate by a significant margin, the government can use the additional fiscal room to push capital expenditure.

**GST Council should rationalise tax rates:** The end of compensation payment for goods and services tax (GST) shortfall from July next year will increase fiscal risk for many states. Extending the compensation mechanism will not be feasible because the cess collection beyond June 2022 will be used to repay debt raised in the last and current fiscal year to pay compensation. In this context, The GST Council should rationalise rates as soon as possible and take them to the **revenue-neutral** level.

This will not only improve the fiscal situation for states but also provide greater stability to central government finances and help draw the medium-term consolidation road map.

### 19. The state of agriculture in India is only going from bad to worse

**Source:** This post is based on the article “**The state of agriculture in India is only going from bad to worse**” published in **Livemint** on **24th Sep 2021**.

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

**Relevance:** Agrarian distress in India

**Synopsis:** Our agricultural sector has been in a state of perpetual decline after 2012-13 and is reeling under such shocks as back-to-back droughts, demonetization and the COVID-19 pandemic. The latest Situation Assessment Survey adds to findings that reveal worsening agrarian distress.

### Introduction

Recently, the National Statistical Office released the Situation Assessment Survey (SAS) of agricultural households for the 2018-19 agricultural year, which runs from July to June. This is the 3<sup>rd</sup> survey of the SAS series; the earlier two were for 2002-03 and 2012-13 agrarian years.

The latest one holds importance, given the unprecedented crisis in India's economy driven by declining demand and supply disruptions, and also in the context of an intensification of the farmer agitation against three farm laws.

### What are the reasons behind the agrarian distress?

The crisis in agriculture has been developing for quite some time. Essentially, our agrarian economy has been in a state of perpetual distress after 2012-13 due to the following reasons:

- a sharp slowdown in the economy and a rise in input costs driven by rising wages
- faulty implementation of India's fertilizer-subsidy reforms and higher fuel prices
- The back-to-back drought in 2014 and 2015 added to the problems.
- Demonetization caused disruptions that left many farmers unable to sell. Since then, the economy has experienced a sharp slowdown, followed by the covid pandemic.

### What are the results SAS 2018-19?

**i). Increase in wage income:** The average income of an agricultural household from all sources—cultivation, livestock, wage earnings as well as non-farm incomes—increased in real terms from ₹6,436 in 2012-13 to ₹7,683 in 2018-19. However, this was mainly on account of higher wage incomes, which rose 6.7% per annum.

**ii). Decline in cultivation income:** More than 90% of farmers during July 2018-June 2019 reported being engaged in crop cultivation, and for a majority of them, real incomes from it declined 1.3% per annum. This decline was experienced not by any particular class, but by all farmers, from those with small and marginal to medium and large farms.

### Why SAS 2018-19 results are worrying?

Due to the following reasons:

**i). Incomes from non-farm sector are not reliable:** A large proportion of rural households are still engaged in agriculture; and within agriculture, an overwhelmingly large proportion are dependent on crop production. While higher than average growth in wage labour may have protected agricultural households from a decline in real incomes, it is unlikely that the non-farm sector will continue to protect farmers' incomes in the future.

**ii). The country's rural areas are suffering.** The fall in real cultivation incomes has been partly responsible for a slow demand and economic growth even before the pandemic. But the fact that it has caused investment in agriculture to weaken points to further distress for our agricultural economy.

**iii). Impact of COVID:** These SAS estimates pertain to 2018-19, or two years before the pandemic struck the Indian economy. Events after 2018-19 suggest that the situation would

certainly have worsened on account of a rise in input costs driven by energy and fertilizer prices.

**iv). Declining and Stagnant prices:** Data from the wholesale price index suggests that farm-gate prices for a majority of crops have either declined or remained stagnant.

**v). Decline in real wages:** With real wages declining in the last two years, even the cushion of wage incomes compensating for the loss of cultivation incomes may not be enough. Moreover, the recently released Periodic Labour Force Survey showed an actual increase in workers dependent on agriculture. This would result in a sharper reduction in real incomes per agricultural work.

**What needs to be done?**

The priority at this juncture for the government should be to **protect the real incomes of farmers** that they were getting before it assumed office.

**20. A climate change narrative that India can steer**

**Source:** This post is based on the article " **A climate change narrative that India can steer** " published in **The Hindu** on **24th September 2021**.

**Syllabus:** GS 3- Conservation, Environmental Pollution and Degradation, Environmental Impact Assessment, Disaster and Disaster Management.

**Relevance:** To understand the effects of the climate change

**Synopsis:** The Glasgow COP26 meet offers India a chance to update its Nationally Determined Contributions to meet climate targets.

**Introduction**

Recently, Ministry of Earth Sciences (MoES) published a report titled "Assessment of Climate Change over the Indian Region". This report reveals that **India has warmed up 0.7° C during 1901- 2018**.

**What are the findings of the assessment?**

The **2010-2019 decade was the hottest** with a mean temperature of 0.36° C higher than average.

**Heatwaves** continued to increase with no signs of diminishing greenhouse gas emissions despite lower activity since the novel coronavirus pandemic. Prolonged exposure to heat is becoming detrimental to public health. The poor people are unable to cope up with heat.

As per the assessment, India may experience a **4.4° C rise** by the end of this century.

**Flooding:** Super cyclone "Cyclone Amphan" that hit India in 2020, cost monsoon flooding. It caused India's heaviest monsoon rain in the last 25 years and the world's seventh costliest. In early 2021, India suffered two more cyclones: Cyclone Tauktae hitting the west coast and Cyclone Yaas from the east.

**What is the reason behind rising internal displacement of population?**

As per Internal Displacement Monitoring Centre, India's Internally Displaced Populations (IDPs) are rising due to **damaging climate events**.

**Heavy rainfall:** Uttarakhand's residents began deserting their homes after the Kedarnath floods in 2013 due to heavy precipitation that increases every year. Uttarakhand is the most affected state. Within 2050, rainfall is expected to rise by 6% and temperature by 1.6° C.

**Coastal erosion:** India lost about 235 sq km to coastal erosion due to climate change induced sea-level rise, land erosion and natural disasters such as tropical cyclones between 1990-2016.

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This led to displacement. Around 3.9 million displaced in 2020 alone, mostly due to Cyclone Amphan.

**Droughts:** India's Deccan plateau faced severe droughts in the 21st century. Maharashtra and Karnataka are the most affected.

### **What are some steps that India has taken to tackle the climate change?**

- India held the top 10 position for the second year in a row in 2020's Climate Change Performance Index (CCPI). The country received credit under all of the CCPI's performance fields except renewable energy where India performed medium.
- India vowed to work with COP21 by signing the Paris Agreement to limit global warming and submitted the [Nationally Determined Contributions](#) (NDCs).
- India cofounded with France at COP21, in 2015, the [International Solar Alliance \(ISA\)](#) which aims at mobilizing USD1 trillion in investments for the deployment of solar energy at affordable prices by 2030.

### **What are the issues with India's global alliances and policies regarding climate change?**

Despite leading ISA, **India performed the least in renewable energy according to the CCPI's performance of India.**

**The problem:** The question is, are these global alliances and world-leading policies being practised or are merely big promises with little implementation?

India is **not fully compliant** with the Paris Agreement's long-term temperature goal of the NDCs. There are risks of falling short of the 2° C goal.

To achieve the Paris Agreement's NDC target, India needs to produce 25 million-30 million hectares of forest cover by 2030.

In reality, India has overpromised on policies and goals which is difficult to deliver.

### **Why does the COP26 matter?**

The Glasgow COP26 offers India a great opportunity to implement Paris Agreement and update NDCs to successfully meet the set targets.

Being an influential member of COP26, India has the ability to improve its global positioning by leading a favourable climate goal aspiration for the world to follow. India has the opportunity to save itself from further climate disasters and be a leader in the path to climate change prevention.

## **21. [Managing risks of a green economy](#)**

**Source:** This post is based on the article "[Managing risks of a green economy](#)" published in **Business Standard** on **23rd September 2021**.

**Syllabus:** GS3 – Issues related to climate change and clean energy

**Relevance:** Green transition and its impact on Indian economy

**Synopsis:** A rapid transition to renewable energy, which is necessary, will disrupt a number of businesses.

### **Introduction**

Climate change will affect lives and livelihoods across the globe with some countries getting disproportionately impacted.

According to a recent report by the Swiss Re Institute, climate change could **reduce global gross domestic product by 18% by 2050** if no mitigation action is taken. India would also suffer significantly.

A 2019 International Labour Organization study noted that productivity loss because of heat stress could be equivalent to 80 million full-time jobs globally in 2030.

Clearly, **more needs to be done** to contain the risk of climate change. However, the other side, that is, discussion on disruptions that a rapid transition to a green economy could entail has not started.

### **How transition towards clean energy will impact business and government?**

**Green business risks:** A rapid transition to renewable energy, which is necessary, will disrupt a number of businesses. India, for instance, produces the bulk of its power through coal-fired plants and experts argue that it will need to build more such plants to meet its energy requirements in the next few years.

**On coal plants:** As India moves rapidly towards renewables, **capacity utilisation in coal plants** would decline, affecting return on investment. This will have implications for both debt and equity holders.

**Automotive industry:** Similarly, India has a **large automotive industry base**. As the business moves towards electric vehicles, the market will be disrupted with some legacy manufactures and component makers going out of business. Aside from **financial losses**, it could also **affect employment**. Since electric vehicles have fewer moving parts, they need less labour.

**Monetary policy and central banking:** Recently, former Reserve Bank of India (RBI) governor Urjit Patel argued that not adjusting the central bank reaction functions to climate change will result in suboptimal policy choices. However, as another former RBI governor Raghuram Rajan has argued, they should stay away from such an objective as it is primarily a fiscal issue. Shifting roles and responsibilities of Central bank towards climate change can affect financial stability, and price stability could also get affected.

**Fierce fiscal risks:** India's transition to a green economy will pose serious fiscal risks, both at the central and state level. Both levels of government depend significantly on revenue from petroleum products. Theoretically, if petroleum products are replaced by other sources, this stream of revenue will be wiped out.

If part of the demand shifts to the power sector as incentives for electric vehicles aim, it would create even bigger fiscal complications.

India's power sector is in problem. The debt of state-run distribution companies is likely to cross the Rs 6 trillion mark in the current year. The state of power distribution companies poses significant risks to state government finances.

Thus, a meaningful demand shift in the automotive sector from petroleum to power can create enormous complications for government finances.

### **What is the way forward?**

**First**, both the central and state governments will have to **reduce dependence on petroleum products** for revenue generation. For this to happen, both direct tax and the goods and services tax system will need to be overhauled.

**Second**, the issues in the power sector will need to be fixed once and for all. It is important to recognise that consumers will have to pay.

If these two issues are not addressed immediately, any meaningful attempt to move towards a green economy would create serious fiscal, growth, and financial stability risks. This could eventually end up increasing climate risks and diminishing India's global standing.

## 22. Human resources & regulatory autonomy

**Source:** This post is based on the article “**Human resources & regulatory autonomy**” published in **Business Standard** on **24th September 2021**.

**Syllabus:** GS3 – Issues related to financial regulation in India

**Relevance:** Financial sector reforms

**Synopsis:** Statutory regulatory authorities need autonomy in staffing their organisations with specialists who have integrity and knowledge.

### **Introduction**

Recently, the chairman of the **National Financial Reporting Authority (NFRA)** called for a “standalone legislation”. He stated that, in the interest of functional, financial and administrative autonomy of the NFRA, there is a compelling need for a standalone legislation on NFRA.

### **Why NFRA was established?**

The need for establishing the NFRA had arisen on account of the requirement across jurisdictions in the world, in the wake of accounting scams.

Hence, government wants to establish independent regulators, for enforcement of auditing standards and ensuring the quality of audits, and thereby, enhance investor and public confidence in financial disclosures of companies.

### **Why a standalone legislation?**

NFRA was constituted in 2018 under section 132 of the Companies Act, 2013.

The chairman said that this section does not provide comprehensive coverage of all the functions and powers that are required to constitute the NFRA as a corporate financial reporting regulator.

### **How regulators like NFRA are created in India?**

Regulation is defined more broadly as the intentional and direct interventions by public agencies in the economic activities of a target population usually in the private sector.

Regulators are created as a **statutory regulatory authority (SRA)** and vested with the powers of two or all three organs of the state, namely the legislative, executive and judiciary.

### **Why SRAs like NFRA need the flexibility to recruit?**

SRA's are required to develop the capabilities required to discharge functions in domains that require specialised and continuously updated knowledge. **Example:** the Reserve Bank of India (RBI) in its role as the banking regulator requires people with specialised knowledge of banking.

If there are adjudicatory activities associated with these then another arm of the regulator will also need to have the capacity to judge the violations of these measures and take remedial and penal actions.

Further, the normal governmental system of personnel does not deal with such specialised areas. Hence, SRAs need the flexibility to recruit, retain and substitute talent as dictated by developments in the markets they regulate.

### **What is hampering the recruitment of talented human resources in regulator sector?**

The government remuneration systems turn out to be inadequate to attract the right talent. This is mainly due to conditions specified in The **General Financial Rules (GFR)**.

The **General Financial Rules (GFR)** of the government are applied to organisations that receive more than 50 per cent of their recurring expenditure in the form of grants-in-aid. According to GFR rules, such organisations need to formulate terms and conditions of service of their employees in a way that they are not higher than those applicable to similar categories of employees in government.

Another rule of the GFR requires that all proposals for creation of positions in such bodies shall be submitted to the sanctioning authority.

#### **What is the way forward?**

Given that India will need organisations which may not have a natural and direct source of income (like the NFRA and IBBI) the longer-term solution will lie in the **direction of differential treatment of SRAs** in the GFR.

The mandate and nature of the functions of the organisation, should be the basis of classification of organisations.

In this context, The **Financial Sector Regulatory Reforms Commission** recommendations to fully empowering the board of the SRA, along with appropriate changes in the GFR is the way forward. This will ensure SRA autonomy with accountability.

### **23. India's consumer map is rapidly being redrawn by major trends**

**Source:** This post is based on the article “**India's consumer map is rapidly being redrawn by major trends**” published in **Livemint** on **24th Sep 2021**.

**Syllabus** – GS3: Inclusive Growth and issues arising from it

**Relevance:** Growth in consumption

**Synopsis:** Companies must adapt to a market of rising incomes, digital innovations, new consumers and altered consumption curves.

#### **Introduction**

Pandemic shocks and aftershocks make the immediate economic outlook more uncertain. However, prospects for India's consumption remain robust as incomes are projected to rise and millions more will experience growth in their spending power.

#### **Which factors are responsible for shaping India's consumer landscape?**

- Consumption preferences and behaviour.
- Technological change.
- Digital ecosystems such as ‘super app’ model in which a single app offers one-stop-shops for a range of digital services.
- E-commerce, or communications.

#### **What are the future predictions?**

**Consumption growth:** one of every two upper-middle-income and above households is expected to be in Asia, and one of every two dollars of global consumption growth is likely to occur in the region.

**India's consumption growth:** by 2030, 55% of India's population could belong to ‘consuming class’, spending more than \$11 a day in purchasing power parity (PPP) terms.

**India's income pyramid is expanding:** The proportion of consumers in the two highest income tiers of the consuming class could double to 20% by 2030.

**Despite the challenges, how India retains its large long-term growth potential?**

**Demographics:** In India, two generations will come into focus over this decade: a generation of ‘online-first’ consumers, expected to account for at least half of all consumption by 2030, and those aged 60 and over, whose consumption could grow 1.6 times faster than that of India’s on the whole.

**Spending pattern:** The pandemic accelerated the shift and senior spending patterns are likely to shift increasingly online. Internet banking, ride-hailing and payment of utility bills are some of the most cited reasons why seniors use digital tools.

**Economic empowerment of women:** an estimated \$1.4 trillion could be added to India’s economy by 2030 from increased female participation. This opportunity may not be easy to capture but we need to focus on narrowing gender gaps.

**Digital empowerment:** In India and South Asia, the gender gap in mobile internet access has narrowed by 16 percentage points since 2017. New digital models can help more women join the labour force as entrepreneurs.

**What is the way forward?**

**First**, companies serving the Indian market need to consider growing consumer segments that are becoming even more diverse in an era of rapid technological change.

**Second**, Innovation in business models needed. Technology is democratizing consumption, thereby opening up the market to a vast number of new consumers.

**24. WHO’s new air quality standards underline the health-pollution link. It’s time policies take a holistic approach**

**Source:** This post is based on the following articles

“**WHO’s new air quality standards underline the health-pollution link. It’s time policies take a holistic approach**” published in **Indian Express** on **24<sup>th</sup> September 2021**.

“**Explained: What new WHO pollution norms mean for India**” published in **Indian Express** on **24<sup>th</sup> September 2021**.

**Syllabus:** GS3 – Environmental pollution and degradation.

**Relevance:** To understand the complexity of the issue of air pollution.

**Synopsis:** India’s air quality standards were way short of WHO norms even before. The new thresholds will sharpen these differences.

**Introduction**

The **World Health Organization (WHO)** has released the **Global Air Quality Guidelines (AQGs)**. These guidelines are **not legally binding** but advise to policymakers to shape their policies by prioritizing the health of the people.

**Read here:** [WHO says air pollution kills 7 million a year, toughens guidelines](#)

**Where does the problem lie?**

**Pollution management:** Short-term ad-hoc measures are often deployed to deal with the problem of air pollution in India, such as bans, fines and shutting down of power stations.

**Collaboration:** The issue of Air pollution is multi-faceted involving pollution, health, environment etc. But rarely any collaboration is seen between the Ministries of Environment and Health.

The **National Clean Air Programme (NCAP)** does talk of inter-sectoral linkages, especially health and environment, and sets time-bound targets, but the success of the program will

depend on how it can synergize different plans of various departments. In the absence of such concerted action, the NCAP could end up becoming another data-gathering exercise.

**Updated data:** India's ambient air quality standards were last updated in 2009. It is high time that they are revised and WHO guidelines are inculcated into them.

**Focused approach:** Quality of air is dependent on a variety of activities and therefore needs to be tackled at source. For example, one cannot expect clean air, when the surroundings are filthy, or the quality of roads are not good.

**Conflict with other activities:** There is direct conflict in efforts to improve air quality with some other objectives like to keep our industries competitive in the short term. That is the reason why we have seen repeated relaxations, extensions of deadlines, in implementing more stringent emission norms for certain industries.

**Unsustainable construction:** The construction site is not covered properly. Construction material or debris is kept in the open and transported in open trucks.

**Roads:** India's roads don't conform to basic construction sites. The corners of the roads are not properly paved, leading to the release of lots of very harmful particles. The sidewalks and road dividers are major sources of dust.

All this calls for multi stakeholder-approach to handle this complex problem.

## 25. Missing skills: Low employability calls for academia-industry link

**Source:** This post is based on the article "**Missing skills: Low employability calls for academia-industry link**" published in **Times of India** on **24<sup>th</sup> September 2021**.

**Syllabus:** GS 3 Indian economy – development and employment

**Relevance:** To understand the employability of Indian graduates

**Synopsis:** Given the poor employability of Indian graduates, urgent steps are needed to address the skill gaps.

### Introduction

The **QS Graduate Employability Rankings 2022** were recently released. The report reveals that **no Indian Higher Education Institution is in the top 100 and only 3 HEI can make a place in the top 200**. This shows the employability crisis of Indian graduates.

**Read more:** [Three IITs among world's top 200 in QS Graduate Employability Rankings 2022](#)

### What is the employability status in India?

**Employability report:** A 2019 report by Aspiring Minds termed the challenge as "**stubborn unemployability**". It concluded that the employability of Indian engineers has not changed since 2010. Only 3.84% of engineers are employable at software start-ups.

**India Skills Report 2021:** It estimated overall employability at 45.9%. It means least one of two graduates is not ready for the job market. In polytechnics, the employability level is as low as 25%.

GOI launched the [National Education Policy \(NEP\)](#) to address this problem.

### What we can do further?

We can take **inspiration from the models of Germany and Japan**. Germany's apprenticeship programme is a building block of its manufacturing prowess. Japan's school system plays an important role in matching student skills with industry's requirements

As the Indian market grows, the demand for more skilled workers will grow. So, India should invest in skilling its youth for meeting the demands of the future job market.

## 26. The Unicorn Stampede

**Source:** This post is based on the article “The Unicorn Stampede” published in **Indian Express** on **24th Sep 2021**.

**Syllabus** – GS3: Mobilization of Resources, Growth, Development

**Relevance:** Unicorns, investment in India

**Synopsis:** It would be wise for investors to take a deep breath before investing in India to make sure that the blessing of unicorns does not end up saddling India with a curse.

### Introduction

Unicorns are Start-ups with a billion dollar-plus valuations. There is Unicorn stampede in India and on the other hand there is fewer unicorn sightings in China which is ordinarily the biggest unicorn habitat outside the US.

### Why unicorns are shifting base from China?

**Crackdown:** China’s tech industry contributed over 38% to the country’s GDP last year and was key to managing both Covid and the economy. Beijing has decided to crack down on the industry.

The crackdown began with the abrupt suspension of the much-anticipated initial public offering (IPO) of Ant Group, while founder, Jack Ma, the very face of Chinese tech worldwide, mysteriously went underground.

**Industry-wide changes in China:** The state’s shadow extends well beyond restricting capital markets access and tightening regulations. Weekends and holiday tutoring by private tutors are off-limits. Video games, on the other hand, can only be played on Fridays and weekends.

### Why India is experiencing unicorn stampede?

**Tiger Global Management:** it topped the list in terms of greatest exposure to the risks created by China’s tech crackdown. Hence, Tiger’s interest in India has spiked which attracted attention of other investors. Tiger’s investment in Innovaceer, for example, has given India its first health-tech unicorn.

**Venture deals increasing:** China may have four times the number of unicorns as India, but this year for the first time since 2013, the value of venture deals in India surpassed that of China.

**India is the world’s second-largest digital market:** The use of the United Payment Interface has made digital payments easier in a society that was so tied to cash.

**Opportune time:** Many startups are in a hurry to capitalise on the boom with many investors looking to capitalise them. For example, ShareChat can get you into Tier 2 and Tier 3 cities over a vernacular social media platform.

### Why this shifting may not be good for India?

**Self-reinforcing cycle:** The early investors draw in others who fear they are missing out, and more investors rush in, perpetuating the cycle. The cascading tranches of money over-capitalise startups by giving more money than what’s needed to get to necessary milestones.

**Over-valuation:** Each investor may over-value a company, far exceeding what is justifiable based on market fundamentals.

## 27. When global firms disengage, employment suffers

**Source:** This post is based on the article “When global firms disengage, employment suffers” published in **the Hindu** on **25th September 2021**.

**Syllabus** – GS3: Investment, Inclusive Growth

**Relevance:** FDI vs Domestic Capital formation

**Synopsis:** Permanency of large foreign firms operating for decades is slowly on the decline. That is why, domestic capital formation and private investments should step in.

### **Introduction**

The most recent labour statistics, for August 2021, released by the Centre for Monitoring Indian Economy (CMIE) shows that the unemployment rate has increased from around 7% in July to 8.3% for August 2021.

### **What does the analysis of CMIE data says?**

**Sectoral analysis** shows that most of the jobs lost were farm jobs, while non-farm jobs did increase to absorb some of these. However, the quality of new jobs generated is a matter of concern.

**Non-farm jobs** increased by 6.8 million, mainly in business and small trade, but the manufacturing sector shed 0.94 million jobs. Thus, much of the labour shed by agriculture has been absorbed in low-end service activities.

**Employment sustainability:** The non-availability of sufficient jobs in manufacturing and higher end services could be the dampener for economic recovery in the subsequent quarters of the current fiscal year.

**Driver of the manufacturing sector's output and employment growth** is the auto sector. The automobile sector employs 19.1 million workers, directly and indirectly.

### **Why there is difficulty in expansion of auto sector?**

**Aggregate demand** in the economy is **low** due to pandemic.

**The shortage of semiconductors** continues to impact production even when customer sentiments are slowly turning positive.

### **What are some important issues/concerns associated with foreign investment?**

**Global corporate restructuring:** the uncertainties of global corporate restructuring and changes in the economic environment in the lead firm's home economy are factors to consider. **For example**, experience of Nokia was one of the world's largest mobile phone plant, with 8,000 permanent employees working three shifts and exporting products to over 80 countries. But in 2014, Nokia halted its production operations from this location, disrupting the livelihoods of thousands of workers.

**More frequent global production re-arrangements:** these are becoming a part of the strategy of big firms in this phase of globalisation, as markets tend to be more volatile due to repeated demand fluctuations.

Recently, Citibank announced that it would shut India retail banking business as part of a global decision to exit 13 markets.

**Creating a massive disruption in the local economy:** Ford's exit from India will affect about 4,000 direct employees. Estimates show that another 35,000 indirect employees would also be lost at various levels.

**Emergence of modern transnational corporations (TNC):** When TNCs emerge as key players in an industry, a proliferation of mergers and consolidations across national and international borders might be frequent.

### **How exit of high-profile firms' impact job generation?**

**Creates apprehensions among potential investors:** it generally lead to a 'wait and watch' approach, affecting private investments even if an economy claims to have the tag of investor friendliness. A downturn in private investments leads to slower employment growth.

**Mismatch in labour supply:** The process of the 'destruction' of jobs through exits creates mismatches in the labour market. There is a sudden release of high skilled workers which could block possible new entrants who have already invested in their skills. This leads to a levelling down of wages which occurs when high-end services firms exit.

**Rise in unemployment:** When large assembly firms exit there would be a big influx of low-skilled workers to other sectors as the same sector might not be able to absorb the workforce released. This churn in the labour market aggravates an existing unemployment problem.

### **What is the way forward?**

**First**, raising the level of public investments which is the key to output and employment growth.

**Second**, attract domestic private investment. the economy has been waiting for private investments to flow in for quite some time, but their levels have been very low.

## **28. Why India must strengthen its public sector**

**Source:** This post is based on the article "Why India must strengthen its public sector" published in **Indian Express** on **25<sup>th</sup> September 2021**.

**Syllabus:** GS3 – Issues related to Privatisation of public sectors

**Relevance:** Significance of India's PSEs, Drawback of Privatisation of PSEs.

**Synopsis:** The sale of giants like BPCL, BEML or SCI would undermine India's "Atmanirbhar" goal. Privatisation compromises India's sovereignty and economic freedom, threatening its energy security and strategic position.

### **Introduction**

Today, 28% of the world's largest and most powerful economic entities are state-owned, dominated largely by the Chinese State-Owned Enterprises (SOEs).

China today has 124 firms in the Fortune list, of which 95 are SOEs, compared to 118 from the US. Many so-called private Chinese firms like ZTE and Lenovo are known to be controlled by SOEs.

The next group of 26 SOEs are from the OECD countries, while emerging market countries like Brazil, India, Mexico add another 17 to make a total of 135 SOEs in the list.

### **How China's state-owned industry is performing globally?**

The last two decades have witnessed Chinese SOEs acquiring several American and European technology companies, from IT to oil fields, coal to strategic minerals, telecom to mobile phones and solar wafer to computer chips.

The rise of Chinese SOEs has far-reaching consequences for global competition and control over strategic technologies and resources.

### **How China was able to create a dominant state-owned industry?**

The rise of Chinese SOEs in the global economy can be traced to the strategic vision and plan articulated in 1998 at the 15th Congress of the Communist Party of China (CPC).

The reforms launched by the 15th Congress were **to restructure larger SOEs**, "corporatise" them and list several on the stock market, making them profitable and competitive in global

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markets. Simultaneously, China set up 37 new SOEs in new emerging industries and technologies.

Also, China quickly let go of the small and shut down or privatised 90,000 enterprises, with little impact on the share of SOEs in total output.

**Must Read:** [What is the history of India is supporting growth of PSEs?](#)

### **What are the implications of privatizing India's significant PSEs?**

**Reduces India's potential in acquiring assets and resources abroad:** For instance, Bharat Petroleum has assets in 17 countries and holds part of India's strategic oil reserves.

**Impact on Shipping industry:** Declining support to SCI and Indian shipping has meant that the share of India's maritime trade carried by Indian ships is today a minuscule 6%, down from 40% in 1989.

**Impact on key industrial capabilities:** The government's refusal to support PSEs at critical moments has left wide gaps in key industrial capabilities. With the collapse of HMT, India is forced to import 80% of its machine tools, the bedrock of manufacturing.

**Affects India's self-sufficiency:** The undermining of the pharmaceutical PSEs like IDPL and HAL, once India's pride, makes it dependent on active ingredients from China.

**Affects India's leading role in future technologies:** The government's reluctance to support BHEL has flooded the Indian power sector with Chinese equipment. Moreover, India is largely absent in emerging technologies like solar wafers, computer chips or EV batteries.

**Impact on Aviation:** In the development of a civilian aircraft, India has lost a decade due to the ideological reservation about spending public money for developing anything outside defence.

### **What is the way forward?**

India needs to imitate China in establishing new PSEs in strategic and emerging industries, which require patient capital and greater risk.

PSEs are important strategic assets to confront a rising China, more valuable than Rafale jets or leased Russian submarines.

## **29. The trouble with containing China**

**Source:** This post is based on the article "The trouble with containing China" published in **Business Standard** on **25<sup>th</sup> September 2021**.

**Syllabus:** GS3 – Globalisation and challenges arising from it

**Relevance:** China's geopolitical significance

**Synopsis:** This article illustrates why it is difficult to contain China

### **Introduction**

China is mounting a robust challenge with its "wolf-warrior" diplomacy and the vastly ambitious One Belt One Road initiative and String of Pearls.

To counter aggressive rising China, the new alliance (AUKUS) between Australia, the UK and the US, is formed.

However, according to the author, it's difficult to contain China unlike Russia. Further, any change in Political status of China will have global ramification.

**How has China developed in to a super global power?**

China, has actively encouraged the **monetisation of science and technology capability**. Over 80% of its R&D expenditure comes from corporate sources, and it has a huge number of home-grown, high-tech, mega-billion businesses.

China has the **world's biggest, most diversified manufacturing base**. It is a monopoly or near-monopoly player in many sectors, and a leader in cutting-edge research in genetics, aerospace, consumer electronics, supercomputing, etc.

Just as it has encouraged entrepreneurs to tap every overseas market, it has also encouraged its best and brightest to study abroad to ensure it stayed abreast of developments in every field.

**Why it is difficult to Contain China?**

**Firstly**, China has developed a mighty human resource and technological capability, Hence, China cannot be driven into poverty by an arms race.

**Secondly**, China is **fully integrated into global economy** and if it does undergo any catastrophic political change, the global economic costs will also be high.

It was already visible on what could happen to supply chains when China went into lockdown for one quarter last year. Also, the latest real estate bubbles like Evergrande will lead to an implosion in a massively-leveraged economy.

If the PRC thrives, there's a problem. If it collapses, there's also a problem. It induces suffering in both, those who consume it and those who don't.