



## 7 PM COMPILATION

June, 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

Multilateralism in new cold war

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Tackling NPA crisis by establishing a bad bank

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Lessons for a Human-Centric Development Model from Mahatma Gandhi and Lee Kuan Yew

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CAN INDIA DE-COUPLE ITSELF FROM CHINESE MANUFACTURING?

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TEXTILE SECTOR NEEDS A VISION AND MISSION

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India needs to review its 2013 Cyber Security Policy

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Quad, China and the Indo-Pacific churn

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On China trade sanctions: India can serve its national security much better by rapidly expanding its economy

**Topics:** India and its Neighborhood- Relations

**Subtopics:** India – China Relations

India Needs a New Rural-Centric Development model.

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

**Subtopics:** Growth and Development

In post- Covid world, growth of business must not be at expense of societal well-being.

**Topics:** Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment

**Subtopics:** Growth and Development

Draft EIA Notification is an attempt to weaken regulation, silence affected communities

**Topics:** Conservation, Environmental Pollution and Degradation, Environmental Impact Assessment.

**Subtopics:** Environmental Impact Assessment

ForumIAS



**Multilateralism in new cold war**Source: <https://www.thehindu.com>**What has happened:**

USA and China clash during World health assembly in WHO (World Health Organization) has highlighted how west and US led global order is changing. China is using technology, trade to balance the military superiority of the USA. COVID 19 has accelerated this clash by lowering trust in values central to the west like free markets.

Let us understand this US- China rivalry which is the new cold war based on Trade and technology rather than territory as well as India's role in such an uncertain world.

**US – China rivalry: The new cold war:**

Technological rivalry: China is investing heavily in Artificial Intelligence, Quantum computing, space, Electronics and robotics, space etc which are emerging advanced technologies. It aims for excellence in these technologies under the Made in China-2025 plan.

US has had an edge in these technologies but is facing competition from China. In response, steps such as banning Huawei for 5G deployment; restricting Chinese share in strategically important companies dealing with defense, are being taken to protect US lead. Chinese endorsement for UN resolution on equitable access to any new vaccine has shown how technological domination of the west through Intellectual Property Rights- IPR, is being challenged. This technological dependence is core of post-world war West led multilateralism

Trade rivalry: US – China trade war which is going on since 2018 shows an increasing clash on this front. Although some progress is seen with limited deals, due to COVID induced trade protectionism, further competition is expected.

Strategic rivalry: WHO downplaying US threats and subsequent US withdrawal show changing geopolitical power.

China is building alternatives to WB, IMF, WTO through Belt and road initiative, AIIB, BRICS, regional deals like RCEP - Regional comprehensive economic partnership.

**India's role in promoting benign multilateralism:**

US, ASEAN countries, Indo-Pacific countries see India as such a counterweight to China. China wants India to support its efforts for global rebalancing.

In such a clash for global leadership and a power vacuum due to a shift of power, India can pursue an independent non coercive multilateralism. India can bring both BRICS and G7 together and formulate objectives which are acceptable to most countries.

India can lay down new frameworks for global economy, society, technology, governance. By doing this India can be a global thought leader contributing to progress of world like it did with Nalanda, Zero, Ayurveda, Buddhism etc.

**Outcomes to be pursued by India to promote benign multilateralism:**

1. Peaceful coexistence: For realizing Asian century it is crucial. Freezing sovereignty and non-interference in each other's internal affairs should be agreed to by all. US interventions in Afghanistan, West Asia, Africa show how interference is counterproductive. Countering expansionism, India can provide an alternative vision of a multipolar world with multipolar asia with coexistence.
2. New P5 (Permanent 5) of UNSC that is not based on G7 but new realities of the world to be established.
3. Moulding global digital economy: National security will depend on digital technologies like cyber security, Artificial intelligence (AI) etc. India must enhance its own

capabilities and set the rules for global framework by balancing state led (China) – market led (USA) mechanisms through a public centric model

4. New principles of trade which prevent IPR monopolies and ensure public goods (Healthcare, agriculture, water, Renewable energy etc) are shared in a fair and humane manner, should be formulated. Further trade rules which promote socio economic development as promised in DOHA agenda of WTO need to be pursued
5. Sustainable development to be pursued based on ancient civilizational values of Asian countries. Restructuring of society and economy must be done based on these values. This promotes alternatives to materialism and excessive exploitation which are prevalent due to unchecked market liberalism. Gandhiji's vision of need based rather than greed-based world economy is an example. One sun, one world, one grid as well as leadership of International solar alliance by India is a good template of such multilateral cooperation
6. Promoting regional multilateralism: Ties with regional institutions like ASEAN, SAARC, BIMSTEC, EU need to be enhanced to bring out this vision of non-coercive multilateralism. Such multilateralism will counter unilateralism as seen with both the US and China.

#### **Avenues for India to influence the agenda of global world in coming years:**

India will be involved in global institutions as:

1. Chair of executive board of WHO's World Health Assembly
2. In 2021, India will become UN Security council's non-permanent member
3. BRICS chairmanship in 2021 will be with India
4. G20 summit of 2022 will be hosted by India

#### **Going ahead:**

In the recent NAM (Non-Aligned movement) summit, India called for a new model of globalization based on HUMANITY, FAIRNESS and EQUALITY. This is sought by many countries and India must have bold vision and political will to achieve this vision.

#### **Mains Question:**

1. Discuss the role of India in promoting global governance in the global world marked by US – China rivalry? [15 marks, 250 words]

**Tackling NPA crisis by establishing a bad bank**Source – <https://www.financialexpress.com>**What has happened:**

COVID 19 has caused a slowdown in the economy due to lockdowns and movement restrictions. It also has an impact on financial health of banks. As of December 2019, banks have 9.7 lakh crore Non-performing Assets – NPA's. Estimates suggest fresh 5.5 lakh crore assets will become NPA's. Considering such impact of COVID, Insolvency and bankruptcy code (IBC) provisions for initiating insolvency against defaulters are suspended for 1 year. However, India needs a strategy to tackle the inevitable rise in NPA's due to economic slowdown.

Indian Banks Association (IBA) has asked RBI to set up a bad bank to tackle the looming NPA (Non-performing Assets) crisis in India. Economic survey of 2016-17 too proposed such a bad bank. Let us understand bad bank, its need, its merits and demerits.

**Failure of ARC's and need for bad bank:**

Currently banks can sell their stressed assets to private owned ARC's – Asset Reconstruction companies. Intention of ARC's is reconstruction where the economic value of stressed assets is increased.

But ARC's have failed in reconstruction of companies. They merely collect pending dues. Even this recovery is low at around 9.5% of total stressed loans amount.

In addition, public sector banks (PSB's) sell these stressed assets at low rates. CVC report on assets sold between 2013-14 and 2017-18 by PSB's highlighted low prices in at least 48 cases. It also highlighted how prices do not factor in stocks and equipment of these stressed assets. Such reports have reduced asset sales by banks to ARC's in fear of adverse CVC/CBI/CAG reports.

A bad bank can overcome these issues and help faster resolution of stressed assets.

**Understanding a bad bank:**

Bad bank is an autonomous banking institution which solely deals with NPA's and their recovery. Other traditional banks will sell their NPA's to bad bank. Such stressed assets are then managed by experts who maximize their economic value by reconstruction.

For example, consider a steel plant has become a stressed asset with SBI. Bad bank purchases this stressed asset from SBI. Then bad bank appoints experts in this domain to manage the affairs of the plant in order to maximize revenues and cut losses. This is called reconstruction and increases the economic value of the plant. When bad bank sells this plant, they will recover more money.

**Merits of bad Bank:**

1. Traditional banks lack expertise in reconstruction of stressed assets. Bad banks manned by experts are more suited for the reconstruction.
2. Improve credit in economy: NPA's was one of the reasons for lack of monetary transmission in India. Banks have not reduced lending rates even though RBI has reduced policy rates. After traditional banks sell their NPA's to bad bank, their financial health will improve. This can lead to greater lending in the economy. For growth recovery post COVID, credit growth is crucial for investments
3. Price at which NPA's are sold comes under preview of CVC, CBI and CAG. Banks become hesitant in fast disposal of stressed assets fearing adverse reports by these institutions. A bad bank which can maximize recovery due to professionalism and hence will be less prone to hesitancy.

4. Higher prices for stressed assets can be realized by bad banks. Case of Jhabua power below is example

Case of Jhabua power: Jhabua power came under insolvency process as per Insolvency and Bankruptcy code (IBC). Only 2 bids were received with NTPC bidding for 1900 crores and Adani power at 750 crores. Without NTPC bid, price realization would have been very low

A bad bank managed by experts can ensure such cases of underpricing can be reduced.

#### **Arguments against bad bank in India:**

1. Bad assets currently don't have many purchasers and hence a bad bank will not help.
2. Considering there is no demand for bad assets, bad bank will have to be capitalized by the government. With the stressed fiscal condition of government, it will be difficult. In addition, bad bank with government majority will have the same constraints as current public sector banks in terms of scrutiny by CVC/CAG/CBI.
3. Price at which a bad bank buys bad assets from traditional banks will not be market determined. This increases losses to traditional banks and for government (in case of Public sector banks-PSB's)
4. Private ARC's are already present for transferring bad assets from banks. Hence bad bank will not be needed

#### **Let us see how these issues can be overcome:**

1. When bad assets don't have many purchasers, it is better to have experts manage them rather than traditional banks. Hence bad bank would be better
2. While government resources need to be invested for setting up bad bank, as seen in case of Jhabua power above, loss to the government from NPA's can be reduced by a professional price discovery. Hence overall balance sheet can be improved in long term
3. In case of low selling price of bad assets from banks to bad bank is considered low by banks, provision to retain the bad asset by banks need to be included.
4. ARC's have failed in reconstruction as discussed earlier. Bad bank can ensure reconstruction

#### **International experience:**

US, UK, Malaysia, France etc have had bad banks to successfully combat the NPA crisis. UK Asset Resolution (UKAR), a bad bank has recovered nearly 50 billion pounds of loans. Hence these models can be studied for framing India's bad bank.

#### **Going ahead:**

Sunil Mehta committee recommended an Asset Management Company to resolve bad loans above 500 crores. This can be implemented to improve financial health of banks and reduce NPA's

#### **Mains Question:**

1. What are NPA's and stressed assets? Can a bad bank tackle the NPA crisis in India? Critically analyze?

**Bihar and eastern India: Need for state specific stimulus**Source: [TheHindu](#)**What has happened:**

Government of India has announced a Rs. 20 lakh crore packages of AtmaNirbhar Bharat Abhiyan. It is to provide stimulus to the economy and reduce the impact of COVID 19 on livelihoods. Four tranches of this package include measures for MSME's, NBFC's, agriculture, migrant welfare, defense, space, power etc. These are primarily supply-side measures like increased credit, marketing reforms, liberalization, privatization. It focuses on reviving investment by industry and hence employment.

Experts argue that such one-size-fits-all supply side interventions will not benefit Northern and Eastern states where industrial development and startups are low. They also sight the difference between Nehru's 'self-sufficiency' and Modi's 'Atmanirbhar Bharat'. Nehru's self sufficiency focussed on economic empowerment from below, while Modi's 'Atmanirbhar Bharat' is more individualistic, covering select industrialists and 'start-ups'. Thus, the advantage of the present stimulus, if any, will accrue only to the southern and western Indian States which are industrially advanced. Thus, they argue for a regional and state specific approach in states like Bihar.

In addition, rent seeking behaviour prevalent in Eastern and some northern states will make this stimulus less effective. Example of rent seeking is crony capitalism where industries seek to influence regulation through donations to political parties and candidates. Such rent seeking behaviour in these states is an effect of historical causes. Understanding them will help in formulating state specific stimulus to improve governance and economic growth.

**Rent seeking and poor governance in Eastern India- Historical causes:**

Zamindari/Permanent settlement areas of British India were present in Eastern India (Bengal, Odisha, Bihar). In this system, intermediaries between state and peasants collected land revenues. They didn't contribute to any economic investment and only sought collection of revenues. This feudal system had imbibed rent seeking behaviour in elites in these areas. Attitude towards civil services is an example of this. Civil services is seen as an avenue to help people from respective caste or region.

Socio-economic factors too contributed to rent seeking behaviour. Land reforms are poorly implemented in states like Bihar, Jharkhand leading to wealth inequalities. In addition, socio religious movements for equality of castes, class were not prevalent in states like Bihar, Jharkhand. These were concentrated in Bengal, Western and Southern India. Examples are Raja Ram Mohan Roy's Brahmo Samaj in Bengal; Jyotiba Phule's Satyasodhak Samaj in Maharashtra; Sri Narayana Guru Dharma Paripalana Movement (SNDP) in South India. Hence in absence of land reforms and socio religious reform movements, rent seeking has continued since centuries.

Poor governance in eastern regions is also the cause of less industrialization. Lack of development strategy at regional level has led to lack of industrialization. During British times all entrepreneurship was discouraged. Post-Independence, freight equalization policy prevented industrialization.

**Freight Equalization policy: 1952 – 1993**

- Objective was to achieve equal industrial development across the country by subsidizing transportation of minerals to any area of the country.
- It led to establishment of industries near coasts in Western and Southern India. Maharashtra and Gujarat



benefited the most

- It had negative effects on the mineral rich eastern states of Odisha, WB, Bihar (then including Jharkhand), MP (including Chhattisgarh). Prior to independence these were the areas of industries with Tata, Dalmia etc.

#### Comparison with ryotwari areas:

In contrast, in areas of the Ryotwari system there is direct settlement between the state and peasants. Southern India and Western India were areas of such an agrarian system during British times. These areas are now characterized by industrialization and development.

In these areas the feudal system is weak. It allowed for substantial social movement (for example, the anti-Brahmin movement) which acted as a lubricant to develop a law-enforcing civil society and sub-national identity. Hence, rent seeking behaviour is low. Excess capital is invested by elites in economic activities. Example is Kammas of Andhra Pradesh who invested in tobacco, films and knowledge industries. This is seen across states such as Tamil Nadu, Gujarat, Maharashtra.

Socio economic reforms led to further weakening of feudal system in these areas. Land reforms and socio religious movements created conditions for reduced socio-economic inequalities.

Good governance with a clear economic vision too contributed to industrialization. Experts were used for advancing socio-economic agenda. Examples are M. Visvesvaraya's Five year plan was adopted by Wodeyar dynasty of Mysore; Dr.B.R.Ambedkar was sent to Colombia university. Financial institutions like Andhra Bank, Bank Baroda, Syndicate bank were established. Post-independence, many finance ministers were from these regions.

#### Conclusion:

Eastern India and some Northern states have poor governance and rent seeking tendency. Considering this, a state specific stimulus is needed in social, economic and governance spheres. Land reforms must be taken up. Civil society must be encouraged to bring social transformation to reduce influence of caste and religion-based identities.

#### Related revision topics:

1. Land revenue settlement systems in India during British rule

#### Mains question:

1. Explain zamindari and ryotwari systems of land revenue settlement? How did they impact industrialization in their respective areas? [15 marks, 250 words]

## Health Impact Funds as alternative to existing Intellectual Property system to reward innovation

Source – <https://www.thehindu.com>

### Context:

COVID 19 has brought focus on public healthcare and affordability of medicines to the poor. Medicines improve health and longevity, save costs by reducing sick days and hospitalization. Current global market for pharmaceuticals is about 110 lakh crores. Of this, 55% is branded medicines with patents.

### Pharmaceutical patenting and its issues:

Research and Development (R&D) in pharmaceuticals is rewarded through patents for new medicines. This patent provides patent holders exclusive privilege for commercial production and sale of these medicines. It is valid for 20 years. Intent of the patent is to recover R&D costs, costs of clinical trials and reward the researcher with profits. IP (Intellectual property) laws of respective nations and global frameworks like TRIPS deal with granting patents.

This method of rewarding R&D has issues. These are:

1. Due to profit motive, R&D is focused on diseases affecting affluent sections. For diseases affecting the poor, there is miniscule R&D investment. 20 WHO listed neglected tropical diseases affect a billion people but attract only 0.35% of global R&D investments. Similar is the case with Malaria, Tuberculosis.
2. In pursuit of high profits, high selling prices of branded drugs is leading to lack of affordability with the poor. An Example is USA where profits of 100000% are also permitted. Affluent patients with insurance are not affected by the same. This unaffordability for the poor is leading to deaths which are preventable especially in developing countries.
3. There is no linkage between therapeutic value and patents. Even those medicines which don't contribute to the health of patients are manufactured and sold by questionable marketing methods. Roping in doctors to prescribe certain drugs despite no impact on health is an example.
4. Evergreening: It refers to an extended period of patent beyond the original 20 years without any real improvement in therapeutic benefits. Firms do this by citing minor changes in formulations, methods of medicines. In India this is restricted by stringent provisions of Patent act and Supreme court judgment on NOVARTIS case of 2013. But it is prevalent in other countries
5. No focus on diseases where patients are low in number due to lack of profits. Such diseases are called orphan diseases.

Considering these issues, an alternative method of rewarding innovation and R&D is needed. Health Impact funds can be a solution

### Health Impact Funds (HIF):

In HIF framework, after patenting, medicines are sold at cost price i.e. only manufacturing and distribution costs are included without profits. Innovators are awarded annually based on public health outcomes for a set number of years (say 10 years). These rewards are funded by governments and development institutions through contributions to funds. For affluent countries which do not contribute to this fund, existing framework based on profits can continue

**Benefits of HIF**

1. For tuberculosis and other communicable diseases which impact large poor populations, HIF framework provides a profitable business model for pharmaceutical companies. Since large populations can be saved, rewards linked to this outcome will also be significant.
2. Due to focus on outcomes, HIF framework prevents wastage of R&D investment into drugs without any therapeutic value
3. Outcome focus also pushes pharmaceutical companies in tracking overall health of patients. Companies will deal with any complications to improve recovery of patients. They will also focus on affordability to increase public health, elimination of diseases like malaria
4. Removes need for compulsory licensing (removing exclusive privileges of patents to ensure public health). Outcome focus will automatically take care of improving accessibility, affordability and availability of medicines.

**Limitation of HIF:**

In emerging diseases like COVID, HIF cannot work in the short term. This is due to a lack of baseline to measure effectiveness of new medicine on improvement in public health. In case of prevalent diseases like Malaria, this won't be the case as there is data on how disease impacts health. So here we can measure improvements.

**Going ahead:**

By shifting focus to outcomes-based rewards, HIF can bring immense benefits in healthcare. Innovation too is rewarded for contributing to public healthcare outcomes. In midst of COVID 19 crisis, opportunity to develop a new beneficial pharmaceutical R&D should not be missed.

**Mains Question:**

1. Pharmaceutical patenting is leading to adverse public health outcomes. Alternatives are needed for improving affordability, accessibility and availability. Discuss?

[15 marks, 250 words]



## Potential Harms and Limitations of using Digital Technology to Combat a Pandemic

Source: EPW

### Context:

COVID 19 pandemic has brought an unprecedented public health crisis in India and the world. To tackle the same, digital tools like Aarogya Setu are being deployed to perform tasks like contact tracing, hotspot recognition.

While good intentions of using digital technology are laudable, there are pitfalls in its use. These tools involve surveillance which raises questions of civil liberties – Privacy, right to movement, right of association. In addition, there are limitations to use of such technologies. Only by understanding these dangers can we build a coherent and acceptable response to all.

### Digital tools as response and civil liberties:

Data at individual level is needed for tracking disease outbreaks. This involves personal data like where a person has stayed and travelled, with whom he/she has interacted. This is sensitive data which impacts civil liberties of privacy, right to movement, right of association. Hence it needs to be protected appropriately. There is a need for a legal framework to provide data security and also to ensure trust of people in the process. Digital tools used as response to outbreaks must also be subject to such legal frameworks to protect civil liberties. This brings checks and balances, accountability to government functioning.

This legal framework must address following:

1. Responsibilities of different levels of government in implementing pandemic and epidemic response
2. Proportionality of restrictions on civil liberties
3. Grievance redressal where individuals can challenge the actions of government if it impinges on their civil liberties. Challenging quarantine and isolation orders is an example.
4. Data – proportionality, security, safeguards:
  - a. Which data need to be collected and what are the objectives of collecting data?
  - b. Proportionality of data i.e. only data which is needed to achieve the objective must be collected and nothing more
  - c. Consent of individuals while collecting of data
  - d. Deletion of data when objective is met
  - e. Preventing access to such data. Defining who can access which data and need for the same. At local level granular data is needed whereas at state and national level anonymized data is needed.

### India and outbreak response:

In India, NCDC -National Centre for Disease Control is responsible for disease surveillance and containment measures. WHO's 2015 report on compliance with International Health Regulations (binding on India) concluded that India lacks effective legislation for effective outbreak response. It notes lack of Standard operating Procedures to involve legal procedures and for coordination between states and centre during outbreaks.

In absence of comprehensive legislation, Epidemic Diseases Act (EDA), 1886 and Disaster Management Act(DMA), 2005 are being used for combating COVID 19 pandemic in India. Former gives states powers to undertake response measures like quarantine, collection of data. But there are no safeguards to prevent misuse of data and infringement on civil liberties. DMA, 2005 is being used by the centre to formulate a National response plan and

issue binding guidelines to states to implement it. This top down approach is not effective for tackling the pandemic.

Digital tools being used as part of response are also prone to misuse without legal and procedural safeguards. Aarogya setu and patient tracking tools which collect personal sensitive data can be used for behaviour profiling. Drones being used for surveillance collect images which can be used for targeting communities. Concerns of surveillance state arise when access to data is not limited. In addition there are no provision of consent, deletion of data, restriction on access to data.

Hence India needs comprehensive public health legislation to deal with concerns of civil liberties arising out of outbreak response. Such legislation must balance Privacy and genuine need for public health in line with the Supreme Court judgment on Right to privacy (Puttaswamy judgment). WHO guidelines on 'Ethical Issues in Public Health Surveillance' can be used for the same which provide for consent, restricted access etc. International experiences of Canada and South Korea can be studied.

**Canada:** Quarantine Act, 2005 provides for balance of individual liberties with need for disease surveillance. Act provides for powers during an outbreak and limits these powers. Limits include right to challenge a quarantine order, the obligation to seek consent or a warrant to inspect a dwelling place, and to give notice to an individual whose personal information is shared by the government in order to prevent the spread of the infection

**South Korea:** Infectious Diseases Control and Prevention Act, 2009 provides for obligation to notify individuals on data collection and deletion of data when objective is met

#### **Limitations of digital tools as outbreak response:**

Aarogya setu achieves digital contact tracing. But it requires self-reporting by individuals to be successful. Due to low testing in India this self-reporting is also low. In addition, only smartphone users can be traced with it. Bluetooth which is used for tracking does not take into consideration the presence of walls.

Using cell phone site location, global positioning systems, and data from call records for tracking also has limitations. People not owning cell phones and multiple people owning the same cell phone and remote areas without signal coverage are not accounted for. Response to the Ebola outbreak of 2014 in Sierra Leone has shown such limitations.

Hence even with such digital tools, there is a need for ground level efforts by governments to do contact tracing and verify digital data. Governments cannot rely completely on digital tools.

#### **Conclusion:**

Exceptional times like COVID 19 pandemic, need prioritizing of public health. Such priority may impinge on certain individual liberties. But there is a need for accountability from the government for its actions. All digital tools must comply with public health legislation which protects civil liberties. In addition to digital tools, traditional methods of ground level response is needed during outbreaks.

#### **Mains Question:**

Q.1) Digital tools are not panacea to pandemic response. Critically analyse?

[15 marks, 250 words]

**Avenues of Resource Mobilization for Local Bodies to Combat COVID 19**Source – [www.The hindu.com](http://www.The hindu.com)**Context:**

COVID 19 pandemic has brought unprecedented health and economic crisis to all. It posed challenges in terms of public health management, economic growth, livelihoods, resource mobilization for governments. Tackling these challenges need response from all tiers of government – Centre, states and local bodies. Outbreak response needs activities of contact tracing, quarantine, monitoring, creating health infrastructure, data collection at ground level. These activities are best performed by local governments. In order to perform these tasks, local government's need fiscal resources.

Sources of fiscal resources at local level include:

1. Local finances generated by the local government itself. This includes bonds issued by these governments
2. Devolution from Finance commissions of Center and state
3. Other sources – Funds of schemes like MPLADS which are meant for local area development

To effectively tackle COVID 19, local governments need to be empowered fiscally. Let us see how we can mobilize funds from various sources to tackle COVID crisis.

**Local finances:**

This includes taxes, fines, fees etc levied and collected directly by local governments. Water charges are an example. Economic Survey 2017-18 points out local taxation increases accountability of local governments. This is needed in times of COVID.

As per Economic survey 2017-18, only 5% of total revenue is from local sources for Rural Local Bodies (RLB's). Whereas this is 44% for Urban Local Bodies (ULB's). This shows that local resources are not mobilized to full potential. In UP, Bihar and Jharkhand local taxes for RLB's is nearly zero. Hence there is a need to increase resource mobilization at local level.

Steps to boost local finances:

1. Property tax is a major source of local finance across the world. In India, revenue from property tax as % of GDP has been reducing since 2002-03. In 2017-18, property tax is only 0.14% of GDP. This is low when compared to OECD countries with 2.1%. 14th Finance commission recommended removal of exemptions from property tax to increase mobilization under this. Also, technologies like satellite mapping technology (Bhuvan of ISRO) to assess properties and taxes paid can be used. This is being done in Telangana.
2. Land monetization and betterment levy needs to be collected
3. Bonds by local bodies for COVID containment with lower coupon rates than market rates need to be issued. Demand for these bonds with lower yields need to be generated by appealing to sentiments of brotherhood and patriotism

**Fifteenth Finance Commission (FFC):**

In its interim award for 2020-21, FFC has provided for Rs. 90000 crores for Local bodies. In addition, tied funds to the basic fund's ratio has been fixed at 50:50. This is an increase from the devolution of the 14th Finance commission. But it is not sufficient.

Flexibility is needed to tackle emerging situations due to COVID 19. Hence 50% of tied funds prevents effective response from local bodies. Hence there must be 100% of grant as basic grant. In addition, the centre must directly devolve these funds to local bodies instead

of routing through states. This ensures predictability by preventing state governments diverting funds meant for local governments.

FFC report also provides for mitigation and adaptation funds to tackle disasters. But these funds are not possible in the short term. Disaster Management Act, 2005 needs to be amended to include pandemics as a disaster. By doing so, Disaster response funds under this act can be mobilized and appropriate actions can be taken to tackle COVID.

**Other sources- MPLADS:**

The MPLADS scheme was suspended for 2 years by the central government. These funds of about 4000 crore per annum need to be made available to local bodies to invest in health infrastructure and containment of COVID.

**Going ahead:**

COVID has shown the importance of local governments in disaster response. They must be empowered fiscally to ensure relevant actions are taken to combat COVID. In addition to ensuring adequate fiscal resources, governance reforms also need to be taken up such as reduction of parallel parastatal bodies, devolution of 3F's – funds, functionaries and functions.

By empowering local governments fiscally and functionally, we can achieve effective response to COVID

**Mains Question:**

Q.1) Local body finances need to be bolstered to effectively tackle COVID 19 pandemic. Explain role of local bodies in COVID 19 response? Suggest some measures to bolster local body finances? [15 marks, 250 words]

**Diversification of Food Basket Through Pulses**Source – <https://www.financialexpress.com>**Context:**

COVID 19 pandemic has brought focus on Nutrition. Outbreak has disrupted food supply chains and hence availability of nutritious food grains. UN chief has warned that every 1% fall in global GDP leads to an additional 7 lakh stunted children. This disruption is seen even in countries with abundant food stocks like India due to travel restrictions. Yet this crisis also presents an opportunity to reorient the food basket of India towards a more nutritious diet and also ecologically sustainable one. Currently there is predominance of cereals (rice and wheat) in Indian food basket. Pulses can be promoted to diversify this food basket to achieve nutritional and ecological goals.

**Pulses in India:**

Red gram (also tur) and Bengal gram are predominantly produced.

Red gram: A Kharif crop produced in deccan plateau. In some areas of South India it is also grown as a Rabi crop. Maharashtra accounts for 33% of total production. Uttar Pradesh, Karnataka, Gujarat are other prominent producers.

Bengal gram: A leguminous crop grown in Rabi period. Bundelkhand region and central highlands of Madhya Pradesh and Uttar Pradesh are prominent production areas.

**Importance of pulses:**

1. They are an essential part of Indian diet. Increasing disposable incomes and enhanced awareness of nutrition is increasing demand for pulses. Hence food security of India also depends on adequate production.
2. They are a source of protein for vegetarian diet
3. Less water intensive and hence suitable for dryland agriculture in India. One-hectare millimetre of water can produce 12.5 kg of Bengal gram while it can produce only 7 kg of wheat and 2.5 kg of paddy. This is important from an ecological perspective to reduce water stress of agriculture.
4. They are leguminous i.e. they fix nitrogen into soil and thereby improve fertility of soil.

**Pulses production and productivity:**

In 2015, total demand for pulses was 22 Million tonnes (mt) and 5 million tonnes (mt) was imported. It is expected to increase to 30 mt by 2030. Production and yields in India are very low and hence are not enough to meet future demand. Studies point out low yields are due to pests (Pod borer is pest which causes 50% yield losses) and diseases, weather related incidents and improper application of fertilizers. These have to be addressed. India has to increase yields by 30% to address future demands without relying on imports.

**Steps needed to boost production and yields:**

1. Investment in research: High yield varieties, pest resistance (borer resistance), increased protein content, fast maturing varieties need to be developed by ICRISAT and other institutions. BT technology can be used for developing pest resistant varieties.
2. Micro irrigation technologies like Hose Reel technology can be deployed for achieving 'More Crop Per Drop'. In addition, drought resistant varieties can be developed by studying the genome and using GM tools for water use efficiency.
3. Mixed cropping can be encouraged to plant pulses along with sugarcane and rice fallow.



4. Fallow lands can be brought into cultivation through pulses

**Pulses marketing and farmers' incomes:**

Farmers face a market of uncertain prices in case of pulses. Below is an example of 2015 and 2016

Price fluctuation in 2015-16 Tur dal prices soared due to high demand in 2015. Government has relaxed import restrictions to reduce retail prices. This has led to increase in imports and hence reduction in prices

In 2016, production of pulses increased due to high prices in 2015. This led to supply glut due to high production in India combined with high imports. Sharp reduction in prices led to reduced incomes to farmers

MSP prices have increased continuously. But considering high imports and supply glut, market prices remained low. Coupled with low procurement by the government, this has led to low incomes for farmers.

Hence there is a need for market reforms and predictable import and export policy. These have to balance farmers' incomes and consumer interests (no high retail prices).

**Steps that can be taken:**

1. e-NAM is a good initiative in achieving one nation one market. Efforts must be made to connect all states and APMC's into it.
2. Village level processing centres can provide markets for farmers. They need to be established by providing policy support to FPO's and entrepreneurs.
3. Predictable policy environment for import and export of pulses is needed. Sudden decisions to import can land the farmers in distress.
4. Pulses need to be included in PDS and in the mid-day meals to improve nutrition standards and to provide a market for farmers.

**Conclusion:**

Pulses are important for food security, nutrition and ecological balance. Their production and consumption need to be promoted. This can achieve the vision of 'Doubling farmers' incomes by 2022' as well as Sustainable Development Goals (2-No hunger; 12 -responsible consumption).

**Mains question:**

Q.1) Describe cropping patterns of pulses in India? Explain the importance of pulses and steps needed to increase their production in India? [15 marks, 250 words]

**Limitations of G7 and Possible Alternatives to it**Source: <https://www.thehindu.com>**What has happened:**

US has postponed the G7 meeting which is supposed to be held in June. It has also proposed including other countries in G7 to make it more representative and more impactful. G10 or G11 are proposed which includes India, South Korea, Australia and possibly Russia (if G11). Intention is to make such alternatives more effective than G7. Such alternatives must be able to respond to global crises like COVID.

Let us understand history and current ineffectiveness of G7 as well as alternatives to the same.

**G7 – History and members:**

G7 currently consists of US, UK, Germany, Japan, Italy, France and Canada. From 1998 to 2014, it was G8 which included Russia. Due to Crimean crisis G8 has become G7 due to expulsion of Russia. In addition, European Union is an invitee.

G7 was initially established to tackle the oil crisis of 1973 due to Arab-Israel war and recession of the time. It was established as a grouping of restricted club of rich democracies.

The major purpose of the G-7 currently is to discuss and sometimes act to help resolve global problems, with a special focus on economic issues. The group has discussed financial crises, monetary systems, and major world crises such as oil shortages.

**Ineffectiveness of G7:**

G7 is not representative in current times. When it was established it accounted for 2/3rd of global GDP. But now it accounts only for 1/3rd on PPP basis and less than 50% on nominal basis (market prices). Emerging 7(E7) economies of India, China, Indonesia, Brazil, Mexico, Russia, Turkey are not part of it. This makes the group ineffective in tackling global economic crisis as was seen in the 2007-08 global crisis. G20 is more representative than G7 in this respect.

G7 failed in tackling global issues and challenges of Climate change, terrorism (ISIS etc), West Asian crisis, COVID 19 pandemic. Its failures include:

1. G7 accounts for 59% of historical CO2 emissions and pledged phase out fossil fuels. Yet there is no visible progress of the same and they currently account for twice the CO2 emission than African continent.
2. In terms of terrorism, ISIS has thousands of fighters from G7 countries.
3. West Asian crisis in Syria, Yemen, Iraq has led to a migrant exodus to European nations. G7 nations failed in addressing this migrant crisis leading to deaths and inhumane statelessness for millions.
4. Weakening of rules based of trade regime through WTO and trade wars has active role of G7 countries

**Alternatives and objectives to pursue:**

In the context of COVID 19, multilateralism which promotes mechanisms which address global problems is needed.

These mechanisms need to be representative and must include current and emerging economies. “The World of 2050” report by PWC predicts top economies by 2050 include China, India, US, Indonesia, Brazil and Russia. Along with these, Mexico, Turkey, UK, France, Germany, South Korea and Australia need to be included in the new mechanism.

Global issues that needs to addressed in order of priority are:

1. Tackling COVID 19 crisis

2. Reviving international trade and growth in a sustainable method to reduce environmental impact and inequalities
3. Tackling Climate change
4. Counter terrorism and preventing state sponsorship of terror
5. Counter proliferation of nuclear and Biological weapons. In context of COVID 19, extra care must be taken to implement Biological weapons convention to prevent future pandemics
6. Regional issues need to be taken up
  - a. Preventing nuclear proliferation with respect to Iran
  - b. Peace in West Asia, Afghanistan, Gulf
  - c. Reduction of tensions in Korean peninsula and South China Sea

**Conclusion:**

Only a representative institution which can resolve global issues can become a viable alternative to G7. Only such mechanism can generate confidence during global crisis like COVID 19. India must pursue such representative mechanisms irrespective of objections from China, to achieve Indian interests.

**Mains Question:**

Q.1) G7 has failed to generate confidence in addressing global issues. Discuss?  
[15 marks, 250 words]



**Providing Right Stimulus in Times of COVID 19**Source – [www.business-standard.com](http://www.business-standard.com)**Context:**

To tackle the economic fallout of COVID 19, governments across the world have announced monetary and fiscal incentives accounting to about 10% of global GDP. India too announced 'Atmanirbhar Abhiyan' to revive the economy.

But UN Department of Economic and Social Affairs assessed that these measures may not boost consumption and investment as estimated. These measures instead are leading LIQUIDITY TRAP which is hoarding money as capital buffers in anticipation of low future economic activity.

**Nature of fiscal measures announced and limitations with them:**

Current fiscal and monetary measures aim to boost liquidity. Such monetary measures include reduced repo rates, Open market operations. Fiscal measures include credit availability to MSME's, credit guarantees, welfare transfers to individuals (Garib Kalyan Yojana) etc. Both try to increase money in the hands of consumers and investors to boost consumption and investment. This is needed in the short term considering the liquidity crisis of companies. Without it bankruptcies, erosion of capital with companies would happen which prevents economic recovery.

Yet this is leading to a liquidity trap where people are hoarding money. Experts predict COVID 19 will last for longer term with estimates upto 2 years. Considering this uncertainty, individuals and companies are preferring to hold cash as precaution rather than spending. Much of the money that households and businesses receive in the form of stimulus will probably sit idle in their bank accounts, owing to anxieties about the future and a broader reduction in spending opportunities. This prevents economic recovery.

At the same time, banks will not lend much due to lack of creditworthy borrowers. This leads to banks having excess reserves (capital beyond reserve requirements). This is already seen in US where excess reserves doubled from february to april. Hence, we see low multiplier effect due to current stimulus [ $\text{Money multiplier} = M3/M0 = \text{stock of money supply} / \text{stock of high powered money}$ ]

In addition, excess liquidity may lead to banks investing in financial speculation. This can result in volatile stock markets and erosion of wealth. This will further increase precautionary behaviour by reducing consumption and investment.

Hence current measures will lead to increase in supply of money but limited use by individuals and businesses. Till the time COVID 19 is under control such liquidity trap will continue unless right stimulus is provided.

**Providing 'Right stimulus' to kickstart economy:**

Role of government becomes important in such a situation to break this vicious cycle. Government must insure against risks for individuals and businesses through compensation. This can nudge consumption and investment and thereby revive economic growth.

Measures which can boost consumption and investment:

1. Arrow-Debreu securities: These securities are payable if certain conditions are met. Example is suspending monthly car payments for new cars, if COVID outbreak is not controlled to certain extent in certain time.
2. Income contingent loans and mortgages to boost consumption of consumer durables and real estate.

3. Issuing spending vouchers with limited validity to households. Limited validity prevents hoarding. China is issuing digital vouchers to buy various goods and services.
4. Based on the condition of retention of workers, government can subsidize wage payments and other costs, in proportion to reduced revenue. US is mulling such measures.

**Conclusion:**

Poorly designed stimulus will be ineffective and potentially dangerous. At the same time, right stimulus will save businesses and livelihoods by boosting consumption and demand. Hence careful design of stimulus keeping in mind long term prospects is needed to revive the economy.

**Mains Question:**

Q.1) Increasing liquidity through fiscal and monetary measures can revive the economy post COVID pandemic. Critically discuss? [15 marks, 250 words]

**Critique of Indian Fiscal Federalism during COVID 19**

**Revision** – <https://blog.forumias.com/7-pm-editorial-cooperative-federalism-during-covid-26th-may-2020/>

**Context:**

COVID 19 and its impact on the economy has put strain on finances of both states and central government. To tackle the same, the central government has relaxed borrowing limits of states from 3% to 5%. But this is based on conditionalities. Critics say such conditionalities amount to centralization without checks and balances and expose the fragility of Indian federal system. It amounts to centre using the states distress situation to force them to adopt its economic and institutional agenda

Constitution provides for 'public order' and 'public health' in the State List (Entries 1 and 6) and 'prevention of the extension from one State to another of infectious or contagious diseases or pests affecting men, animals or plants' as a joint responsibility in the Concurrent List (Entry 29). Hence it is the joint responsibility of both levels to tackle pandemic and need a spirit of cooperative federalism.

**Increasing centralising tendencies:**

Disaster Management act, 2005 empowers the central government to issue binding guidelines to states but only after consultations. But the Centre's binding guidelines and orders as part of COVID response without consultations with states is leading to centralization tendencies.

Actions which are taken in such manner include imposition of lockdown, classification of areas into red, green, orange zones and prohibiting states to change them and conditionalities on states to raise extra debt to tackle COVID 19 crisis

Lack of coordination between centre and states is leading to avoidable hardship and misery to millions of vulnerable people. Migrant exodus is an example

**Strained fiscal position of states:**

Being the first responder, states need adequate fiscal resources to deal with COVID 19. But their fiscal position is strained.

Lockdown has restricted economic activities and reduced revenues of states. Even if GDP remains same as 2019-20, states are estimated to be 2.5 lakh crore short of budgeted revenues in 2020-21. In case of contraction, this loss of revenue will be higher.

In addition, pending transfers of tax devolution and GST compensation have reduced funds available to combat COVID 19. Coupled with reduced autonomy in taxation due to GST, this reduces fiscal space available with states.

In times of low international crude prices, increasing VAT on high speed diesel and motor spirit is an important avenue of revenue for states. But due to central excise levy, space to increase the tax by states has reduced. In addition, revenue through central excise levy is not shareable with states.

Faced with such fiscal constraints, states have resorted to deferment of payments to public employees and contractors. This further reduces capital investment and demand in the economy and hence growth.

States have asked for COVID 19 grants and raised borrowing limits to ensure adequate availability of funds to tackle COVID 19.

**Raised borrowing limits with conditionalities:**

Article 293 provides states must take consent of the centre for borrowing, when there is outstanding debt of state with centre. In addition, the centre can impose conditionalities for

such increased borrowing limits. 15th finance commission is looking into what conditionalities can centre impose on states as part of its Terms of Reference.

In line with article 293, the centre has allowed increased borrowing limits from 3% to 5% of State GDP but with conditionalities. These conditionalities include:

1. Introduction of the 'One nation, one ration card' scheme for all, with linking of Aadhaar with ration cards and installing point of sale (PoS) machines in all fair price shops
2. Improvement in ease of doing business:
  - a. District level assessment of ease of doing business,
  - b. Automatic renewal of state industrial and commercial licences to businesses
  - c. Making randomised inspections with prior notice and full transparency
3. Implementation of power sector reforms:
  - a. Reducing aggregate technical and commercial losses
  - b. Direct benefit transfers (DBT) to farmers instead of charging them lower power tariffs
  - c. Reducing the gap between average cost and average revenues
4. Urban local body reforms requiring the states to notify property tax floor rates according to circle property values and to notify water and sewage charges

State can raise upto 3.5% debt without any conditionalities. But beyond that, for every 0.25% extra borrowing, one of the above conditions must be fulfilled. In addition, if 3 out of 4 conditions are fulfilled, additional 0.5% borrowing can be done.

#### **Critique on these conditionalities on borrowing:**

1. Thrusting such conditionalities in times of distress is against spirit of cooperative federalism
2. It sets a precedence of centre dictating to states and reducing the latter into agents of former. It leads to asymmetry of power between states and centre. Centre can then impose conditionalities irrespective of merits.
3. States have varied circumstances and one size fits all approach will not work. Example is power sector reforms proposed. Some states like Gujarat and West Bengal are better placed than others like Andhra Pradesh, Punjab, Tamil nadu
4. States may not opt for conditionalities which are politically difficult. DBT to farmers for power subsidy is an example. In such cases, states will forego additional borrowing. This will lead to reduced funds availability and cut of expenditure. This dampens demand and hence economic revival.
5. Competitive federalism provides better incentives than imposition. Ease of doing business is a case of the same.
6. Some reforms proposed are not permanent and can be reversed. Property taxes, power tariffs are examples which can be reverted back in future.

While there is a need for reforms proposed as conditionalities, effectiveness of imposition of the same is questioned. Instead, these reforms need to have been discussed with states and implemented by individual states as per their circumstances.

#### **Need for an Institution for Bargaining and Conflict Resolution:**

COVID 19 has shown the need for institutional mechanisms to enable intergovernmental bargaining, foster intergovernmental cooperation, conflict resolution, and promote non-predatory competition. Only by such cooperation, emergencies like COVID 19 can be tackled effectively.

But currently, NDC – National Development Council is no longer effective and the Inter-State Council, having been made a part of union home ministry, is not an independent institution. Hence states don't have platforms for voicing concerns and availing remedies.

Hence there is a need for institutions like GST Council which promote cooperative federalism.

**Conclusion:**

Despite good intentions in initiating reforms, imposition of conditions by centre will be counterproductive. It will lead to disharmony and divisions along political lines. There is a need for independent institution which promote bargaining and conflict resolution to ensure states play their constitutional role.

**Mains Question:**

Q.1) Conditionalities attached to increased state borrowing limits are against the spirit of cooperative federalism. Comment? [15 marks, 250 words]

**New Normal for Globalization in Times of COVID**Source: [The Hindubusinessline](#)**Context:**

COVID 19 pandemic has disrupted global supply chains and flows of capital. Countries across the world have announced measures focusing on domestic industry for self-reliance. India too announced Atmanirbhar Bharat Abhiyan to achieve self-reliance. CRPF's decision to serve only domestic products in their canteens is an example. This is being termed as the death knell for globalization.

Globalization is in retreat since the global financial crisis (GFC) of 2008 due to anaemic growth inequality and unemployment. The 2008 crisis led to loss of confidence in the founding ideologies of globalization i.e democracy and capitalism. COVID has hastened this decline.

Let us understand the rise and fall of globalization as well as the new normal of globalization post COVID.

**Rise of globalization:**

USA's victory of the cold war post disintegration of USSR had led to ideological victory of capitalism and democracy. This led to Washington consensus which propounded that liberal democracies with free markets is the right way to achieve economic growth and prosperity. Free trade along with free movement of goods and capital were established as values to pursue. This led to interconnection of nations economically which had socio-cultural and political impact, which is called globalization.

This interconnection is based on 3 plancks.

1. Offshoring of manufacturing and low-end services jobs to developing countries
2. Developed countries running large trade deficits by acting as the market for the increased output of developing countries
3. Developing countries financing the trade deficit of the developed countries by accumulating large foreign exchange reserves

Till the GFC of 2008, globalization was seen as irreversible and inevitable phenomena. It withstood the 1997 Asian financial crisis, the 1998 Russian debt default, the dotcom burst and 9/11. But this had changed post GFC crisis.

**GFC and decline of globalization:**

GFC had resulted in high unemployment, slow growth and huge inequalities. In addition, Chinese economic growth despite being an authoritarian regime has shown evidence that liberal democracy is not necessary for prosperity. This led to populist tendencies of nationalism replacing liberal values of Washington consensus. This manifested as protectionism in advanced economies through tariff barriers, restrictions on movement of people.

Free trade and free markets were the prime reasons for the emergence and wide spread of the GFC crisis. This had shaken the confidence in these values of globalization. Global trade growth fell from 10% before the GFC crisis to 1-2% post crisis. WTO – World trade Organization has become ineffective post 2008 with sharp divisions along nationalistic lines. Trade wars emerged disrupting free trade

Hence globalization had been in retreat since 2008 GFC. Current COVID pandemic has further hastened this retreat.

**COVID pandemic and new normal of globalization:**

COVID 19 pandemic has exposed following limitations of globalization:



1. Unreliability of Global supply chains and dependency for essentials like Medicines, PPE's, masks, gloves etc. Overdependence on China has alarmed the nations.
2. Weaponization of supply chains and resultant security threat to nations. Chinese stopping beef imports from Australia in retaliation for investigation into the origin of COVID is an example.
3. Profit centricity rather than human centricity resulting in inaccessibility of public goods. High prices of medicines and treatment seen in private hospitals is an example.

Due to such limitations, future economic engagements will change and a new normal will be established. World will be mindful of overdependence on China. They will start disengaging to develop self-reliance. This will greatly change the existing global value chains.

There are estimates of a 32% dip of world trade due to COVID and global GDP is estimated to decline. In such a scenario, WTO will become irrelevant as nations will seek flexibility to deal with domestic economic crises. Import substitution and restriction on movement of people across nations will be pursued to build up economies. WTO rules on subsidies, tariffs will not be adhered to. This will lead to a free-for-all situation with no rules and law of the jungle. Bilateral and multilateral trade pacts will come under strain. European Union is already facing sharp divisions and NAFTA is under stress.

**Conclusion:**

COVID 19 has led to great churning in economic relations of nations and hence globalization. If pandemic is not controlled, global rules of trade and economic engagement will change. A new normal will be seen with interconnection due to globalization becoming obsolete.

**Mains Question:**

Q.1) Discuss the impact of COVID 19 on globalization?

[15 marks, 250 words]

**Flattening the Climate Curve**Source: [The Hindu](#)**Context:**

COVID 19 pandemic has brought the world to a standstill. A paradigm shift in structure and functioning of societies is expected once the pandemic subsides. This is seen as an opportunity where a sustainable development model can be pursued with a low carbon footprint. But this requires political will from leaders of the nation's similar to how they are tackling the COVID 19 crisis.

Let us understand Climate change, its impact and impediments in global cooperation.

**Understanding climate change:**

Greenhouse gases are those which absorb longwave solar radiation reflected by the earth surface. Carbon dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>) are examples. If their quantity in the atmosphere is under control, there are no issues. But if their concentration goes beyond limits, due to absorbed heat by these gases, they will increase the temperature of the earth. This is called climate change. CO<sub>2</sub> concentration is an indicator, as it the main cause climate change

CO<sub>2</sub> concentration had started increasing 18000 years ago when it was below 200 ppm (parts per million). At 11500 years ago, it reached 270 ppm which led to warming of earth which in turn led to the start of agriculture. Since then till the 19th century, CO<sub>2</sub> concentration has always remained below 300 ppm.

Since the mid-19th century, as part of the industrial revolution fossil fuels of oil and coal were burnt and emissions of CO<sub>2</sub> have increased. This led to unprecedented accumulation of CO<sub>2</sub> in the atmosphere. Despite nature absorbing half of emissions, in 2018 CO<sub>2</sub> concentration reached 407 ppm. Such levels of CO<sub>2</sub> were seen 3 million years ago. This led to many adverse consequences.

**Consequences of climate change:**

Temperature rise is the direct consequence. By 2015 there was a 1 degree rise in global temperature compared to 1915. Climate models predict heating by 4 degrees by the end of the 21st century. Even if commitments of nations under PARIS AGREEMENT are fulfilled, 2 degrees of warming is expected. This will have an adverse impact on global weather and ecosystems.

Consequences of temperature rise:

1. Rise in heat waves and number of extremely hot days [EHD – temperatures above 35 degrees celsius]. March 2020 was the second warmest March on record. In India, 2010 saw 5 days of EHD, whereas predictions are 15 days in 2050 and 42 days in 2100. Such high temperature will lead to events like Australian bush fires and Amazon fires of 2019
2. Extreme weather phenomena like drought, hurricanes, heatwaves will become more frequent. There is already evidence for the same.
3. Melting of glaciers which will result in rise in global sea levels and floods in riverine regions. This will lead to land degradation in coasts where marine water will come further landward. Further island nations face the threat of submergence.
4. Agriculture faces risks due to erratic rainfalls and extreme weather events. Too much increase in temperature will lead to pests and reduced yields. Locust challenge being faced by India currently is due to unseasonal rains in West Africa due to climate change
5. Temperature sensitive ecosystems like corals will be severely impacted.



Thus, there will be huge adverse consequences if climate change is not addressed. There is a need for a global front to tackle the challenge.

**Finances and technology transfer – Broken promises:**

Intergovernmental Panel on Climate Change – IPCC report predicts \$2.4 trillion per year (2.5% of global GDP) investment in energy efficient systems to limit temperature rise to 1.5 degrees. In addition, low carbon technologies need to be provided to developing countries to enable a shift from fossil fuel-based economy.

Developed countries are the cause of high levels of greenhouse gases. So, they are responsible for providing finance and technology transfer to tackle climate change. To mobilize funds to tackle global climate change, developed countries had promised \$100 billion per year in the 2009 Copenhagen summit of UNFCCC. But this was not adhered to. Only \$71 Billion was mobilized till 2017 and 80% of it towards mitigation and. In addition, money provided included loans and development funds which have to be repaid. Technology transfer is also lacking due to Intellectual property constraints.

Developed countries have ignored the principle of Differentiated responsibility leading to weakening of global fight against Climate change. US withdrawal from the PARIS agreement can be seen in this context.

**Going ahead:**

COVID 19 has presented an opportunity to redefine development processes in a sustainable way based on principles of equity and climate justice between nations. Mitigation measures like geo engineering and carbon sequestration are currently unable to address the challenge and are temporary measures. A complete altering of mindset with leaders displaying responsibility to cut emission is the only way we can address climate change. Only then we flatten the climate change curve of rising CO2 concentration and temperatures.

**Mains Question:**

Q.1) What do you understand by climate change? Developed countries have reneged on their commitment to tackle climate change. Do you agree? Explain. [15 marks, 250 words]

## Lessons for a Human-Centric Development Model from Mahatma Gandhi and Lee Kuan Yew

Source: [The Hindu](#)

### Context:

COVID 19 pandemic has resulted in economic downturn globally due to lockdown and restrictions on movement. This has triggered a crisis of unemployment. Migrant labourers are affected severely and India is experiencing a migrant exodus from cities to villages. Faced with returning migrants, respective state governments are trying to create jobs locally and provide home to their citizens.

For designing policies to promote jobs, states should study the human centric model of [Lee Kuan Yew](#) which was used in making Singapore developed nation and [Gandhiji's model of 'Poorna Swaraj'](#).

### Developing Singapore:

Lee had a clear vision of making Singapore a developed country by raising per capita incomes of its citizens to the same levels as in other advanced economies. This is a different vision from GDP based development model and globalization which privileges migrant capital over migrant labour. In Lee's vision, citizen centricity is the prime principle.

In pursuance of this vision, steps taken to boost investment are:

1. Branding Singapore as a strategic location due to proximity to shipping lanes between East and West. Also, cheap labour of ASEAN is an attraction to MNC's.
2. Policy measures of low taxes, world class infrastructure, efficient administration was promised and delivered. These measures were to counter any flight of investment in response to increasing wage rates.
3. Investment companies were asked to invest in skill development of Singapore citizens. This was to promote higher skilled employment and ensure per capita incomes rise.

Due to these, despite initial apprehension by investors, they invested in Singapore in line with this vision. This led to industrial development of Singapore.

### Gandhi's vision of Poorna Swaraj:

Every Indian state is more complex than Singapore (a city state) with villages and cities with large populations. India lives in its villages and now migrant labourers are returning to these villages. These villages have to be empowered to create jobs for returning migrants.

Gandhiji's '[Poorna Swaraj](#)' envisages a free India where Indian villages have economic and social freedoms. Political freedom from British was only the first step. Gandhiji understood the social and economic problems of Indian villages better than many economists. He saw potential Indian poor to contribute to Indian economy rather than viewing them as expendable labour. He believed the economy must serve human needs rather than human beings becoming fodder of GDP. This is similar to Lee Kuan Yew's Singapore model in privileging per capita incomes over GDP.

### Pursuing a human-centric model:

Humans are not tools to produce returns for investors; rather, money is a tool to produce benefits for humans. Every citizen deserves jobs, livelihoods and dignity of life. Hence the test of public policies must be based on what is good for people rather than what is good for GDP or investors.

Principles of Gandhian economics can be pursued under this human centric model. They are:

1. Human beings and local communities are means to progress and hence progress must have purpose of human well being

2. Governance must be strengthened at local levels of villages and cities
3. Wealth is good and wealthy people are trustees of the wealth of communities and not owners of the wealth.
4. Cooperative capitalist enterprises with workers as owners to reduce alienation of workers.

**Conclusion:**

World has been 'degloablising' since the 2008 Global financial crisis. COVID 19 has accelerated it. In the face of disrupted supply chains and barriers on movement of people, localization has become the new norm. In such a highly disrupted world, India is at a crossroads where we can choose between GDP based development model or more humane Gandhian approach of development. Human centricity must be pursued to achieve Sabka Saath, Sabka Vikas, Sabka Vishwas.

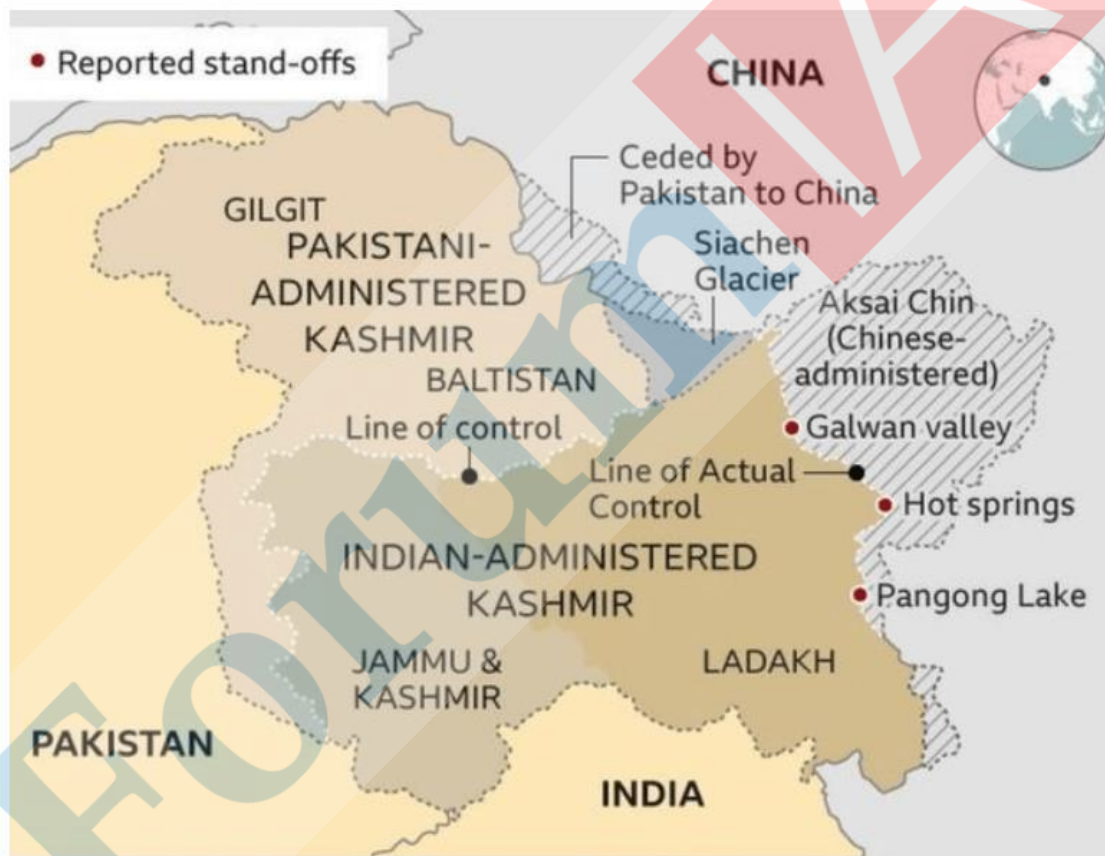
**Mains Question:**

Q.1) What is Poorna Swaraj as per Gandhiji? In context of COVID 19 pandemic, how can India use this concept to pursue inclusive development? [15 marks, 250 words]

**Reasons for India -China LAC standoff and why remaining Non-Aligned is good advice**Source – [TheHindu](https://www.thehindu.com)**What has happened:**

India and China are involved in standoff at Line of Actual Control (LAC) and Sikkim sectors which threatens to result in a major conflict. This main skirmish is happening in the region – Pangong Tso (Lake), the Galwan valley, the Hot Springs – Gogra area (all in Ladakh) and Naku La in Sikkim Sector. The major reason for the present standoff is India building Darbuk-Shyok-Daulat Beg Oldi road near the LAC, which has angered China. To diffuse the standoff, talks at the level of military commander has been held and they have reiterated that both sides are involved in ‘partial – disengagement’. India has demanded the restoration of status quo ante which existed in Mid – April 2020.

The article explains the various reasons for the escalation of Chinese assertion in the LAC and what can India do to reduce the tension. The article argues that India must truly remained non – aligned.

**Reasons for the Chinese assertion at LAC**

**Four** reasons have been provided for China's actions:

**Firstly**, the geopolitical factors have contributed to it. India's perceived tilt towards USA orbit of influence which is more pronounced in the domain of US – China relations. Several instances confirm the perception that India tends to side with the U.S. and against China whenever there is a conflict of interest between the two. For example – geopolitical convergence between US and India in Indo – Pacific, India being a member of QUAD, possible expansion of G-7 to include India but exclude China. China is wary of increasing proximity between India and USA and have said that India need to maintain equidistance with USA and China.

Other countries are seeing India as a counter weight to growing China. This is also creating an impression of alignment of India with anti-China sentiments in other countries, which China clearly perceives as provocation

**Secondly, Increase in bilateral tension between India and China.** India's actions such as a) opposition to Belt and Road Initiative (BRI), China Pakistan Economic Corridor (CPEC) b) India's assertion in Gilgit Baltistan c) recent curbs and restriction on Chinese Foreign Direct Investment d) rising anti-China propaganda has angered China.

**Thirdly, Impact of China's Internal Dynamics.** China's behaviour is impacted by internal pressure that have been generated in China due to handling of COVID-19 crisis at home. It is the most serious health crisis in China since 1949.

**Fourthly, Economic Pressures.** Chinese economy is seeing downturn. There has been a tide of rising anti – China sentiment world over and there has been demand for relocation of Global Supply Chain outside China. It is being argued that Chinese leadership may have taken these stands to divert attention from the domestic economic pressures.

### Conclusion

Both India and China must avoid any issue which may lead to wider conflagration. India must not be seen as the front end of a belligerent coalition of forces seeking to put China in its place. It is advisable that India remains truly non-aligned and not become part of any coalition that would not be in India's long-term interest.

### Mains Practice Question

Q.1) Critically analyze the factors for the recent India – China LAC standoff. What options India have to diffuse the tension? [15 marks, 250 words]

## Breakdown of Police – Public Relations and How Community Policing May Be a Solution

Source: [LiveLaw](#)

### What has happened:

The police killing of George Floyd, an unarmed Black man in Minneapolis, USA, has prompted one of the greatest civil uprisings of the modern day. The central narrative of the incident is racial discrimination and cruel attitude of police towards general public.

In the past few months, Indian police too have remained in news for its wrongfully handling of anti-CAA protests, riots in Delhi and the marching migrants across India during COVID-19 times.

There is a growing distrust between the public and police. However, in the times of COVID-19 pandemic, police has a role of not just law enforcing agency but also as a service provider and enabler. It is therefore necessary to improve public-police relation.

### Growing distrust between police and public:

According to a study conducted by Centre for the Study of Developing Societies (CSDS) in 2019, the poor, marginalized, minorities and women tend to fear and feel alienated from the police. More than half of the respondents in the study felt that police treats rich better than the poor. This shows that the poor and marginalized have a feeling of discrimination. It was also found that there is a decrease in representation of SC/ST, OBCs and minorities in police force.

The general public has fear of police on the perception of police being discriminatory and oppressive in behavior. Often, abuse of power by police further erodes the public's trust in police.

### Various Recommendations:

Since Independence, various committees and commissions have recommended the urgency of police reforms in India. Some of these are:

- **Second Administrative Reforms Commission Report (2006):** The report found that police-public relations are in an unsatisfactory state because people view the police as corrupt, inefficient, politically partisan and unresponsive.
- **Second report of the National Police Commission (1980):** The report recommended that the police should duly recognize, and be trained and equipped to perform the service-oriented role in providing relief to people in distress situations.
- **SC's judgement in 'Prakash Singh & Ors vs Union of India' (2006):** SC ordered the centre and states to set up authorities to lay down guidelines for police functioning, evaluate police performance, decide postings and transfers, and receive complaints of police misconduct. The court also required that minimum tenure of service be guaranteed to key police officers to protect them from arbitrary transfers and postings.



### Directions of the Supreme Court in Prakash Singh vs Union of India

In September 2006, the court issued various directions to the centre and states including:

- Constitute a State Security Commission in every state that will lay down policy for police functioning, evaluate police performance, and ensure that state governments do not exercise unwarranted influence on the police.
- Constitute a Police Establishment Board in every state that will decide postings, transfers and promotions for officers below the rank of Deputy Superintendent of Police, and make recommendations to the state government for officers of higher ranks.
- Constitute Police Complaints Authorities at the state and district levels to inquire into allegations of serious misconduct and abuse of power by police personnel.
- Provide a minimum tenure of at least two years for the DGP and other key police officers (e.g., officers in charge of a police station and district) within the state forces, and the Chiefs of the central forces to protect them against arbitrary transfers and postings.
- Ensure that the DGP of state police is appointed from amongst three senior-most officers who have been empanelled for the promotion by the Union Public Service Commission on the basis of length of service, good record and experience.
- Separate the investigating police from the law and order police to ensure speedier investigation, better expertise and improved rapport with the people.
- Constitute a National Security Commission to shortlist the candidates for appointment as Chiefs of the central armed police forces.

### Community policing as a solution:

Practically, Police cannot operate effectively without willing co-operation and support of the very public, whom it is entrusted to serve, defend and protect. Police often require citizen involvement, public participation and community relations for effective discharge of their duties. Thus, improving relations between public and police is pivotal for effective policing. One of the ways of addressing the challenge of public-police distrust is through the **community policing model**. It is policing in active consultation, cooperation and partnership with community at large. Community policing requires the police to work with the community for prevention and detection of crime, maintenance of public order, and resolving local conflicts, with the objective of providing a better quality of life and sense of security. It may include patrolling by the police for non-emergency interactions with the public, actively soliciting requests for service not involving criminal matters, community-based crime prevention and creating mechanisms for grassroots feedback from the community.

Some of the examples of community policing in India are:

- **Janamaithri Suraksha in Kerala** was introduced in 2008 to facilitate greater accessibility and closer interaction between police and local community. In Covid times, through this project, the policemen were able to reach out to large parts of community for monitoring, contact tracing, reaching out to senior citizens and creating health and hygiene awareness.
- **Meira Paibi (Torch-bearers) in Assam**: The women of the Manipuri Basti in Guwahati help with improving the law and order problem in their area, by tackling drug abuse among the youth. They light their torches and go around the basti guarding the entry and exit points, to prevent the youth of the area from going out after sunset.

- **In Delhi, the Special Police Officers (SPOs)** have acted as a bridge between the police and community since the 1980s.

Various other community policing models such as Rajasthan through 'Joint Patrolling Committees', Tamil Nadu through 'Friends of Police', West Bengal through the 'Community Policing Project', Andhra Pradesh through 'Maithri' and Maharashtra through 'Mohalla Committees'.

Community Policing becomes more important during the current COVID-19 pandemic, where active involvement of community can help the police in better discharge of their duties.

#### **Caution about expanding community policing efforts:**

Community Policing should not lead to vigilantism and mob justice. For example, the experiment of 'Salwa Judum', which involved arming of local tribal youth to fight Naxals in Chhattisgarh should be kept in mind. In 'Nalini Sundar & Ors vs State of Chhattisgarh' (2011), the Supreme Court rightly ordered ceasing of the programme and held it to be violative of Article 14 and 21 of the Constitution.

#### **Conclusion:**

Police-public relations are an important concern in effective policing. At present when the police at the frontline fight with COVID-19 pandemic, they need support and cooperation of public. From law and order and crime centric approach, there is need to shift towards service oriented, public themed approach that facilitates community policing and greater trust.

#### **Mains Practice Question:**

Q.1) What is Community-Policing? How does the Community-Policing help in bridging the gap between Public-Police relations? [15 marks, 250 words]



**CAN INDIA DE-COUPLE ITSELF FROM CHINESE MANUFACTURING?**Source: [TheHindu](#)**CONTEXT**

The overdependence of medical equipment during COVID-19 Pandemic on China and the recent border clashes with it in the Galwan valley in Eastern Ladakh has reignited questions about India's dependence on Chinese manufacturing. India's imports from China in 2019-2020 reached \$65 billion, out of \$81 billion two-way trade.

Is this Pandemic a 'blessing in disguise' for Indian manufacturing? How well is India equipped to attract the companies that are relocating itself from China? Can Indian manufacturers free themselves from the deeply integrated supply chains with the manufacturing juggernaut China?

**How far has the 'Make in India' initiative reduced India's dependence on China?**

Make in India initiative aimed at strengthening the manufacturing ecosystem of India. It's a quest for a self-reliant India, which strongly relies on a thriving domestic industry which is local but acts globally, and is an integral part of global supply chains. Despite this initiative, our dependency on China has actually gone up in the last five years. India exports a lot of raw materials and intermediate products, and imports finished products from China.

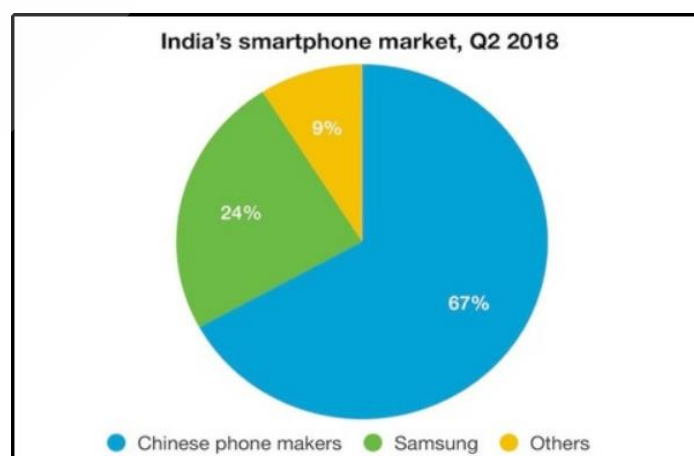
Our dependence on China is huge mainly because:

- China is by and large widespread across different concentrations Example: China is one of the top sources of critical medical supplies for frontline healthcare workers in the COVID-19 battle.
- There is not a wide diversification of countries from which India sources its imports because there isn't a very widely diversified source of countries from which India can actually import.

Therefore, it's going to be a difficult choice for India to get out of this dependence and search for alternative partners.

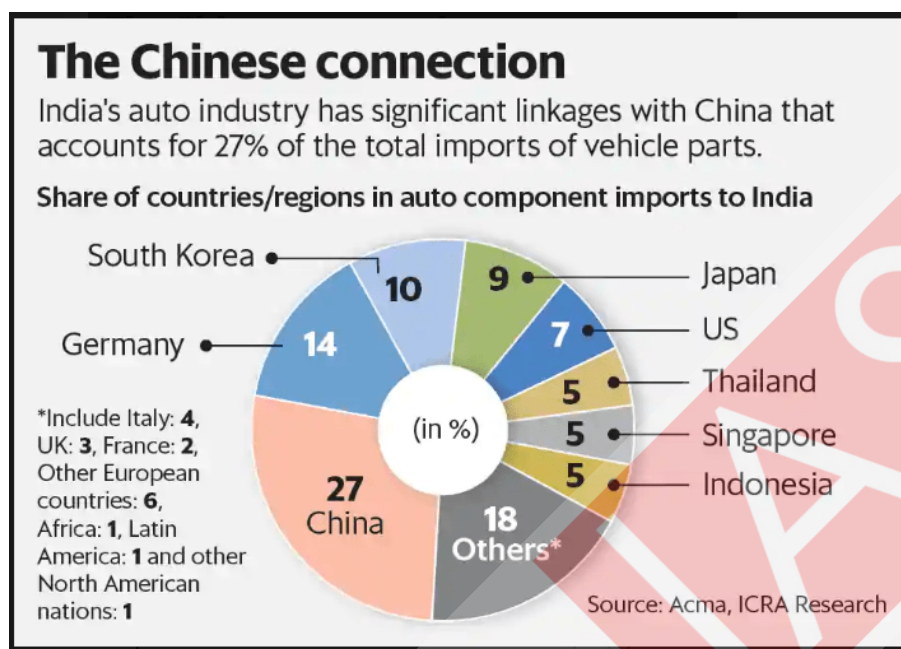
**Concentrations and key sectors where dependency is acute on China:**

- Capital Goods: India imports a wide variety of machineries, including electrical machinery, semiconductor driven machinery, etc.
- Fertilizers, organic chemicals and active pharmaceutical ingredients (APIs): India imports 70% of its API's from China.
- Medical Equipments: Personal protective equipment (PPEs), testing kits, humidifiers, medical masks, liquid soap, etc.
- Electrical and electronics industry:



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- Automobile industry: About 27% of the roughly \$17.5 billion worth of component imports into India comes from China, according to rating agency ICRA Ltd.



#### Can India replicate what China did in the 1990s?

China followed a global market-driven industrialisation strategy and an export-driven strategy in the 1990s to restructure its manufacturing ecosystem. But after the Global Financial Crisis in 2008, global value chains have in fact become more local. Countries are depending more on their own economies rather than on global markets. Thus, the strategy that China followed, when a large part of the demand came from global markets is difficult to replicate in the present era of protectionism and de-globalization.

#### Will industries on a large scale relocate itself from China to India?

China is central to a very large number of global and regional supply chains. It is because:

- China offers the capacity to businesses to develop the supply chains by considerable lengths within itself because of its geography and broad-basing of different sectors.
- China's biggest value comes as a final stage assembler.
- China continues to remain a major source of the final demand market.

Post COVID-19 situation, the emphasis on the part of businesses is to make these chains shorter, more resilient, more durable, and locate them closer to the final demand markets. As a result of which, shifting physically supply chains out of the Chinese geography and its connected arms i.e. Hong Kong and Taiwan — is going to be pretty difficult because the geography offers agglomeration advantages, moving back and forth across borders and offering integrated facilities.

Therefore, it's doubtful that India will actually see substantive supply chain relocations out of China.

#### Policy priorities to attract industries to India

Despite being an open economy and offering attractive terms to foreign investors, there is a huge gulf between the FDI inflows between China and India. Priorities are as follows:

- Skill Sets: Major FDI inflows are in service sectors because of acknowledged skills. Manufacturing lacks similar skill sets.

- Infrastructure: To overcome locational advantage of China, India needs to provide 24\*7 electricity supply, ports with state-of-the-art technology, etc.
- Productivity of workers: Wage rates are lower in India than China but it's actually productivity-linked wages that matter, and productivity in India is pretty awful.
- Land Acquisition: Government has a huge land bank acquired under special economic zones policy and thus needs to be streamlined.
- Red-Tapism: To further move up the ladder in the World Bank's Ease of Doing Business Index, red-tapism needs to be eliminated.
- Rationalization of Labour laws: Government of India must strike a balance between the right of labours and flexibility in labour laws for industries

### **Why are South-East Asian economies attracting industries in huge numbers?**

Economies like Vietnam, Malaysia, Thailand, Cambodia or Bangladesh are competing for a slice of the pie of the relocated supply chains. There is a cultural commonness in business practices across regions that we can find in China, Japan, Korea, and large parts of South-East Asia, the emphasis on settling disputes through dialogues, the emphasis on informal consultations, as opposed to what we see in India.

Despite having small markets, they have the ability to provide access to other markets in a far more effective fashion. Example: Vietnam concluded a free trade agreement with European Union, which will offer two advantages: relocated firms can take advantage of the European market and they can also export back to China. Along with that, they have the advantage of the greater ASEAN and Asia-Pacific region.

### **Role of trading agreements for India to become lynchpin in global supply chains**

WTO is the best set of rules for global trade as well as regional trade. Unfortunately, due to the issues in functioning of WTO, member countries have moved on to pursue regional agreements and bilateral agreements. RCEP got concluded without India.

India is aiming to work towards relocation of supply chains with like-minded partners, countries like Japan, Korea, Vietnam, which are all members of RCEP. These partners have a completely different sub-regional trade understanding and they will follow the rules of origin as per the RCEP agreement. This leaves little space for India to become the lynchpin.

### **Conclusion**

India must understand the difference between reducing dependency on China, and reducing dependency on the rest of the world. Reducing dependency on the rest of the world is an approach that will drive India up the road of economic nationalism. Following the path of import substitution will lead to the path of autarky, which surely India is not talking about.

India must strike a balance between trade agreements and indigenization of products. Policymakers must not send conflicting signals to the investors. The policies have to be transparent, predictable and consistent.

### **Mains Practice Question**

Q.1) Account for dependence of India on imports from China in key strategic sectors. Suggest measures to improve self-reliance/ lowering dependency on China in these sectors.

[15 marks, 250 words]

## TEXTILE SECTOR NEEDS A VISION AND MISSION

Source: [TheHinduBusinessline](https://www.thehindubusinessline.com)

### The Idea of Self-Reliance

The Government of India has embraced 'atma nirbhar' or 'self-reliance' as a development strategy to reboot the Indian economy. It is about tapping India's inherent strengths to emerge stronger as a nation, economically and otherwise. The larger vision of a 'Atmanirbhar Bharat', thus, is not just import substitution but to build capacity for manufacturers in India to dominate the global market.

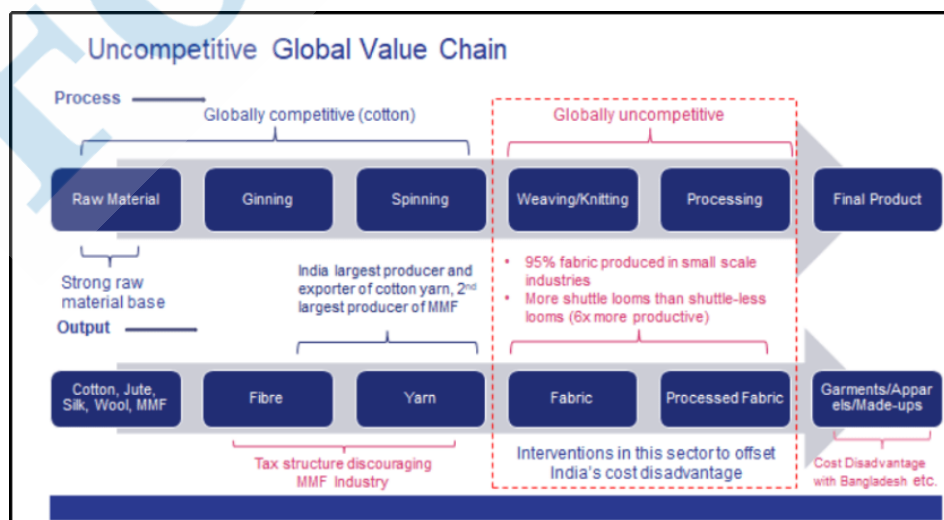
The idea of 'Atma Nirbharta' i.e. Self-Reliant can succeed only when requisite focus and attention is given on those sectors that are already self-reliant and are on a take-off stage to dominate the global market. The Textile Sector is a case in point.

### Why is the Textile Sector important?

- **Abundance of Raw Materials:** It is the largest producer of cotton, accounting for 25 per cent of the global output. It is also the second largest producer of man-made fibres — polyester and viscose.
- **Agglomeration advantage of the entire value chain:** Its inherent and unique strength is its incomparable employment potential owing to the presence of the entire value chain from fibre to apparel manufacturing within the country.
- **Employment generation:** It is the biggest employer after agriculture and provides direct employment to 4.5 crore people and another 6 crores in allied sectors.
- **Labour Availability and Market:** Labour availability is plenty and, most importantly, a strong domestic market exists.
- **Potential for Social Transformation:** India needs to generate jobs that pay well, provide social protection to workers, support efficient production for export markets, and hold the potential for social transformation.
- **Foreign Exchange Earnings:** India is the second-largest manufacturer of textiles and clothing in the world. India is also the second-largest exporter of textiles and apparel with a share of 5% of global trade. This sector accounts for seven per cent of India's manufacturing output, two percent of GDP and 12 percent of exports worth \$40 billions.

### Overview of the Textile Value Chain

Textile sector includes cotton, jute, silk and woolen textiles. While India has the advantage of the entire value chain in the industry, currently the value chain is uncompetitive. The figure below from NITI Aayog indicates the current status of textile value chain (GVC) in India:





**Challenges in the Textile Sector**

- **Lack of Scale:** While India's spinning capacity is of a global scale, the same cannot be said about weaving and apparel making. In fact, apparel units in the country have an average size of 100 machines. Compare this with Bangladesh which has on an average of at least 500 machines per factory.
- **Fluctuation in Availability of Raw Materials:** Vagaries of monsoon affects the productivity in rainfed cultivation areas. Severe competition from other crops due to MSP further deters the farmer from growing jute.
- **Skewed Policies:** GST on cotton is uniformly 5 per cent for fibre, yarn and fabric. But not so for man-made fibres (MMF), which are taxed at 18 per cent for fibre, 12 per cent for yarn and 5 per cent for fabric. This inverted tax structure makes MMF textiles costly. This explains why it accounts for just \$6 billion of the \$39-billion textile exports. But 72 per cent of the global textile fibre consumption is MMF.
- **Problem of Contamination:** High contamination level and poor quality of fibre, both in fineness and length, are major concerns that need focused attention. Pests attack like bollworm attack on cottons further decreases the quality.
- **Obsolete Technology:** Approximately 95% of the weaving sector in India is unorganized in nature.
  - It has challenges such as inadequate know-how, low focus on research, innovation in new product development and low technology upgradation.
  - Further, low productivity and automation levels also remain one of the biggest woes for the weaving industry.
  - In terms of technology adoption in the weaving sector, India has only 2% share in global shuttleless looms (i.e. modern looms) installed capacity.
- **Stagnating Exports:** The share of textiles in India's overall exports has declined from 15 per cent in FY16 to 12 per cent in FY 19. Relatively newer entrants like Bangladesh, Vietnam and Cambodia have gained substantially during this period. On the other hand, India's apparel exports declined from \$18 billion in FY17 to \$17 billion in FY19.
- **Lack of Trade Agreements:** Preferential Trade Agreements, including FTAs, help gain duty-free access to large textile markets such as the EU, Australia and the UK which, otherwise, levy 12-14 per cent import duty. They will help Indian players counter Bangladesh, Vietnam, etc. India's FTA negotiation with the EU, Comprehensive Economic Cooperation Agreement with Australia and FTA with the USA have been in limbo for years. FTA with the UK after Brexit will face much more difficulties.

**Competition from Other Economies**

- **China:** China has a substantial share of 51% in cotton fabrics when compared to India's 5%-6%.
- **Bangladesh:** Bangladesh imports are highly competitive because it gets duty free access due to its 'least developed country' status. Recently, China through its economic diplomacy have waived off tariffs on 8256 products of Bangladesh. Bangladesh's apparel exports have risen from \$26.60 billion in 2015 to \$33 billion in 2019.
- **Vietnam:** Vietnam has increased its global export share of cotton yarn from 5% in 2012 to 15% in 2016 and has grown to become the third largest apparel exporter in the world. Vietnam has signed an FTA with the EU and its apparel exports will also suffer no duty from September.

**Government Initiatives in the Textile Sector**

- **National Handloom Development Programme:** Scheme will follow need based approach for integrated and holistic development of handlooms and welfare of handloom weavers.

- **Amended Technology Upgradation Fund Scheme (ATUFS):** The objective of the scheme is to facilitate augmenting of investment, productivity, quality, employment, exports along with import substitution in the textile industry and also to indirectly promote investment in textile machinery manufacturing.
- **Scheme of Fund for Regeneration of Traditional Industries' (SFURTI):** Financial support is being provided for setting up of traditional industries clusters viz. Khadi, Coir & Village industries clusters.
- **Scheme for Capacity Building in Textile Sector (SAMARTH):** It aims to skill the youth for gainful and sustainable employment in the textiles sector covering the entire value chain of textiles, excluding spinning and weaving.
- **PowerTex India:** To avoid fluctuation in yarn price, government has launched a Yarn Bank Scheme as one of the components of PowerTex India
- **Scheme for Growth and Development of Technical Textiles:** It aims to set up centers of excellence for infrastructural support.
- **Solar Charkha Mission:** It is an enterprise driven scheme and envisages setting up of 'Solar Charkha Clusters' which will have 200 to 2042 beneficiaries (Spinners, Weavers, Stitchers and other skilled artisans).

### Recommendations

- **Promotion of Exports through FTA's:** The government should look through the prism of 'atma nirbhar' to adopt an appropriate 'give and take' policy and sign the FTAs. Job creation can be an important metric. Every \$1 billion increase in textile exports adds 1.5 lakh jobs.
- **Expanding Weaving Capacity:** The weaving sector is the backbone of the textile industry. On the one hand, promoting the weaving industry gives impetus to the domestic spinning industry and on the other, it makes our garment' sector globally more competitive.
- **Investing in Technology Upgradation:** To ensure rapid transformation of the weaving sector in India, under Amended Technology Upgradation Funds Scheme (ATUFS) of the Government of India, the weaving sector may be considered to get capital subsidy at par with garmenting and technical textiles.
- **Promotion of Cooperatives:** Cooperative societies must be promoted and strengthened in rural and semi-urban areas where there is large concentration of handloom weavers.
- **Diversification of Textile Products:** During COVID-19, the textile firms produced personal protective equipment worth 10,000 crore from zero. Technical textiles further need to be promoted.

### Conclusion

India needs a fresh blueprint for the textile sector. Once that is drawn up, the country needs to move into mission mode to achieve it. 'Atmanirbharta' will not be possible if the government fails those sectors that are already self-sufficient and capable of dominating the global market.

With focused interventions in this sector, we might enhance its performance in terms of more investment, employment generation and export earnings.

### Mains Practice Question

Q.1) Analyse the issues being faced by the textile sector in India. Suggest measures to address them. [15 Marks, 250 words]



**The Transforming Landscape of Dispute Resolution: Online Mediation and COVID-19**Source: [LiveLaw](#)**Introduction**

COVID-19 Pandemic has brought unimaginable challenges and suffering in the society. To cope with it, businesses have embraced digital technologies and work from home culture. This has brought unique set of challenges such as businesses/people might find themselves unable to fulfil their obligations which were consented to without the contemplation of the existence of a pandemic. This will inevitably lead to dispute and thus arises the importance of online mediation.

**What is Online Mediation?**

Mediation is a procedure in which the parties discuss their disputes with the assistance of a trained impartial third person(s) who assists them in reaching a settlement.

The dispute may either be pending in a court or potentially a dispute which may be filed in court. Cases suitable for mediation are disputes in commercial transactions, personal injury, construction, worker's compensation, labour or community relations, divorce, domestic relations, employment or any other matters which do not involve complex procedural or evidentiary issues.

Online mediation refers to a non-adjudicative method of mediation where parties to a dispute do not have to be present at the same location.

**Why is the need for Online Mediation in the times of COVID-19?**

- Courts have started hearing matters through Video Conferencing but it is limited to small number of important and urgent cases. Given the nature of backlogs, it would be impossible for courts to speedily dispose cases through Video Conferencing. Thus, online mediation amongst other forms of Non-Adjudicative Online Dispute Resolution (ODR) services assumes prominence for speedy dispute resolution.
- It is cost-effective.
- Almost 40% of India's population have access to internet and 'Digital India Campaign' further aims to increase the internet outreach. Everyone with access to a device with an internet connection can have access to ODR services.
- Online dispute resolution (ODR) has the potential to ensure that justice is truly available for all and does not exclude people on the basis of their geographical location, literacy and economic status.

**Benefits of Online Mediation**

1. **Time Efficiency:** The most apparent benefit of online mediation is the fast pace with which it can offer solutions to complex disputes.
  - It not only beats litigation in terms of speed but also traditional physical mediation, due to no requirement for travel to a common destination.
  - Different people can present their part of the stories at different points of time and not have to be present at the same place at the same time for the process.
2. **Cost Efficiency:** It eliminates the cost associated with travelling and decreases the cost of litigation owing to a lesser time consumption to resolve the dispute. There is also no loss of income or livelihood due to vast amounts of time investment in the trial.
3. **Easy Storage of Data in Digital Form:** Paper-format involves huge amount of space for storage, difficulty in navigation through files, fear of destruction during environmental hazards and lack of data back-up in case of any unforeseen circumstances. Online mediation provides a much more efficient alternative by storing data in a digital format and thus eliminates all these grave issues.

4. **Choice of Language:** Due to globalization and vast cultural differences around the world, disputes have arisen between people speaking different languages. The recent technological advancements of translation software provide online mediation an opportunity to conduct its proceedings in any number of languages that parties are comfortable with.

### Challenges faced by Online Mediation

1. **Lack of Personal Touch:** Alternative dispute resolutions such as mediation, arbitration, reconciliation, etc. were created to facilitate personal interaction instead of lengthy litigation process that involves numerous players. ODR mechanisms involve interaction through digital medium and poses following problems:
  - It lacks face to face interaction and does not allow parties to know the various characteristics of the opponent, which is critical to crack the best possible deal.
  - Lack of direct communication often makes the parties uncertain about the legitimacy of such dispute resolution mechanisms.
  - It creates psychological barriers in reposing trust in the mediator as mediator merely becomes a superficial presence.
2. **Issue of Confidentiality:** The major issue of solving disputes online is that it creates digital footprint. Cyber security concerns may hinder the development of open and honest exchanges in online mediation especially in matters that involve business secrets and personal family issues.

### Need for Dedicated Online Platforms for Online Mediation

In ODR, there is a need for customised online platforms which can implement the entire process seamlessly. Processes such as:

- Sending invitation to mediate.
- Signing the agreement to mediate.
- Conducting and Scheduling sessions.
- Exchanging communication and signing of settlement agreement.

Since, there is no physical interaction in ODR, technology is deemed to function as the 'fourth party' and acts as a 'Digital Administrator'. Customised platforms include the mechanism for Assisted Negotiations, Automated Negotiations and Online Mediation.

### Issues with Dedicated Online Platforms

- **Right to Privacy:** Digital footprints getting stored may leak out leading to violation of Right to Privacy. In recent times, safety regarding the Zoom Video Conferencing have surfaced as a major hurdle in confidentially conducting online mediation.
- **Right to be Forgotten:** After successfully conducting online mediation, the parties must have the rights to get their digital footprint deleted from the servers.

Therefore, in order to avoid such safety concerns, parties must use customised and dedicated online platforms of certified and trusted mediation institutes where after the completion of the session, the association takes the responsibility of erasing the relevant data.

For instance, the Indian Institute of Arbitration and Mediation has established the 'Peacegate' App which follows all the required to ensure safety and confidentiality.

### Conclusion

It is unclear as to how long the pandemic will last and therefore it is important that a safe, cost effective and convenient method of online dispute resolution is defined.

Therefore, it's high time for professionals from IT industry and dispute resolution professionals come together to innovate and invent some of the most effective dispute

resolution tools that can be an answer to the current problems of dispute resolution. The mediators must recognise the importance of the use of technology and should make the most out of it.

**Question**

Q.1) Critically analyse the role of technology in alternative dispute resolution methods like mediation and suggest measures to overcome the challenges faced in online mediation?

[15 marks, 250 words]

ForumIAS

**One Sun One World One Grid: A journey of ironies?**Source– [DowntoEarth](#)**Introduction**

Electricity can be generated round the clock from the sun as it sets in one part of the world but rises in another part. In fact, the Sun never sets for the entire Earth.

To reap this advantage and ensure availability of electricity across the globe, the mantra of **‘One Sun One World One Grid’** was given by Prime Minister Narendra Modi in October 2018 while addressing the inaugural function of the 2nd Global RE-Invest meeting of the Indian Ocean Rim Association and the first assembly of the International Solar Alliance (ISA).

**What is ‘One Sun One World One Grid’ (OSOWOG) Project?**

OSOWOG is India’s initiative to build a global ecosystem of interconnected renewable energy resources. The blueprint for the OSOWOG will be developed under the World Bank’s technical assistance programme that is implemented to accelerate the deployment of grid connected rooftop solar installations.

OSOWOG is planned to be completed in three phases. The first phase will entail interconnectivity within the Asian continent; the second phase will add Africa and the third phase will globalise the whole project.

The responsibility for developing a long-term vision, implementation plan, road map and institutional framework for implementing ‘One Sun One World One Grid’ (OSOWOG) lies with the Union Ministry of New and Renewable Energy (MNRE).

**What is the need for ‘One Sun One World One Grid’ Project?**

- **Success of International Solar Alliance (ISA):** As a pioneer country in fight against Climate Change, India mooted the idea of ISA in 2015. ISA aims at making solar energy available 24\*7 at affordable cost to all. Heads of about 120 nations have affirmed their participation in ISA. OSOWOG will further promote investments and cooperation.
- **24\*7 Electricity for All:** Government aims to provide 24\*7 electricity to all to ensure uniform economic development. OSOWOG will provide the platform to provide electricity in border and strategic areas like North Eastern State like Arunachal Pradesh, Western Himalayan states and Bihar and Uttar Pradesh.
- **Commitment to Multilateralism and Globalization:** As a responsible member of UN, India aims to remove the economic and social disparities across the globe through promoting cooperation and coordination among solar energy rich nations and solar energy scarce nations. OSOWOG would also strengthen the alliance of Coalition for Disaster Resilient Infrastructure (CDRI).
- **Case Study: Cyclone Amphan in Odisha and West Bengal.**

Super-cyclone Amphan caused destruction worth USD 13 billion. It caused severe damage to power and communication infrastructure during COVID-19 Pandemic. It hindered the surveillance programmes of the state to contain the Pandemic.

- **Achieving Sustainable Development Goals:** According to UN, more than 781 million people in 2016, or 39% of the world’s population, do not have access to clean fuels and technologies for cooking. Goal 7 of the SDGs aims to correct this enormous imbalance by ensuring everyone has access to affordable, reliable, and modern energy services by the year 2030. To expand energy access, it is crucial to enhance energy efficiency and to invest in renewable energy.

- **Fulfilment of Commitment under Paris Agreement:** Under its Intended National Determined Contributions (INDC), India aims to achieve 175GW of renewable energy target by 2022 and 20-25% reduction in Emission intensity of GDP by 2020 compared to 2005 levels.
- **Strengthening Neighbourhood First Policy:** Landlocked neighbours such as Nepal and Bhutan are rich in hydroelectric resources. OSOWOG will provide them the requisite platform to export their surplus electricity to electricity deficit nations. Government of India in association with Government of Nepal and Government of Bhutan is developing export-oriented hydro-electric projects such as Arun-III hydropower plant and Mangdechhu hydroelectric project respectively.
- **Countering China's Economic assertiveness:** OSOWOG is seen as India's counter to China's Belt and Road initiative (BRI) that is primarily an economic diplomacy strategy to boost its domestic economy by improving connectivity and cooperation among the current 78 partner countries.

### International Solar Alliance (ISA)

- The International Solar Alliance (ISA) was conceived as a coalition of solar-resource-rich countries (which lie either completely or partly between the Tropic of Cancer and the Tropic of Capricorn) to address their special energy needs.
- The initiative was launched at the 2015 United Nations Climate Change Conference (COP21) in Paris in alliance with Government of France.
- The primary objective of the alliance is to work for efficient exploitation of solar energy to reduce dependence on fossil fuels.
- The alliance is a treaty-based inter-governmental organization.
- Presently, it has 122 member countries.
- It aims to mobilize investments more than worth USD 1000 billion by 2030.
- Countries that do not fall within the Tropics can join the alliance and enjoy all benefits as other members, with the exception of voting rights.
- After the United Nations, it is the largest grouping of states world-wide.

### Initiatives under International Solar Alliance (ISA) which promotes the concept of OSOWOG Project

- **Scaling Solar Mini Grids:** The ISA secretariat in support with Deloitte, global advisory firm, is developing a robust implementation plan for the Mini-grids Programme. The ISA secretariat has also drafted and circulated a Model Mini-Grid Policy to National Focal Points
- **Scaling Solar Rooftop:** The ISA secretariat has been working with officials of Peru and Ghana to provide technical support for preparation of roof-top projects. The ISA Secretariat has proposed Embassies/ Missions in India for Rooftop solar under RESCO Model.

### Issues with the 'One Sun One World One Grid' (OSOWOG) Project

1. **Geopolitics:** Under COVID-19 uncertainties, the geopolitical implications of projects like OSOWOG are hard to decipher. Under the project, economies will be exposed to this common grid. Any disruption caused due to any bilateral/multilateral issues can potentially affect critical services in multiple continents and countries. Hence, not many countries may be willing to participate.
2. **Globalisation vs de-globalization:** In this era of protectionism, trade-wars and a shift from multilateralism to bilateral and regional agreements, the idea of OSOWOG seems bleak. The coronavirus pandemic has further raised questions on the concept of globalisation. The major issue with renewable energy developers would be to deal



with different governments and different market forces and thus different rules and regulations.

3. **Economic Benefit:** Supply of energy through this integrated grid, in a time zone with a six-hour difference will require thousands of kilometres of transmission of the electricity. The transmission costs may thus outweigh the benefits of land and solar radiation.
4. **Centralised vs distributed generation:** There is a difference in voltage, frequency and specifications of the grid in most regions. Maintaining grid stability with just renewable generation would be technically difficult. OSOWOG does not take into account the overlaps with the solar generation across regions where transmission lines are passing through. Thus, for the remote regions, distributed generation would be preferred over centralised generation.

Therefore, it is important for India to re-look its targets and to focus on developing long-term and complete solutions that can reach the masses.

#### Way Forward

- The global review undertaken on behalf of the World Bank suggests that the economic benefits of such cross-border transmission lines are truly maximised when they are constructed within a political union formed around common objectives, such as the EU or Scandinavia, etc.
- Aggregate technical and commercial losses in countries like India, Nepal, Bangladesh, etc. are close to 20 per cent. Therefore, the distributed generation can be cheaper and directly serve the people in the hinterlands.
- India should collaborate with China as it has expertise in ultra-high voltage network construction. China has already launched a global transmission grid project under the aegis of the Global Energy Interconnection Development and Cooperation Organization, dedicated to promote the sustainable development of energy worldwide.

#### Question:

Q.1) Examine the importance and challenges therein in the concept of 'One Sun One World One Grid' (OSOWOG) in building a global ecosystem of interconnected renewable energy resources? (10 Marks)



**India needs to review its 2013 Cyber Security Policy**Source: [orfonline.org](http://orfonline.org)**Introduction**

National Cyber Security Policy, 2013 was formulated to create a secure cyber ecosystem in the country, generate adequate trust & confidence in IT systems and transactions in cyberspace and thereby enhance adoption of IT in all sectors of the economy.

The incidents of cyber-attacks during COVID-19 Pandemic has increased manifold as the society embraces digital technologies. India is among the top 10 countries facing cyber-attacks. There have been almost three times increase in cases of phishing, spamming and scanning of ICT systems, particularly of critical information infrastructure. The role of hacker group called LAZARUS is well known in carrying out attacks on financial targets in India, Bangladesh and other South Asian countries.

In this light, the government had announced that a new Cyber Security Policy, 2020, will be brought out.

**What is a Cyberspace?**

Cyberspace is complex environment consisting of interactions between people, software and services, supported by worldwide distribution of information and communication technology (ICT) devices and networks.

Cyberspace is vulnerable to a wide variety of incidents, whether intentional or accidental, manmade or natural, and the data exchanged in the cyber space can be exploited for nefarious purposes by both nation-states and non-state actors.

Information Technology (IT) is one of the critical sectors that rides on and resides in cyberspace. It has emerged as one of the most significant growth catalysts for the Indian economy.

**Objectives of National Cyber Security Policy, 2013**

- **Creation of Secure Cyber Ecosystem:** To create a secure cyber ecosystem in the country, generate adequate trust & confidence in IT systems and transactions in cyberspace and thereby enhance adoption of IT in all sectors of the economy.
- **Compliance to Global Security Standards:** To create an assurance framework for design of security policies and for promotion and enabling actions for compliance to global security standards and best practices by way of conformity assessment (product, process, technology & people).
- **Strengthening the Regulatory Framework:** To strengthen the Regulatory framework for ensuring a Secure Cyberspace ecosystem.
- **NCIIPC:** To enhance the protection and resilience of Nation's critical information infrastructure by operating a 24x7 National Critical Information Infrastructure Protection Centre (NCIIPC) and mandating security practices related to the design, acquisition, development, use and operation of information resources.
- **Indigenization of Technologies:** To develop suitable indigenous security technologies through frontier technology research, solution-oriented research, proof of concept, etc.
- **Testing and Validation:** To improve visibility of the integrity of ICT products and services by establishing infrastructure for testing & validation of security of such products.
- **Human Capacity Development:** To create a workforce of 500,000 professionals skilled in cyber security in the next 5 years through capacity building, skill development and training.

- **Safeguarding Privacy:** To enable protection of information while in process, handling, storage & transit so as to safeguard privacy of citizen's data and for reducing economic losses due to cybercrime or data theft.
- **Cybercrime:** To enable effective prevention, investigation and prosecution of cybercrime and enhancement of law enforcement capabilities through appropriate legislative intervention.

### What are Critical Information Infrastructures?

Critical Information Infrastructure (CII) is defined as those facilities, systems or functions whose incapacity or destruction would cause a debilitating impact on national security, governance, economy and social well-being of a nation.

Examples: Reserve Bank of India (RBI), Nuclear Power Plants, Indian Space Research organization (ISRO), Department of Atomic Energy, transport, electricity, etc.

National Critical Information Infrastructure Protection Centre (NCIIPC) is an organisation of the Government of India created under Sec 70A of the Information Technology Act, 2000 (amended 2008). It is designated as the National Nodal Agency in respect of Critical Information Infrastructure Protection.

### Types of Cyber Hackers

There are varied kinds of cyber hackers such as — state, non-state, professional, freelancer's groups, so-called "anonymous groups" that operate worldwide and conduct attacks internationally.

Approximately more than one third of all cyber-attacks worldwide are launched from China. They have one of the largest military groups of cyber experts in the world. Countries like North Korea and Pakistan are also very active on their own and work in close collaboration with the Chinese. These countries have been accused of perpetrating state-sponsored attacks for a variety of purposes.

### Need to review the National Cyber Security Policy

1. **Advent of revolutionary technologies:** Technologies like artificial intelligence, machine learning, internet-enabled devices and big data have complicated the cyber-attack ecosystem.
2. **Increasing incidences of cyber-attacks:** There is significant increase in incidents relating to hacking, injecting malware through spam mails and other forms of exploiting vulnerabilities. There was an almost 56% rise in malicious traffic on internet during the lockdown period.
3. **Social transformation and inclusive growth:** In the light of the growth of IT sector in the country, ambitious plans for the rapid social transformation and inclusive growth and given India's prominent role in the global IT sector, creation of a suitable cyber security eco-system in the country, in tune with globally networked environment is necessary.
4. **Border disputes with neighbouring nations:** The border stand-off has further increased worries about enhanced cyber-attacks from China and its close allies. Recently, Australia expressed concerns over Chinese cyber-attacks. The Chinese are in the process of developing technology to penetrate the internet through satellite channels.
5. **Success of Digital India Programme:** With increasing internet penetration and smart phones, the vulnerabilities associated with cyber-attacks increases and may dampen the progress of Digital India Programme. Example: In September 2016, Indian banks faced a similar massive data breach, when 3.2 million debit cards got compromised after fraudsters exploited a vulnerability at Hitachi Payment Systems.

6. **Right to Privacy:** Right to Privacy being a fundamental right (K.S Puttaswamy Case), puts the responsibility on the government to safeguard the privacy of an individual from various cyber-attacks.

**Way Forward**

- The National Cyber Coordination Centre urgently needs significant upgrade in all aspects, including technology and manpower.
- The role of the national cyber security coordinator may also need to be reviewed regarding his effectiveness in comprehensively coordinating cyber security issues. Maybe he needs to be empowered.
- There must be single-point of responsibility at the central level.
- Proper coordination is needed between the coordinator and respective regulators.

Heterogeneity of devices and software will increase with more built-in vulnerabilities. Tech and data, due to their very nature, will get more and more geopolitical attention. Therefore, it is better to be prepared now with respect to policy, legal framework, monitoring infra and technology to emerge as safe and a secure digital country.

**Question:**

Q.1) What are Critical Information Infrastructures? In the light of emergence of various cyber-physical systems and cyber-attacks, discuss the need to review the National Cyber Security Policy, 2013. Also suggest measures to strengthen the policy? (15 Marks)

**Quad, China and the Indo-Pacific churn**Source: [www.gatewayhouse.in](http://www.gatewayhouse.in)**Introduction**

In the wake of COVID-19 catastrophe, China has escalated its actions on various fronts, which seems to be a calculated strategic diversion and risk. In the Indo-Pacific, tensions between China and the U.S., Australia, India and others are building momentum. As a geopolitical partnership, the relevance of the Quad is now proven.

India has distinctively carved a space with its emphasis on the principle of freedom of navigation and respect for the laws of the sea, finding resonance with the central ideas of the Quad.

The COVID-19 Pandemic proved that the old ways of thinking and old policies need to change, and adapt themselves to new power realities and dynamics. This applies in particular to the Indo-Pacific, which is currently the most active region in the global political landscape.

**What is Quadrilateral Security Dialogue (QUAD)?**

Quad is an informal strategic forum among the like-minded democracies across the Indian and the Pacific Ocean. It comprises of the USA, India, Japan and Australia.

The idea was first mooted by Japanese Prime Minister Shinzo Abe in 2007. However, the idea couldn't move ahead with Australia pulling out of it, apparently due to Chinese pressure. The Quadrilateral coalition was formed in 2017 on the lines of ASEAN Summit.

However, there are more questions than answers regarding structure, intentions and goals of the Quad at this moment, making it difficult for each member of the Quad to align their combined vision of the grouping with that of their individual visions of the Indo-Pacific.

**What constitutes the term 'Indo-Pacific'?**

The term 'Indo-Pacific' is a single strategic construct linking the contiguous waters of the western Pacific and the Indian Ocean. The Indo-Pacific construct means different things to different people.

For the US, it extends up to the west coast of India which is also the geographic boundary of the US Indo-Pacific command whereas for India it includes the entire Indian Ocean and the western Pacific Ocean. While the US does not consider China a part of its Indo-Pacific construct, India has gone to great length to highlight it as an inclusive construct for the whole region.

The focus of the Indo Pacific initiative is on connectivity, enhancing maritime security, counterterrorism, non-proliferation and cyber issues. It aims to enhance support for a free, open and inclusive region that fosters universal respect for international law, freedom of navigation and overflight and sustainable development.

India's policy perspective on Indo-Pacific includes "inclusiveness", "openness", "ASEAN centrality" and that the concept was not directed against any country.

**Relevance of QUAD**

- **To counter China's assertiveness:** It has given way to plain aggressiveness, in speech and action, as witnessed on a whole spectrum of issues:
  - Beijing's resistance to international calls for investigation into the origin and outbreak of the COVID-19 pandemic and China's culpability in it.
  - Aggressive manoeuvres in the South China Sea through its 9 dash line.
  - Threatening the democratic principles and autonomy of Hong Kong and Taiwan.
  - Trade and technology disputes with the U.S. Example: 5G technology of Huawei.

- Serious tensions with Australia. China has imposed tariffs on Australians meat and barley.
- The still unresolved India-China border standoff, which has resulted in a violent conflict at Galwan Valley in Eastern Ladakh.



- **To ensure rule-based order and respect for international law:** The four countries shares a vision to ensure a free and open international order based on the rule of law in the Indo- Pacific.
- **Success of India's 'Act East Policy' and USA's 'Asia Pivot':** Both the democracies are struggling to ensure that their influence in the ASEAN region and South China Sea remains intact through their Act East policy and Asia Pivot. Free and inclusive South China Sea is the key to the success of these policies.
- **Sustainable Development in the Indian Ocean Region:** India, as a mistress of the Indian Ocean, holds the responsibility to act as the net security provider in the Indian Ocean region. India along with likeminded countries needs to counter China's String of Pearls strategy and 'debt-trap' diplomacy.

#### Issues with QUAD

- **Narrow Definition:** Thinking of the Quad in narrow terms—cooperation solely and exclusively involving the US, Japan, India and Australia—misses a far more important trend in regional security dynamics.
- **Military alliance against China:** QUAD should not be seen as a military alliance against China. This may hinder other smaller nations that are in conflict with China to join the meetings of QUAD in future. The idea of Quad as a military alliance to contain China is very provocative, divisive and unnecessary.
- **Disengagements:** Stopgap sub-unions and disengagements at various levels in the Quad have raised questions as to whether the group can transcend into a productive mini-lateral arrangement from a forum of inhibition.
- **Individual visions of the Indo-Pacific:** It would be difficult for each member of the QUAD to align their combined vision of the grouping with that of their individual visions of the Indo-Pacific.
- **Over-dependence on China:** The economies of India and Australia are heavily dependent on China. India imports 70% of the Active Pharmaceutical Ingredients



(API's) from China. On the other hand, China offers a large market for Australian exports of iron ore, aluminium, uranium, meat and dairy products, etc.

### Challenges for India

- **Dilemma of alignment vs autonomy:** New Delhi seeks to ensure a nimble-footed balance in the Indo-Pacific between alignment and autonomy. India's increasing tangible cooperation with the QUAD should not be seen as a threat to its strategic autonomy at the international stage.
- **Fear of provoking China:** China already sees QUAD as a security structure to contain China. India shares the longest disputed boundary with China and thus needs to find a proper balance.
- **Decoupling the Quad and the Indo-Pacific:** New Delhi has drawn conceptual and structural policy demarcations between the Quad and the Indo-Pacific. Instead, Quad is the need to view the Indo-Pacific as a strategic continuum rather than an assemblage of sub-regionally divided goals, partnerships and alignments.

### Specific measures for QUAD to become an effective coalition

- **Promoting plurilateral dialogues:** The Quad needs to refine its approach towards ASEAN. None of ASEAN's ten members are inclined to join the group but several may be open to forging 'side relationships. Plurilateral dialogues must be promoted such as India-Australia-Indonesia, India-Japan-Indonesia, etc.
- **Economic and technological cooperation:** To enhance its diplomatic and strategic gravitas, the Quad should work seriously on strengthening its pillar of economic and technological cooperation. Example: Fast-tracking FTA between India and USA.
- **Expanding Naval Exercises:** The desirable inclusion of Australia in the upcoming Malabar Exercise should be an essential take-away from the successful New Delhi-Canberra virtual summit.
- **Leveraging European powers strength:** They have assets such as political strength, diplomatic acumen, existing naval and maritime connections, and a reservoir of know-how, technology and capital, which can be leveraged.
- **Increasing level of engagements within the members of QUAD:** The level of engagement needs to be elevated to at least one meeting at the foreign secretary and foreign minister levels every year. The ministers should consider issuing joint statements post meetings.

### Conclusion

India does not see the Indo-Pacific region as a strategy or as a club of limited members. Nor as a grouping that seeks to dominate. Indo-Pacific strategy is not about cornering or sidelining China in the region, India also stands for a positive vision of the Indo-Pacific that harps on ASEAN centrality and emphasises inclusivity with South East Asia as a core area in the region.

The tensions building in the Indo-Pacific, due to the COVID-19 crisis and other underlying issues, send a clear message – neither appeasement nor bravado but fortitude and resilience are necessary. In this context, QUAD must transform and re-purpose itself in order to truly achieve the free, open and inclusive Indo-Pacific region as well as the true aspirations of democratic nations.

### Question:

Q.1) What is Quad? How is the India's definition of Indo-Pacific different from that of USA? What challenges does India face as a member of Quad and also suggest measures for strengthening Quad? (15 Marks)



## On China trade sanctions: India can serve its national security much better by rapidly expanding its economy

Source: [Times of India](#)

### Introduction

Economic size is the biggest tool available to any government to flex its muscle. Due to the sheer size of its economy, China, after decades of peaceful coexistence has turned progressively hostile in its territorial disputes with its neighbours including India.

With GDP at \$14 trillion, it now feels economically secure and militarily powerful enough to pursue its long-standing geopolitical ambitions that include the acquisition of territories with strategic value.

The recent transgressions in eastern Ladakh by China depicts this hostility. As a result, there has been rising demand for trade sanctions on China. But, is India economically strong to put trade sanctions on China without damaging and harming its own economy in the times of COVID-19 pandemic, when its own economy is in downfall?

### Why is there a growing demand for trade restrictions on China?

- **Self-reliant India:** COVID-19 pandemic has exposed the vulnerabilities of over-dependence on China. India had to import critical medical equipment's such as PPE's, surgical masks, etc. Thus, the 'atmanirbhar' India needs to reduce its dependency on China.
- **To Counter China's assertiveness:** Post Galwan valley incident, trade sanctions by India can inflict far greater injury on China than the other way around.
- **Trade Deficit:** The argument made is that at \$77 billion, China's exports to India far exceed its imports from the latter at \$19 billion in 2018.
- **Diversification of destinations for import and export:** India needs to diversify its export destinations as well as import destinations. India depends heavily on China for essential commodities such as active pharmaceutical ingredients (API's), chemicals and fertilizers, etc.

### World Trade Organization (WTO) rules on Trade Sanctions

National Security Exception laid out in Article XXI of the General Agreement on Tariffs and Trade (GATT) allows WTO members to breach their WTO obligations for purposes of national security.

Article XXI Security Exceptions

Nothing in this Agreement shall be construed

- (a) to require any contracting party to furnish any information the disclosure of which it considers contrary to its essential security interests; or
  - (b) to prevent any contracting party from taking any action which it considers necessary for the protection of its essential security interests
    - (i) relating to fissionable materials or the materials from which they are derived;
    - (ii) relating to the traffic in arms, ammunition, and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying a military establishment;
    - (iii) taken in time of war or other emergency in international relations; or
  - (c) to prevent any contracting party from taking any action in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security.
- Border hostilities potentially give India room to invoke the national security clause in the WTO rules. This would allow it to impose tariffs on imports from China while exempting other trading partners. But, do these sanctions would be beneficial for India?

**Negative Implications for India**

- **Trade War with China:** USA invoked national security clause to impose tariffs on steel and iron from China. It has led to trade wars between both the countries. India and China can get caught in the same vicious circle of trade tariffs endangering their economies.
- **Loss of huge market base of China:** China with a population of more than 1.4 billion offers huge market for Indian products especially pharmaceutical, automobiles, etc. In 2018, China's exports to India were only 3.1% of its total exports. In contrast, India's exports to China were 5.8% of its total exports.
- **Damage to Indian economy:** Financial and power sectors are already distressed. The GDP growth has plummeted to just 4.2% in 2019-20. Covid-19 has further added to this fragility by disrupting both demand and supply.
- **Territorial aggressions from China:** With India's GDP still less than \$3 trillion, China is more than four times its size. This difference also means that India is militarily a lot weaker, placing it at a disadvantage in a prolonged conflict. Economic integration helps countries to tide off skirmishes and disputes. Example: European Union.
- **Damage to Indian industries:** Imports from China are 15% of India's total imports. India imports 70% of its API's from China. About 27% of the roughly \$17.5 billion worth of component imports into India comes from China, according to rating agency ICRA Ltd. Any interruption of supplies of these raw materials and components will hurt output and employment in those industries.
- **Lack of cooperation at international platforms:** China and India has together tried to save their economies at WTO from unreasonable demands of western countries. Trade sanctions may further create rift in resolving issues at international platforms where India and China are members such as Shanghai Cooperation Organization (SCO), BRICS, RIC, etc.
- **Lack of investments:** The slowing economy of India is in dire need of investments from abroad. Chinese investment in India increased from \$1.6 billion in 2014 to \$8 billion in 2018. Recent Cabinet decision to restrict Chinese investments may deter investments in start-ups of India.

**Measures to strengthen national security by rapid expansion of economy**

- **Atmanirbhar India:** India needs to rapidly rebuild the economy and return it to the 7.5% growth trajectory on which it had been traversing before the disruption in the financial sector derailed it. The atmanirbhar package of Rupees 20 lakh crores is in the right direction.
- **Forging stronger relations with other economies:** India would achieve its immediate security goals better by forging yet closer ties with the United States, Japan and Australia. For the longer-term defence, it must focus attention on building the \$10 trillion economy in the shortest possible time.
- **Fast-tracking Free trade agreements (FTA's):** India must aggressively pursue free trade agreements (FTAs) with friendly developed countries such as the United Kingdom, European Union and Canada and woo multinationals to its shores. The FTAs would make India doubly attractive to multinationals.
- **Diversification of agricultural export destinations:** Agricultural export policy, 2018 aims to double agricultural exports from \$30 billion to \$60 billion by 2022. It further aims to diversify our export basket, destinations and boost high value- and value-added agricultural exports including focus on perishables.

**Conclusion**

India must transform and re-purpose its policies in accordance to the WTO plus disciplines in areas such as labour, environment and intellectual property, which is integral to increase our export destinations to western economies.

Trade sanctions may look beneficial in short term but in long term it will bring no good to India. So, India must develop the in-house capabilities to meet the needs of critical essential items that we import today in heavy quantities.

India stands firmly for rule-based international order and the principles of multilateralism. Thus, India should ensure its national security by building its economic heft on one hand and keeping bilateral relations amicable on the other.

**Question:**

Q.1) Till what extent do you consider it justified for India to impose trade sanctions on China in retaliation to recent transgressions? (10 Marks)

**India Needs a New Rural-Centric Development model.**Source: [Hindustantimes.com](https://www.hindustantimes.com)**Introduction**

COVID-19 Pandemic has brought out in open the pain, sorrow and misery of migrant labourers. The lack of authentic data on their numbers, their living and working conditions and perpetual uncertainty in their livelihood prospects have been brought in to sharp focus with the coronavirus pandemic.

Despite the best effort of both the central and state governments, the mass movement of nearly 10 million migrant workers in poor conditions, has brought into focus the urgent need to shift to a new paradigm of economic development and urbanisation in which migration under economic distress or due to the lack of amenities is brought down.

COVID-19 must be taken as an opportunity to transform and re-purpose the development process of India. Fortunately for us, an alternative model that minimises migration is available in the works of Mahatma Gandhi, the late president APJ Abdul Kalam and social activist Nanaji Deshmukh.

**Why India needs a rural-centric development model?**

- **To reduce poverty:** Tendulkar Committee puts people below poverty line at 22%. To achieve sustainable development goals (SDG's), reducing poverty by raising per capita income in rural areas should be the focal point.
- **Increase employment opportunities:** In a survey of urban migrant workers, 84% of them reported that their primary source of livelihood in their villages was casual work. Only 11% stated that agriculture was their primary source of income. This indicates that there is a need to create jobs in rural areas far beyond just augmentation of agriculture.
- **To make agricultural sustainable:** Creation and promotion of food processing industries, cottage-based industries and forest-based industries will reduce disguised unemployment in agriculture. The surplus can be invested to augment agricultural inputs to increase agricultural intensity and productivity.
- **To reduce distress migration:** India has the second-largest migrant worker population in the world, second only to China. Current estimates of the total number of migrant workers range from 72 million to 110 million. Self-reliant villages will reduce push factors such as famines, floods, draughts, water-crisis, starvation and hunger that leads to distress migration.
- **Reduce rural-urban divide:** Approximately 70% of the Indian population lives in villages but still majority of the investments and focus is on urban areas.
- **Welfare of vulnerable sections:** Majority of the vulnerable sections such as Scheduled Castes and Scheduled Tribes reside in villages. Self-reliant villages will help them improve their socio-economic indicators such as maternal mortality rate, literacy rate, etc.
- **Climate change mitigation and adaptation:** Climate change has the potential to create havoc in rural areas by declining agricultural productivity, water crisis, desertification, inundation of coastal lands, frequent floods and recurrent droughts, etc. Self-reliant villages would make the farmers capable to adapt to climate change.

**Models of Self-Reliant Villages**

- **Gandhiji's Village Swaraj Model**
  - Model of self-reliant villages is the basis of a free democracy.

- The idea of village swaraj is that it is a complete republic, independent of its neighbours for its own vital wants, and yet interdependent for many others in which dependence is a necessity.
- His was not a model of a closed economy and a village economy perpetuating itself at the lower levels of income.
- The model envisaged that the local populations could be employed locally but with rising incomes and higher productivity
- **A.P.J Abdul Kalam's Providing Urban Amenities in Rural Areas (PURA) Model**
  - His vision was to develop rural India through a cluster development system where 50-100 villages with common competencies and/or mutual markets could be horizontally or vertically integrated as PURA complexes.
  - These villages would be linked through "four connectivity's" — physical, electronic, knowledge and economic.
  - The goal was to provide income and quality of life opportunities to all within PURA complex.
  - While some rural-rural migration would be acceptable, rural to urban migration would be minimised.
  - He envisioned 7,000 PURA complexes at the cost of Rupees 130 crore per unit built through public-private partnerships.
- **Nanaji Deshmukh's Social Well-Being Model**
  - His model of self-reliant villages was based on a model of integral humanism where harmony was also a pivotal force.
  - The collective social consciousness that promoted collective well-being was considered to be a cornerstone to next-generation rural development.
  - He worked extensively in around 500 villages especially in the Chitrakoot area.
  - His successful implementation of model in Chitrakoot called not just for zero unemployment and no one below the poverty line, but also zero internal legal disputes and no widow being denied remarriage.
- **Shyama Prasad Mukherji Rurban Mission (SPMRM)**
  - SPMRM is a scheme launched by the Ministry of Rural Development (MoRD) in 2016 to deliver integrated project-based infrastructure in the rural areas, which will also include development of economic activities and skill development.
  - The model follows a cluster development design to create social, health, education and economic infrastructure across villages.
  - For the purposes of SPMRM, Rurban areas refer to a cluster of 15-20 villages having about 30 to 40 lakh population.
  - The clusters will be geographically contiguous Gram Panchayats with a population of about 25000 to 50000 in plain and coastal areas and a population of 5000 to 15000 in desert, hilly or tribal areas.

### Measures to Create Self-Reliant Villages

- **Strengthening Gram Panchayats:** The Legislatures must devolve funds, functions and functionaries to Gram Panchayats to make them self-reliant. The bottom-up development process will bring inclusivity and diversity in the development process of India.
- **Use of technology:** Internet and artificial intelligence could be leveraged to facilitate sustainable agriculture. Large-scale and real-time data collected from farming practices and collated with global price and production numbers can be used to offer more profitable choices to our farmers.
- **Promotion to industries:** Food-processing industry, cottage-based industries, textile industry, etc. should be promoted to create employment opportunities.



- **Public-private participation:** Rural knowledge platform could be created through active collaboration between the public and private sector. Private sector will bring investments and technology in rural areas.
- **Human Capacity development:** Skill mapping of returning migrant labourers will help in developing their capacity further as per the global standards in their respective fields.
- **Issuance of Atmanirbhar village bonds:** To finance this ambitious re-engineering of our development model, Atmanirbhar Village bonds could be issued to raise resources. Part of the mandated priority sector lending by scheduled commercial banks could be used to finance these bonds.

### Conclusion

The challenges to achieve self-reliant villages are numerous such as lack of funds, ineffective multi-level planning, lack of trust in private sector, distressed financial sector, poor capacity development of panchayats, etc. But, these challenges should not stop India to achieve this dream.

Thus, the rural-urban divide should be seen as a continuum rather than as a dichotomy. The continuum approach will bring urban facilities in rural areas and thus mitigate distress migration.

For India, to become truly 'atmanirbhar', the key lies in making our villages self-reliant. Therefore, the State governments should incorporate these models as per the local needs to increase standard of living in rural areas and develop social capital.

### Question:

Q.1) Discuss various models of rural-centric development process? Elaborate the need for self-reliant villages in Indian development process and also provide solutions to achieve them? (15 marks)



**In post- Covid world, growth of business must not be at expense of societal well-being.**

Source: [Indianexpress.com](https://www.indianexpress.com)

### Introduction

COVID-19 has caused a healthcare crisis in India. Despite such a crisis, ethical concerns have arisen regarding the prices charged by hospitals for treatments and by pharmaceutical companies for medicines.

The fundamental question seems to be, how much qualifies as sufficient private gain while providing a public service? This question would always gain importance whenever investors want their investees to run their enterprise as a “business” rather than as a public service.

### Issues related to healthcare industry during Covid-19

- **Exorbitant bills by private hospitals:** Doctors prescribed tests and medicines that patients do not really need to increase the revenues of hospitals and sales of pharmaceutical companies.
- **Case Study: Price of admission at Delhi's private hospitals**  
With the rates of medical procedures not capped in Delhi, numerous examples of patients being slapped with ‘exorbitant’ bills by private hospitals have come to light. A kidney patient, infected by coronavirus was asked for an advance deposit of Rupees 5 lakhs by Sri Ganga Ram Hospital.
- **Over-pricing of pharmaceutical drugs:** Prices of raw materials, also called active pharmaceutical ingredients (API), and basic chemicals used to manufacture Covid drugs have skyrocketed during Covid pandemic. This has led to manipulation of prices by intermediaries and pharmaceutical firms to ramp up their revenues.
- **Shortage of medical equipment:** Covid-19 protective gears and medical equipment were in short numbers to meet the rising demand. Earlier, there was no domestic manufacturing of PPE in the country and almost all of them were imported.
- **Improper dumping of covid-19 infected bodies:** Due to lack of infrastructure coupled with fear of infection and stigmatization, the corpses of Covid patients have not been cremated as per the guidelines. Bio-medical waste Management Rules, 2016 has seen blatant violations.

### Reasons for brewing crisis in medical profession.

Three eminent social psychologists saw the crises in professions brewing in the 1990s with the accelerating advance of businesses into the domain of public goods.

In their book, Good Work—When Excellence and Ethics Meet, Howard Gardner, Mihaly Csikszentmihalyi and William Damon have written that they recognise the positive role that markets play in promoting competition among them. But, not all spheres are to be operated in the same way as commercial enterprises do, in the way suggested by the Adam Smith-Friedrich von Hayek-Milton Friedman view of the marketplace.

Medicine requires financial prudence, but the purpose of the profession should not be to achieve the greatest profit for shareholders of a health maintenance organisation. In the words of the French prime minister, Lionel Jospin, “We are not against market-based economy, but market-based society”.

### International examples that handled Covid-19 effectively

- **Resilient Public Health System:** Countries with stronger public health systems, such as Vietnam, for example, seemed to have managed far better than those with large, and very well-equipped, private health systems, such as the USA.
- **Universal Social Security:** Countries with universal social safety nets, like the Scandinavian countries, Japan, South Korea and Germany, seem to be managing

the effects of the economic breakdown on the poorer sections of their populations much better than the countries without universal social security, like India.

- **South Korea's 3T:** South Korea's 3T or "test, trace and treat" policy consists of robust testing to identify confirmed cases, tracing their contacts to prevent further spread, and treating those infected at the earliest possible stage.

### How Covid-19 has revealed the deep fissures in the field of economics?

The 'free market' school of economics that has dominated public policy across the globe since the 1980's failed to provide solutions during the Covid-19 Pandemic. During the pandemic, the needs of businesses in economic policy trumped the needs of needy human beings such as migrant labourers in India.

Thus, the profession of economics must be reoriented. Societal (and environmental) well-being must be the goal of economic policies, not the size of the GDP. Citizens' "ease of living" must become more important than "ease of doing business". The growth of businesses and the economy must not be allowed to harm societal and environmental well-being.

### Measures to ensure that economies do not trump medical ethics.

- **Medical Professionals:** Professionals are expected to maintain high ethical standards in their work and in their conduct.
- **Public and Private hospitals:** Hospitals violating the rules must be penalised. Accessibility and affordability of hospitals during Covid-19 pandemic should be seen as a right of an individual.
- **Pharmaceutical companies:** The pharmaceutical companies must not run on the principle that "the business of business must be only business", which has become the dominant view since the 1990s.
- **Government:** The government must cap the prices charged by private hospitals for treatment. They must ramp up production of critical protective gears crucial for fighting Covid-19.

### Conclusion

The lockdowns following COVID-19 have caused many people to introspect about the purposes of their lives, and the purposes of the enterprises they serve. It has also provided an opportunity to reset the course of economies.

Business associations should utilise this opportunity to re-orient, transform and re-purpose their mission, vision and standards. The regulatory regime of government must be strengthened in order to keep greedy medical business associations under check. Only then, India can truly rise both in the ease of doing business index and ease of living index.

### Question:

Q.1) Critically analyse the role played by healthcare ecosystem as a whole comprising medical professionals, public and private hospitals, pharmaceutical firms and government in handling Covid-19 pandemic? (10 Marks)

## Draft EIA Notification is an attempt to weaken regulation, silence affected communities

### Introduction

The government has put up for public consideration and comment the Draft Environmental Impact Assessment (EIA) Notification, 2020, which if put into force will replace the EIA Notification of 2006 for all future projects.

The government's actions on environmental regulation show that it considers it as an impediment to the ease of doing business. During the nationwide coronavirus lockdown, the Ministry of Environment, Forest and Climate Change (MoEF&CC) has been working swiftly to clear projects, even carrying out public hearings over video conference.

### What is Environmental Impact Assessment (EIA)?

Environmental Impact Assessment (EIA) is one of the tools available with the planners to achieve the goal of harmonizing development activities with the environmental concerns. EIA has been made mandatory under the Environment Protection Act, 1986.

The EIA process scrutinises the potential environmental impact and negative externalities of a proposed project before ground is broken and determines whether it can be carried out in the form proposed, or whether it is to be abandoned or modified.

The assessment is carried out by an Expert Appraisal Committee (EAC), which consists of scientists and project management experts. The EAC frames the scope of the EIA study and a preliminary report is prepared.

### General steps involved in Environmental Impact Assessment (EIA) procedure

1. **Screening:** it is done to see whether a project requires environmental clearances as per the statutory notifications.
2. **Scoping:** It considers the areas of impacts that needs to be studied. Example: Impact on tribal, forest, rivers, soil, biodiversity, etc.
3. **Baseline Data:** it describes the existing environmental status of the identified study area.
4. **Impact Prediction:** Analysing the possible effects on the physical, biological, social and economic conditions and suggesting alternatives.
5. **Public Hearing:** That report is published, and a public consultation process takes place, where objections can be heard including from project-affected people.
6. **Environment Management Plan:** It includes delineation of mitigation measures, including prevention and control for each environmental component and rehabilitation and resettlement plan.
7. **Decision Making:** The EAC can then make a final appraisal of the project and forward that to the regulatory authority, which is the Ministry of Environment and Forests. The regulatory authority is ordinarily obliged to accept the decision of the EAC.
8. **Monitoring:** To monitor the compliance with the report throughout the project. To ensure corrective actions, wherever the impact exceeds the predicted levels.

### Salient Features of 2006 Amendment in the EIA

- EIA Notification, 2006 has decentralised the environmental clearance projects by categorizing the developmental projects in two categories i.e. Category A and category B.
- Category A projects are appraised at the national level by the Expert Appraisal Committee (EAC) and category B projects are appraised at State Level.
- After 2006 Amendment, EIA cycle comprises of four stages:
  - Screening

- Scoping
- Public Hearing
- Appraisal
- Category A projects require mandatory environmental clearance and thus screening process is not undertaken.
- Category B projects undergoes screening process and they are classified in two categories:
  - Category B1 Projects: Mandatory requires EIA
  - Category B2 Projects: Do not require EIA.

### What is Precautionary Principle?

Precautionary principle is the basis for global environmental law for the EIA. The precautionary principle enables decision-makers to adopt precautionary measures when scientific evidence about an environmental or human health hazard is uncertain and the stakes are high.

Since environmental regulation must balance damage to the environment with sustainable development and possible benefits of the project, an unbiased assessment must be made on a precautionary basis, before investment, jobs and infrastructure are put on the line.

The government is also legally bound to the precautionary principle under international treaties and obligations, as well as by Supreme Court judgments.

### Issues with the Draft Environmental Impact Assessment (EIA) Notification, 2020

- **Ex-post-facto clearance route:** This route enables a project proponent to enter an assessment procedure for those projects, whose EIA clearance was never sought or granted, and the construction took place regardless. The penalty includes some minor fines for the violations.
  - It should be noted that previously Courts have declared such ex-post facto clearances illegal. The legality of sidestepping the courts is questionable and will have to be tested.
  - It will become a business decision as to whether follow the law or to break it and manage it later.
- **Curtailing response period:** The draft notification shortens the time period for the public to give their suggestions on the project.
  - In most cases project-affected people have been the traditional forest dwellers and absence of information and communication technology in these areas will further create obstacles in public participation.
- **Dilution of Monitoring Stage:** The frequency period of reporting about the compliance in the monitoring stage has been increased to one year from six months.
  - Climate change and increased deforestation in ecological sensitive areas demands that rules and regulations must be strictly followed. Allowing lax in compliance will not make the project sustainable.
- **Relaxation of norms for critical sectors:** The draft notification extends the validity period for approvals in critical sectors such as mining.
- **Downgrading the assessment of industries:** Industries that previously fell under the categories that required a full assessment have been downgraded. The construction industry will be one such beneficiary, where only the largest projects will be scrutinised fully.
- **Dilution of public consultation:** Projects related to defence and national security were already under exemption list but the new notification creates a new category of projects “involving other strategic considerations”.

- These categories of projects would be free from public consultation requirements. The newly created category is vague and can be manipulated. Would a power plant fall into that category?

#### Case Studies related to violations of EIA

- Oil India Limited's oil wells in the Tinsukia district, Assam, only a few kilometres away from protected forests, went up in flames this month. Recent processes for expansion and modification apparently took place without fresh environmental clearance.
- A deadly gas leak at LG Polymers' Visakhapatnam plant in May killed 12 people and harmed hundreds. What came to light after the disaster was that the plant had been operating without a valid environmental clearance for decades.

#### Measures to strengthen Environmental Impact Assessment (EIA)

- **Independent agency:** The entire EIA process from screening to monitoring should be done by independent agencies and creation of a National EIA Accreditation Body for agencies carrying out EIA.
- **Strict adherence to Precautionary Principle:** The list of the concerns raised by the public should be studied in detail to arrive at any conclusion.
- **Strategic Environment Assessment:** It should be included in EIA as it helps in choosing a project, and not just evaluate it. It offers alternatives and guides project financing. The directives of the SEA re reflected in the National Environment Policy, 2006.
- **Robust and inclusive public hearing:** The Panchayats and urban local bodies should be a part of EIA as to incorporate the traditional knowledge of locals. The report must also be published in local vernacular languages.

#### Conclusion

EIA process aims to create a bridge between the development and the people that are being affected by the development process. Thus, weakening EIA process goes against the principles of democracy.

Land alienation is the biggest cause of distress amongst the traditional forest dwellers. Their representation and engagement in the public consultation stage acts like a referendum on existential threats.

Therefore, government in order to achieve sustainable development and a balance between economy and environment should undergo progressive refinements by steadily removing the constraints.

#### Question:

Q.1) What do you understand by Precautionary principle? Critically analyse the recent modifications made in the draft Environment Impact Assessment (EIA) Notification, 2020?

(15 Marks)