



7 PM COMPILATION

18th - 24th May, 2020

Features of 7 PM compilation

- ❖ Comprehensive coverage of a given current topic
- ❖ Provide you all the information you need to frame a good answer
- ❖ Critical analysis, comparative analysis, legal/constitutional provisions, current issues and challenges and best practices around the world
- ❖ Written in lucid language and point format
- ❖ Wide use of charts, diagrams and info graphics
- ❖ Best-in class coverage, critically acclaimed by aspirants
- ❖ Out of the box thinking for value edition
- ❖ Best cost-benefit ratio according to successful aspirants

A 1991 moment for agriculture: On Agriculture Reform

Topic: Indian economy

Subtopic: Agriculture

“India’s Role in Changing Dynamics of Afghan Peace Process”

Topic: International relations

Subtopic: India’s neighborhood

A Moment for the True Revival of MGNREGA

Topic: Government intervention

Subtopic: Schemes

ACHIEVING SELF RELIANCE IN DEFENSE

Topic: Internal security

Subtopic: Defense production policy

A 1991 moment for agriculture: On Agriculture ReformSource: [IndianExpress](https://www.indianexpress.com)**What has happened**

The third tranche of the Atmanirbhar Bharat Abhiyan focused on improving the infrastructure gaps and governance issues plaguing the farm sector. It had 11 major points, of which eight are related to miscellaneous items like financing farmgate infrastructure. The other three Agricultural Reforms relate to:

1. Amending the Essential Commodities Act (ECA) of 1955
2. Bringing a Central legislation to allow farmers to sell their produce to anyone, outside the APMC mandi yard, and enable barrier-free inter-state trade
3. Creating a legal framework for contract farming

Amending the Essential Commodities Act (ECA) of 1955

The Central government will deregulate the sale of six types of agricultural produce, including cereals, edible oils, oilseeds, pulses, onions and potatoes.

Background of the Essential Commodities Act, 1955:

1. The ECA has its roots in the Defence of India Rules of 1943 when India was plagued by famines and facing the effects of World War II.
2. It was relevant in the mid-1960s due to scarcity of food grains caused by back-to-back droughts.
3. India needed a legislation to tackle illegal stockpiling as it was dependent on PL480 imports from the USA.

In present times, India is the largest exporter of rice in the world and the second-largest producer of both wheat and rice. It's self-sufficient with huge buffer stocks and doesn't require a law to ensure availability of food grains.

Shortcomings of the Essential Commodities Act, 1955:

1. The Economic survey (2019-20) describes the Essential Commodities Act (ECA) as anachronistic and scarcity-era legislation irrelevant today.
2. It discourages private investment in storage facilities as the ECA can put stock limits on any trader, processor or exporter.
3. Frequent and unpredictable imposition of blanket stock limits distorts
 - movement up the agricultural value chain
 - development of a national market for agricultural commodities
4. It has remained unsuccessful in controlling the volatility of the prices of Dal, Sugar and Onions.
5. ECA enables rent seeking and harassment by overzealous bureaucracy.
6. Poor remuneration for farmers when prices plummet immediately after harvesting due to lack of storage facilities.
7. It also leads to inflation in the lean season caused by distress selling due to lack of warehousing and storing facilities.

Impact

1. **Private Investment:** Removal of stock limits will encourage private sector investment in agricultural value chain.
2. Creation of warehouses and post-harvest agricultural infrastructure (processors, mills and cold chain storage).
3. **Better remuneration:** Prevent distress selling by the farmers due to lack of warehouses.

4. **Inflation control:** Lack of storage facilities in the lean season leads to flaring up of prices for the consumers.
5. **Wastage:** Prevent wastage of agri-produce that happens due to lack of storage facilities.
6. Prevent harassment by the bureaucracy and cut down red tapism in farm sector.
7. **Balance of Payment:** Promote exports leading to more forex earnings that would improve the Balance of Trade.

Challenges

1. The provision of re-imposition of stocking limits under the ECA if the prices go up.
 2. The law provided deterrence to black marketing and hoarding.
 3. The risk of future inflationary food price spikes in case of total deregulation.
- This amendment can help both farmers and consumers by bringing in price stability and preventing wastage of agri-produce.

Central legislation on Agri-Marketing

It allows farmers to sell outside the APMC yards and enables barrier-free inter-state trade.

Advantages of the proposed law:

1. Greater competition amongst buyers by breaking the monopoly of APMC markets
2. Creation of a unified national market and connecting farmers to end users.
3. Lower the mandi fee and the commission for arhatiyas or intermediaries.
4. Reduce multiple cesses imposed on APMC markets by state governments
5. **Better returns:** The proposed law will open more choices for the farmers and help them in getting better prices.
6. **Better spatial integration of prices:** By facilitating the movement of agri-goods and removing barriers in inter-state trade
7. **Remove regional distortions:** Farmers of regions with surplus produce will get better prices and consumers of regions with shortages, lower prices.

Contract farming law

Third, the Contract farming law plans to bring in legal framework to provide more certainty and choice for farmers.

Advantages of the law:

1. Provide assurance of a price to the farmers before sowing.
2. Cropping decisions will be based on forward prices instead of the last year's prices.
3. **Lower NPAs:** Minimize market risks of the farmers leading to less loan defaults and consequently lower NPAs
4. Promote the idea of Farmer producer organizations' (FPOs) for collective bargaining.

Challenges and Way forward:

- **Asymmetric position:** Big processors and organized retailers will have an upper hand dealing with individual farmers.
- Promote farmer producer organizations (FPOs) to improve the bargaining power vis-à-vis large buyers.
- FPOs will help ensure uniform quality and lower transaction costs.
- Most of the FPOs get loans at high rates as they depend on microfinance institutions.
- **Role of NABARD:** It can ensure that all FPOs get their working capital at cheap interest rates.

These governance reforms can go a long way in building efficient value chains and ensuring better returns for farmers.

Practice Question:

'In the long term, The Essential Commodity Act did opposite of what it is intended for'.
Critically Analyse

20th May 2020

“India’s Role in Changing Dynamics of Afghan Peace Process”

Source: This editorial is based on two articles of The Hindu

Article 1. [Getting India back at the Afghan high table](#)

Article 2. [India must not give Taliban legitimacy until it joins intra-Afghan talks](#)

Context: After signing of the peace deal between the US and the Taliban, US government is pushing India to reconsider its long held policy towards Taliban and also encouraging direct engagement with Taliban.

US-Taliban Deal

- US and Taliban signed an agreement for “Bringing Peace to Afghanistan” in February 29, 2020
- It will enable the US and NATO to withdraw troops in the next 14 months
- It also provides for removal of UN and US sanctions on Taliban leaders
- Taliban on its part committed to not allow any of its members, other individuals or groups, including al-Qaeda, to use the soil of Afghanistan to threaten the security of the United States and its allies
- However, the pact is silent on other terrorist groups – such as anti-India groups Lashkar-e-Toiba or Jaish-e-Mohammed
- India attended the signing ceremony in Doha, and was represented by India’s Ambassador to Qatar

CHANGING DYNAMICS : TALIBAN 2.0**India’s position on Taliban**

- India refused to recognise the Taliban regime of 1996-2001 and rather supported the ‘Norther Alliance’ in fighting the Taliban in Afghanistan
- India has longheld the position of dealing only with the elected government in Kabul, and has always considered the Taliban a terrorist organisation backed by Pakistan
- India supports an Afghan-led, Afghan-owned and Afghan-controlled peace process
- Kandahar Hijack of 1999 and Taliban’s proximity to Pakistan’s deep state has also embittered the Indo-Taliban relations

Should India engage with Taliban?

- For the first time, a US official has openly suggested that India should engage directly to Taliban and discuss its terror concerns. The rapidly changing political landscape in Afghanistan has put India in a spot. Despite being a key player in Afghanistan’s development and peace process, India was not the part of the US-Taliban agreement. Also, the pact doesn’t covers the terror related concerns of India and left out major anti-India terrorist groups. As of now, India has not made its stand official. But, both the proponent and opponent of Indo-Taliban engagement have argued strongly for their cases.

INDO-AFGHAN RELATIONS**A. Areas of Cooperation:****1. Developmental Projects**

- India has built Afghan Parliament building, Salma Dam
- It has also invested in other projects like housing, drinking water, etc.

2. Economic Cooperation

- India has established Air-corridor with Afghanistan for goods trade to avoid road connectivity via Pakistan
- Connectivity via Iran using the Chabahar port and Zaranj-Delaram Highway
- India has also invested in mineral rich Hajigak region of central Afghanistan

3. People-to-People Engagement

- Citizenships to Afghan minorities
- Medical tourism and promotion to Soft-power diplomacy using Yoga, Space, Cricket, etc.

B. Importance of Afghanistan for India:

Afghanistan's geographical location and India's engagement with its neighbours make Afghanistan an important country for India both at bilateral as well as regional level.

Some of the important dimensions are –

- a) India's gateway to Central Asia
- b) Energy security and natural resources (Hajigak region)

1.Arguments in Favour

The various reasons favouring a change in India's position with respect to Taliban are –

- India's engagement with key stakeholders is important as it can't afford to be left out despite having significant stakes in Afghanistan
- India's refusal to engage with Taliban will give Pakistan a free hand to use it as a proxy in India's internal matters
- Given India's regional and global positions, it is appropriate for India to engage with all the key players in Afghanistan, not only in terms of the government but also in terms of political forces, society and the Afghan body politic
- India's position on non-engagement with Taliban has reduced its role in international diplomatic efforts
- US wants India to have more active role, other than economic and humanitarian, in the peace process
- Taliban 2.0 is manifestly different from its previous version which was nurtured by the US as a stooge against the Soviet Union and Iran
- Even Russia and Iran (supporters of Northern Alliance) have invested significantly in the rebranded Taliban

2.Arguments Against

- Engagement and bloodshed can't go hand in hand
- The US-Taliban deal protects only the American and NATO forces from terror attacks and it doesn't contain any commitments towards Afghan forces

- It is meaningless for India to engage with Taliban until it joins intra-afghan talks
- India's Afghanistan policy is guided by its traditional and neighbourly ties with the people of Afghanistan
- India's support to Taliban will be a betrayal for people of Afghanistan if Taliban goes back to the medieval practices and establishes a Islamic republic based on Sharia thus denying the hard earned rights of the Afghan peoples
- India's engagement should be conditional on Taliban joining the mainstream politics
- India should not give legitimacy to a government in exile (Taliban's political office is based in Doha) in its own neighbourhood
- It is imperative that Taliban should deal with India as an independent entity, as a nationalist Afghan entity, and not a proxy for other countries

WAY AHEAD FOR INDIA

- With the signing of US-Taliban peace deal, Afghanistan has entered a critical stage and must become an Indian diplomatic priority.
- Also, the recent developments (combined with the weakening position of elected government and the simultaneous rise in Taliban's foothold) points that it is only a matter of time before Taliban gains international legitimacy. So, it is important for India to recalibrate its position w.r.t Taliban in view of the ongoing changes.
- But, before doing so India should make sure that its demands are heard and its concerns are addressed.

Mains Practice Question

'Changing geopolitical situation in Afghanistan require India to re-caliberate its policy and to adapt to the evolving realities'. Critically Analyse.

22nd May 2020

A Moment for the True Revival of MGNREGA

Main Source: <https://indianexpress.com/article/opinion/columns/india-lockdown-rural-distress-coronavirus-a-moment-to-revive-mgnrega-6421558/>

Context: The Centre announced to pump additional Rs 40,000 crore for Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) for FY21, as part of the 'Aatma Nirbhar Bharat' stimulus package to allay the plight of the migrant workers returning to villages from the cities.

About MGNREGA

1. **Concept:** MGNREGA is a social security measure that aims to guarantee the 'right to work'. It aims to enhance livelihood security in rural areas by providing at least 100 days of wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.
2. **Features:** Employment must be provided with 15 days of being demanded failing which an 'unemployment allowance' must be given. Gram Sabhas must recommend the works that are to be undertaken and at least 50% of the works must be executed by them. PRIs are primarily responsible for planning, implementation and monitoring of the works that are undertaken. Social audits are conducted by gram sabhas to enable the community to monitor the implementation of the scheme. Funding is shared between the centre and the states.
3. **Operation:** Total individuals working under the scheme rose to 7.87 crore in FY20, with the number of households rising to 5.47 crore. This was the highest since at least FY17, indicating a lack of job opportunities in the broader economy. A record number of 9.33 crore persons demanded work under MGNREGA in last financial year, against that 9.30 crore individuals were offered jobs and 7.89 crore individuals worked.

Significance of MGNREGA

1. **To Fight the Covid Crisis:** Migrant workers in the country number between 12 crore and 14 crore at any point of time, including 6 crore to 8 crore short-term migrants, most of whom are now headed back to their villages as their work sites in urban areas have closed because of the lockdown. Many others might enroll themselves since employment prospects are likely to remain stressed in urban areas for several months.
2. **Social Security and Social Justice:** MGNREGA has been a critical source of income for female-headed households. A major proportion of the beneficiaries — much higher than their percentage in the general population — belong to SC/ST and other marginalized communities.
3. **Sustainable Assets:** The scheme has boosted agricultural productivity through development of wasteland/fallow land, and construction of post-harvest storage facilities and work sheds. MGNREGA works have contributed to improved ground water levels, and increased availability of drinking water for humans and livestock.
4. **Rural Economy:** It has given a fillip to rural entrepreneurship, with households using the supplementary income to start a rural business. It has a multiplier effect on the rural economy, with the additional purchasing power generated from it spent on items produced in the rural economy.
5. **Human Development:** In many states, up to half of the MGNREGA income is spent on food, which improves health and nutrition — a critical factor in a country plagued by malnutrition.

Criticism of MGNREGA

1. **Labor Market Distortions:** MGNREGA has altered the power balance between the landless poor and their employers (agricultural landlords, labor contractors), making it less loaded in favor of the latter. By raising rural incomes, it has decreased distress migration to the cities, thereby reducing the numbers of the reserve army of labor, and increasing the cost of labor.
2. **Existential Crisis:** State governments had begun to implement MGNREGA like a supply-driven scheme, instead of running it like a demand-based guarantee backed by law.
3. **Low Wage Rate:** Various judgements have upheld that the MGNREGA wage rate cannot be less than the minimum agricultural wage rate of the state. The ridiculously low wage rates have resulted in lack of interest among workers in working for MGNREGA schemes, making way for contractors and middlemen to take control, locally.
4. **Insufficient budget allocation:** MGNREGA's success at the ground level is subject to proper and uninterrupted fund flow to the states. Almost every year, more than 80 per cent of funds get exhausted within the first six months.
5. **Lax Implementation:** Workers had begun to lose interest in working under it because of the inordinate delays in wage payments. With very little autonomy, gram panchayats had begun to find implementation cumbersome.
6. **Too much centralization weakening local governance:** A real-time MIS-based implementation and a centralized payment system has further left the representatives of the PRIs with literally no role in implementation, monitoring and grievance redress of MGNREGA schemes.

Way Forward**Short Term Measures in MGNREGA to fight Covid Crisis**

1. Workers turning up at the worksite should be provided work immediately, without imposing on them the requirement of demanding work in advance.
2. Local bodies must proactively reach out to returned and quarantined migrant workers and help those in need to get job cards.
3. At the worksite, adequate facilities such as soap, water, and masks for workers must be provided free of cost.
4. Gram panchayats and elected representatives need to be provided with adequate resources, powers, and responsibilities to sanction works, provide work on demand, and authorize wage payments to ensure there are no delays in payments.
5. The limited coverage of bank infrastructure in rural areas must not be made a hurdle. Attempts to distribute wages in cash, sans biometric authentication, must be rolled out.
6. While many governments will possibly prioritize individual land-based works to comply with instructions of physical distancing, it is important to also keep community works going to ensure that landless workers are not crowded out of the program.

Long Term Measures for Revival of MGNREGS

1. **Funds:** After the additional Rs 40k crore allocated, the budget for 2020-21 is now above Rs 100k crore. This is the highest allocation for MGNREGA in any year since the passage of the law. However, the allocation, which amounts to 0.47 % of the GDP continues to be much lower than the World Bank recommendations of 1.7 % for the optimal functioning of the program.

2. **Wages:** Wages offered under MGNREGA were upped in April, from Rs 182 to 202 per person. This is too small an increase and need be revised upwards.
3. **Minimum Work:** The limit of 100 workdays per year for a member of each rural family needs to be raised to 150 days.
4. **Demand Orientation:** Need to strengthen the demand-driven aspects of MGNREGA through a focus on local level social audits, funding and tracking of outcomes. In order to improve transparency and the accountability of Sarpanchs, it is recommended that MGNREGA projects be tracked right down to the village-level and not just the Gram Panchayat level as is the practice now.
5. **State Capacity:** States should be provided with support to improve their capacity and allowed a degree of flexibility in MGNREGA implementation.

Conclusion:

With nearly eight crore migrant workers returning to their villages, and with an additional allocation for the year, this could be a moment for the true revival of MGNREGA.

Mains Question (GS 2: Topic 12 – mechanisms for vulnerable sections)

MGNREGA has yielded many benefits to the vulnerable sections in rural areas, but it continues to be marred by implementation hurdles and lack of political will. Discuss.

23rd May 2020

ACHIEVING SELF RELIANCE IN DEFENSESource – [The Hindu](#)

CONTEXT: As part of Atmanirbhar Bharat Abhiyan, government of India has introduced policy changes to achieve self reliance in the defense equipment production and procurement while addressing strategic and national security concerns. In addition, New Defence Procurement Procedures (DPP), 2020 are under formulation and Chief of Defence Staff (CDS) is tasked with promoting indigenous equipment in the armed forces.

MEASURES ANNOUNCED:

1. Make in India for Self-Reliance in Defence Production:
 - a. Notify a list of weapons/platforms for ban on import with year wise timelines
 - b. Indigenisation of imported spares
 - c. Separate budget provisioning for domestic capital procurement
 - d. Coexistence of indigenous R&D with import of cutting-edge military technologies to obviate near-term defence vulnerabilities
2. Corporatisation of the Ordnance Factory Board (OFB) and eventually will be listed on the stock market to Improve autonomy, accountability and efficiency in Ordnance Supplies
3. FDI limit in defense manufacturing under automatic route will be raised from 49% to 74%
4. Time-bound defence procurement process and faster decision making will be ushered in by :
 - a. Setting up of a Project Management Unit (PMU) to support contract management
 - b. Realistic setting of General Staff Qualitative Requirements (GSQRs) of weapons/platforms
 - c. Overhauling Trial and Testing procedures

IMPORTANCE:

1. Economic:
 - a. Indigenous procurement will help reduce the huge defence import bill. India was the largest importer in the past decade accounting for about 12% of global arms imports.
 - b. Negative list and enhanced FDI limits, encourage our private defence manufacturers and joint ventures with foreign manufacturers, both new and existing
 - c. Indigenisation leads to defense manufacturing which promotes economic growth and employment
 - d. Defense exports will bring in forex
2. Technology: Negative list of imports and realistic quality requirements will reduce foreign competition. This removes hurdles for Indian platforms and subsystems such as Akash and Nag, the Light Combat Aircraft and the Light Combat Helicopter, artillery guns, radars, electronic warfare systems and armoured vehicles.
3. National security:
 - a. Domestic production reduces vulnerabilities during crises by reducing dependence on imported spares, ammunition and weapons. Kargil war highlighted this
 - b. Project Management Unit (PMU) and overhauled Trial and Testing procedures will reduce delays in procurement (Rs.4 trillion procurements of 200 proposals in early stages since 5 years) and hence enhancing defense preparedness.

- c. Better integration of OFB into the larger defence manufacturing ecosystem by bringing autonomy, accountability and efficiency
- 4. Geo Strategic:
 - a. Great powers have defense self reliance at their core. For India's aspirations of Asian century, SAGAR, defense self reliance is vital
 - b. Becoming a pole in multipolar world

GOING AHEAD:

1. Plan for the ammunition and spares; repair, maintenance and overhaul facilities and, at the next level, the upgrade of weapons platforms to be eventually manufactured in India so that we are not driven to seek urgent replenishments from abroad during crises
2. CDS could reexamine existing procurement proposals from a tri-service angle, to avoid redundancy of capacities across the services and prioritise those with indigenous research and development
3. Long-term integrated perspective plan of the requirements of the armed forces giving future picture to industry
4. Proposed DPP, 2020 to consider:
 - a. Cost evaluation has to evolve from mechanical application of the L1 (lowest financial bid) principle to prioritising indigenous content
 - b. Definition of indigenisation itself needs to privilege technology over value or volume
 - c. strategic partnerships between Indian and foreign companies
5. Transparent export policy
6. Level playing field between DRDO and private sector. DRDO's conflict of interest as the government's sole adviser, developer and evaluator of technologies have to be addressed

RELATED REVISION POINTS:

1. CDS
2. Defense Procurement policy
3. Defense Production policy