



## 7 PM COMPILATION

17<sup>th</sup> - 23<sup>rd</sup> August, 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

Addressing Agricultural Marketing Comprehensively

**Topic:** Indian economy

**Subtopics:** Agriculture marketing

LG of NCT, Delhi Should Uphold Constitutional Provisions

**Topic:** Indian Polity

**Subtopics:** Separation of power

India Must Invest In Urban Infrastructure for Sustainable Development

**Topic:** Indian Society

**Subtopics:** urbanization, problems and remedies

Understanding China-Russia Ties to Calibrate Indian Foreign Policy

**Topic:** India and its neighborhood relations

**Subtopics:** India China

New Taxpayers Charter Needs Effective Implementation

**Topic:** Indian economy

**Subtopics:** taxation system

Differential Impact of COVID-19 and lockdown In India

**Topic:** Indian economy

**Subtopics:** Inequality, employment

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

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

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

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

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

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

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

**Capital requirements of small farmers:**

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

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

**Deepening agri futures market:**

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

Issues in agri markets include:

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

Solutions for the same are:

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

- Banks providing reinsurance in agri markets
- Stable and market friendly government policy.

**Conclusion:**

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

**Mains question:**

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

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

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

**Supreme court's 2018 judgment:**

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

Article 239AA:

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

**Major points of judgment:**

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

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

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

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

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

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

**Conclusion:**

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

**Mains question:**

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

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

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

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

**Understanding issues:**

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

**Building resilient cities:**

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

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

**Conclusion:**

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

**Mains question:**

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

**Understanding China-Russia Ties To Calibrate Indian Foreign Policy**Source: [The Hindu](#)**Introduction:**

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

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

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

2 trends are visible:

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

**Deepening Sino-Russia cooperation:**

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

3 pillars of Sino-Russia partnership are:

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

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

**Russian concerns remain:**

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

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

minimal except in China's core interests like gas and oil pipelines (Power of Siberia pipeline etc).

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

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

#### Conclusion:

India must have a realistic understanding of Sino-Russia ties. Any deepening Sino-Russia relationship should not be the cause of friction in India-Russia partnership as China is not a factor in this. India-China and India-Russia partnerships have their own salience. Russia is a major defense supplier to India and both share a common belief in multipolarity as well as have no conflicts of interests.. Hence this friendship must be nurtured more by both sides.

#### Mains question:

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

## New Taxpayers Charter Needs Effective Implementation

Source: [Financial Express](#)

### Introduction:

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

### Provisions of the scheme:

#### Faceless tax system:

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

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

#### COMMITMENT TO TAXPAYERS

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



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

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

The 2014 tax administration reform commission has emphasized these issues and the need for a revised charter based on the needs of taxpayers.  
New charter released by the government is aimed at addressing these concerns.

#### Success depends on implementation of charter:

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

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

#### Conclusion:

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

#### Mains question:

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

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

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

**Is COVID following this prediction?**

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

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

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

**Employment trends in India:**

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

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

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

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

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

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

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

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

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

**Conclusion:**

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

**Mains question:**

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

ForumIAS