

**9pm**

# **Compilation**

**16<sup>th</sup> to 22<sup>nd</sup> November, 2020**

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# General Studies Paper - 1

## General Studies - 1

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### 1. Andhra Pradesh's three capital plan

Source- [The Hindu](#)

Syllabus- **GS 1** – Human Geography, Salient aspects of Urbanization

Context -Impact of Andhra Pradesh decentralization and inclusive development of all regions bill, 2020.

### What is Andhra Pradesh Decentralization and Inclusive Development of All Regions Bill, 2020?

It is an act of Andhra Pradesh Legislature containing provisions relating to the decentralization of governance in the state of Andhra Pradesh so that establishments for additional two capitals can be made at any place outside Amaravati.

This law paves the way for three capitals for the state.

1. Amaravati– legislative capital.
2. Visakhapatnam– executive capital.
3. Kurnool– judicial capital.

### The proposed three-capital plan claims to achieve the following-

- **Equal development of different regions-** The state government claims that it would allow an even development of the state. It would ensure justice to everyone and every region.
- **Decentralization-** It also claims it's a good idea to decentralize power across the state as there have been several imbalances among the regions which had often led to agitations. Three capitals will lead to equitable development.
- **Growth perspective-** Furthermore, it would be a boost to urbanization and then economic development. In India, cities contribute anywhere between 59% and 70% of the GDP.

### Why implementing this idea will be difficult?

1. **Coordination and logistics fear:** Coordinating between seats of legislature and executive in separate cities will be easier said than done, and with the government offering no specifics of a plan, officers and common people alike fear a logistics nightmare.
2. **Hamper administrative efficiency** - Executive capital Visakhapatnam is 700 km from judicial capital Kurnool, and 400 km from legislative capital Amaravati. The Amaravati-Kurnool distance is 370 km. The time and costs of travel will be significant.
  - **Infrastructure requirements:** It will need constructing new buildings in the new capitals.
3. **Environmental impact-** Unrestrained real estate interests can co-opt local State institutions and sabotage environmental interests.
4. **Impact on farmers-** the Andhra government had acquired around 30 thousand acres of land approximately from the farmers in and around the Amaravati region. So the decision of changing the capital may affect most of the farmers living out there.

### Way forward-

- The success of distributed development depends on a well-developed infrastructural network linking the growth centres.

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- The ongoing processes of preparing the Master Plan and Strategic Plan for the Visakhapatnam Metropolitan Region are an opportunity to address environmental challenges.
- The bill is thin in details but offers hope in its broad contours of pursuing inclusive development through Zonal Planning and Development Boards.

### 2. Urbanisation and pandemic

**Source:** The Hindu

**Syllabus:** GS-1- Urbanisation

**Context:** Prime Minister Narendra Modi's call for a reimagining of urban planning and development to make cities and towns healthy and liveable after COVID-19.

#### More on news:

- PM emphasised resetting the mindset, processes and practices for safe urban living, and acknowledged that governments actually do little for the working millions at the Bloomberg New Economy Forum.

#### Discuss the spread of pandemic in urban areas and associated issues.

- **Spread of pandemic:** The top 10 cities affected worldwide accounted for 15% of the total cases, and data for populous Indian cities later showed large spikes that radiated into smaller towns.
- **Reason for the spread:** Rapid transmission in Mumbai, Delhi, Bengaluru and Chennai was the unavoidable outcome of densification and an inability to practise distancing norms.
- In Dharavi, which has one of the world's highest slum densities, epidemiologists point an apparently low viral impact to screening and herd immunity.
- **Social impact:** The pandemic's full social impact, especially among the poorer people has not been adequately measured here or elsewhere.
- **Housing:** Good and affordable housing is the basis of a sustainable and healthy city.
- Well-designed rental housing that is the key to protecting migrant labour and other less affluent sections remains poorly funded.
- Mumbai is estimated to have added only 5% of rental housing in new residential construction (1961-2000), and that too led by private funding.
- **Enforcement of laws:** Laws on air pollution, municipal solid waste management and water quality are hardly enforced, and tokenism marks the approach to urban mobility.

#### What can be done?

- **Schemes:** An opportunity to make schemes such as the Centre's Affordable Rental Housing Complexes deliver at large scale and focus on new good houses built by the state.
- **Demand and supply:** The Ministry of Housing could work by digitally combining and transparently publishing data on demand and supply for each city.
- **Learning from the past:** Past menaces such as cholera, the plague and the global flu pandemic a century ago led to change such as sewerage, waste handling, social housing and health care that reduced disease. Something on the same lines should be done about the pandemic.
- Government should show the political will to reinvent cities after the pandemic is over.

### 3. Machine hole- Technology led initiative

Source- [The Indian Express](#)

Syllabus- GS 1- Society

**Context** - Centre announces new measures to end manual scavenging by August 2021.

**What is manual scavenging and step taken by government to eliminate manual scavenging?**

Manual scavenging is the practice of removing human excrement from toilets, septic tanks or sewers by hand.

- More than 375 workers died while cleaning septic and sewer tanks between 2015 and 2019.

**Government initiatives –**

#### 1. Employment of Manual Scavengers and Construction of Dry Latrines (Prohibition) Act 1993-

- The act prohibited the employment of manual scavengers for manually cleaning dry latrines and also the construction of dry toilets (that do not operate with a flush).

#### 2. Prohibition of Employment of Manual Scavengers and their Rehabilitation Act, 2013

- **Prohibition:** The act prohibits the employment of manual scavengers, manual cleaning of sewers and septic tanks without protective equipment, and the construction of insanitary latrines.
- **Rehabilitation:** It seeks to rehabilitate manual scavengers and provide for their alternative employment.

**What are the new measures announced by the government?**

1. **Mechanized cleaning-** Sewers and septic tanks in 243 cities will be mechanized and a helpline created to register complaints if manual scavenging is reported
2. **Change in terminology-** The word “manhole” will be replaced with “machine-hole” in official usage
3. **Direct allocation of funds-** Social Justice and Empowerment Ministry said that it would directly transfer funds to ‘sanitation workers’ to buy cleaning machines, instead of contractors or municipal corporations.

**Why the impacts of such measures always fall short?**

These measures are not giving adequate attention to the social conditions that force people to plumb toxic cesspools.

#### 1. Failure in the implementation of law-

- The Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013, allows the use of manual labour to clean sewage if the employer provides safety gear. But, in practice, this provision is more flouted than followed.
- Municipal corporations and local bodies very often outsource the sewer cleaning tasks to private contractors, who do not maintain proper rolls of workers.
- In case after case of sanitation workers being asphyxiated to death while working toxic sludge pools in different parts of the country, these contractors have denied any association with the deceased.

2. **Discrimination-** The entrenched belief in the caste system that assumes people belonging to a particular caste group will readily perform the stigmatized task of emptying latrines.

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3. The design of septic tanks in large parts of the country is not amenable to technological intervention and machines are too big to enter narrow by-lanes, especially in dense urban areas.

### Way forward-

- Government's move to use machines is a first step towards according dignity and respect to sewer workers. However, technology's emancipatory powers will be realized at their fullest only when the states stop living in denial about manual scavenging.
- Systems need to be put in place to prevent pilferage, ensure that the machines reach the right hands.

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# General Studies Paper - 2



## General Studies - 2

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### 1. Right of “free consent”.

Source: [Indian Express](#)

#### Gs2: Fundamental Right

**Context:** Many state governments have announced that they are considering enacting an appropriate law to stop marriages which they term as “love jihad”.

#### What are the recent cases?

- A Muslim girl by birth converted to the Hindu religion and just after a month, she married a Hindu man according to Hindu rites and rituals.
- The Allahabad court directed the girl to appear before a magistrate to record her statements.
- The purpose was to check whether the girl converted with her consent or not.
- In another matter, a Hindu girl by birth converted to Islam and married a Muslim. The High Court recorded her statement and after its subjective satisfaction that she, being a major, had acted of her own volition.

#### What was the basis of observations?

- **Lily Thomas (2000) and Sarla Mudgal (1995):** In both the cases, the issue was of Hindu married men committing bigamy to avail a second marriage, without dissolving the first just by converting from Hinduism to Islam.
- **Section 494 and second marriage:** Both judgments concluded that the second marriage of a Hindu husband, after his conversion to Islam, would not be valid in view of Section 494 of the Indian Penal Code. The Court clarified that a marriage solemnised as a Hindu marriage cannot be terminated by one spouse converting to another religion.

#### What are the arguments against such laws?

- **No legal basis:** The concept of “love jihad” has no legal or constitutional basis, it has been concocted for the last few years.
- **Fundamental right:** The right to marry a person of one’s choice is a guarantee under Article 21. At the same time, freedom of conscience, the practice and propagation of a religion of one’s choice, including not following any religion, are guaranteed under Article 25.
- **Avoid mixing of issues:** Polygamy, polyandry, kidnapping, coercion, etc. are separate issues covered under existing provisions of the IPC.
- **Fundamental freedoms:** The right to marry a person of one’s choice flows from the freedom of individuality, naturally available to any individual.
- **Supreme court views:** The view of the Supreme Court (1965) that a marriage is not approved unless the essential ceremonies required for its solemnisation are proved to have been performed can only be read if one partner denies the marriage.
- **Marriage is the very foundation of civilised society:** the observation that “marriage is the very foundation of civilised society” and without which no civilised society can exist have become obsolete given the recent judgments by larger benches of the Supreme Court.
- **Sub-judice:** The legality of legislation like the Citizenship Amendment Act, which excludes only one religion from its purview, criminalisation of pronouncements of triple talaq and taking away the special status of Jammu & Kashmir are pending consideration in the Supreme Court.

The Courts needs to examine if the individual concerned has exercised their right of “**free consent**”.

## 2. RCEP

**Source:** [The Hindu](#)

**Gs2:** Bilateral, Regional and Global Groupings and Agreements involving India and/or affecting India's interests.

**Context:** India's opting out of RCEP appears more debatable in terms of its economic rationale.

### **Background:**

- The Regional Comprehensive Economic Partnership (RCEP) was signed on 15.11.2020 by 15 countries led by China, Japan, South Korea, Australia, New Zealand and the 10-state ASEAN grouping.
- It created one of the world's largest trading blocs.
- India after seven years of protracted negotiations decided last November to exit the grouping.

### **Why India opted out of RCEP?**

- India had justified its decision on following grounds:
  - **High trade deficit:** Protecting its economy from burgeoning trade deficits with a majority of the 15 RCEP members.
  - **Lack of safeguards:** It had cited the grouping's refusal to accede to its requests on safeguards as a deal breaker.

### **What are the significances of RCEP?**

- RCEP members now account for about 30% of the global GDP and a third of the world's population.
- The timing of the accord presents a unique opportunity to support economic recovery, inclusive development and job creation.
- It will help in strengthening regional supply chains.

### **Why India should have joined the RCEP?**

- **Impact of the pandemic:** Global trade and the economy are falling due to the COVID-19 pandemic.
- **Lack of markets:** New infections in Europe and the U.S. might prompt fresh restrictions leading to shrinkage of export markets for India.
- **Uncertain Global order:** There is heightened tariff uncertainty generated by the deadlocked Brexit negotiations between Britain and the E.U. which will also impact India's trade.
- **But, RCEP economies are re-energising economic activity:** The east Asian and Pacific countries including China, South Korea, Vietnam, Australia and New Zealand having contained the pandemic successfully and have restarted their economies. This would have provided an alternative market for India if joined.

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

- Bury the geopolitical differences with China and prioritise what is collectively seen as a mutually beneficial trading compact.
- For example, among the ASEAN signatories Vietnam and the Philippines, which not only continue to have their share of disputes with Beijing but also suffer significant trade imbalances with Asia's largest economy.

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- Acknowledging India's value as a market the RCEP members have left the door open. India should reconsider its stance as RCEP members have also waived a key 18-month cooling period for interested applicants.
- India needs to dispassionately review its position and **embrace openness rather than protectionism.**

### 3. Judicial Barbarism

**Source: Indian Express**

**Gs2: Structure, Organization and Functioning of the Executive and the Judiciary**

**Context:** Judicial barbarism is now a systematic phenomenon with deep institutional roots.

**How democratic barbarism and judicial barbarism are related?**

- **Democratic barbarism:** It is a politics that sees protest, dissent, and freedom of expression all through the prism of potential enemies of the state. It occurs when the state treats a section of its own citizenry as enemies of the people.
- **Judicial barbarism:** For example, weak protection for civil liberties and dissenters and an unusual degree of deference to state power, especially in constitutional matters. Giving Judicial form to the language of democratic barbarism.

**What are the components of Judicial barbarism?**

- Overwhelming appearance of arbitrariness in judicial decision-making.
- The application of law becomes so **dependent on the arbitrary whims** of individual judges that the rule of law or constitutional terms no longer have any meaning.
- The law becomes an instrument of oppression.
- The court becomes excessively concerned with its version of lese majesty: Like a scared monarch.
- Democratic barbarism has been part of a global trend. For example, in Turkey, Poland and Hungary the judiciary aids **democratic barbarism.**

**What are the signs of Indian judiciary slipping into judicial barbarism?**

- **Misuse of Power of contempt:** Maintaining credibility by its **power of contempt.** It is now a systematic phenomenon with deep institutional roots.
- **Favouritism in listing of cases:** The court has **refused to do timely hearings of cases** that go to the heart of the institutional integrity of a democracy. For example, the electoral bonds case.
- **Arbitrariness in courts processes:** The rules for the grant or denial of bail by the Supreme Court and correspondingly by several high courts have reached new levels of arbitrariness. For example, Patriots like Sudha Bharadwaj or thinkers like Anand Teltumbde are being denied bail. Similarly, the fate of so many young student anti-CAA protestors remains uncertain.

**What can be the possible implications of this institutional efficiencies?**

- **Legitimises bad laws:** Barbarism will slowly creep into the ideological foundations of the state. For example, legislation on "love jihad".
- **Growth of Inequality:** Few people are not treated equal citizens before the law. The democratic barbarism now directly aided by judicial power.
- **Affects Fundamental Rights:** As per Justice SA Bobde's, that the Supreme Court is trying to discourage the use of Article 32. Article 32 is one of the glories of the Indian Constitution that protects fundamental rights. It can be suspended only in a state of emergency.

Every issue should not be thought through the prism of partisan combat. There is need to protect the respectability for the institution.

#### 4. Governors' mercy powers

**Source-** [The Hindu](#)

**Syllabus-** **GS 2** - Indian Constitution—historical underpinnings, evolution, features, amendments, significant provisions and basic structure.

**Context-** Supreme Court expressed unhappiness over the pendency of a plea by A G Perarivalan with the Governor of Tamil Nadu Banwarilal Purohit for over two years.

#### **What was the Supreme Court's verdict over governor delay in deciding the plea for pardon?**

**Supreme Court statement** - Multi-Disciplinary Monitoring Agency (MDMA) investigation into the “larger conspiracy” behind Rajiv Gandhi assassination need not deter the Tamil Nadu Governor from deciding the plea for pardon of convicts like A.G. Perarivalan.

- The court made it clear that it was reluctant to exercise its jurisdiction when the Governor was already seized of Perarivalan's plea for pardon under Article 161 of the Constitution.
- **Background-** Perarivalan had applied to the Governor for pardon on December 30, 2015. Almost three years later, on September 2018, the Supreme Court asked the Governor to decide the pardon plea as he “deemed fit”.

#### **What are the pardoning powers of the Governor?**

Article 161 deals with the Pardoning Power of the Governor.

- The Governor can grant pardons, reprieves, respites and remissions of punishments or suspend, remit and commute the sentence of any person convicted of any offence against any law relating to a matter to which the executive power of the state extends.
- The Governor cannot Pardon a Death Sentence. (The President has the power of Pardon a death Sentence).

#### **What were the past judicial stands?**

##### **1. The advice of the appropriate Government binds the Head of the state.**

- **Maru Ram v Union of India case (1980)** - Even though the President and Governor are the executive heads, but they cannot exercise their discretion with regard to their powers under Articles 72 and 161. Both the executive heads are required to act on the advice of the appropriate government—Central and State Government.
- The court followed Maru Ram's case wherein it was held that the state government can advise the governor who is bound to take it.

##### **2. Undue delay in execution of mercy petition-**

- **Shatrugan Chouhan v. Union of India-** Undue delay would entitle the death convict to seek relief under Article 32 r/w Article 21 get his death sentence commuted.
- Inordinate delay caused due to circumstances beyond the control of the death convict and which is caused by the authorities for no reasonable ground”, the court should itself commute the sentence rather than “remanding matter for reconsideration of mercy petition”.

### 3. Constitutional functionaries are not exempt from judicial scrutiny-

- **Keisham Meghachandra Singh v. Hon'ble Speaker (2020)** - the Supreme Court was asked to examine the Speaker's inaction with regard to disqualification proceedings.

#### Way forward-

- Undue, inordinate and unreasonable delay in execution of death sentence has dehumanizing effects.
- The mercy petitions under Article 72/161 should be disposed of at a much faster pace than what is adopted now, if the due procedure prescribed by law is followed in verbatim.

### 5. Biden and new diplomacy

**Source:** [Indian Express](#)

**Gs2:** Effect of Policies and Politics of Developed and Developing Countries on India's interests, Indian Diaspora.

**Context:** The expected actions of the Biden presidency and its Political, Environmental and Global institutional implications.

#### What are the present challenges to India under Biden's presidency?

- **Environmental:** India's environmental policies will be closely monitored and discussed world over. For example, the restrictions removed in mining of forests or on land use in the natural forests of Kashmir may attract criticism.
- **Minority rights:** Biden presidency is very sensitive to minority rights as constitutionally proclaimed. For example, Vice President-elect Kamala Harris has already commented on Kashmir issue.
- **Global trade:** Biden presidency will pursue the objective of strengthening multilateral accords and WTO rules with more diplomatic pressure. For example, our government had already given up the food security and livelihood clauses as preconditions for discussing "other issues", basically tariff reduction.

#### How India needs to recalibrate its strategy?

- **Environment**
  - Need to emphasise for a progressive stand at the Paris negotiations.
  - Need for more sensitive implementation of environmental laws by resisting pressure from corporate interests.
  - The rights of Adivasis habitation, livelihood, spiritual affiliation with trees and the jungle will need greater attention.
- **Minority rights:** Strict adherence to the rule of law and more reforms for the development of inclusive society
- **Trade:** Need to push for reconsidering GSP preference and India should resist diplomatic pressure by sticking to its common but differentiated responsibility (CBDR) principle

### 6. Government interventions

**Source-** [The Hindu](#)

**Syllabus- GS 2-** Welfare schemes for vulnerable sections of the population by the Centre and States and the performance of these schemes; mechanisms, laws, institutions and Bodies constituted for the protection and betterment of these vulnerable sections.

**Context** - The Government's core belief in 'minimum government', which ties its hands when it comes to fiscal measures even in such harsh economic conditions.



**What are the reasons for the failure of stimulus packages?**

1. **Lack of Demand**- The aggregate demand for goods and services again is dependent on the income and purchasing power of people, which has come down drastically, at the aggregative level, due to the COVID-19 lockdown.
- **Nothing to stimulate demand** – many economists have opined that the government stimulus tries to resolve only supply-side issues. There is nothing to generate demand. This could only be done by putting money in the hands of people.
2. **Risk of taking housing loans** - Though the consumer or housing loans are easily available at lower rates of interest, still people are not taking the household loans, as they are in doubt of their future incomes or dwindling current one.
3. **Bank burdened with bad loans**- On the supply side, the big constraint on fresh lending is the burden of non-performing assets (NPAs).
4. **Credit easing will not work immediately**- Credit easing by the RBI is not direct government expenditure and banks will be hesitant to lend the money available with them.

**What are the possible solutions?**

1. **Relax FRBM target**- Fiscal Responsibility and Budget Management (FRBM) should be kept in a state of suspension for both Centre and the States.
2. **Cash transfer to Households**- The government needs to announce a ₹10 lakh crore fiscal stimulus package providing universal food ration and cash transfers for households in order to revive the economy at this time.
3. **An urban employment guarantee law**- This could help improve worker incomes and have multiplier effects on the economy.
4. **Improving health infrastructure**- The government needs to build a robust public health infrastructure on the principle of public provisioning instead of walking down the insurance route.
5. **Investment in Green Deal**- - A comprehensive green deal can be planned, which changes the energy mix of the economy and also makes the poor and the marginalized a part of a sustainable development process.

**Way forward-**

The current COVID-19 pandemic has given an opportunity to rethink of health, economic and climate policies.

**7. Federal water governance ecosystem**

**Source-** [The Indian Express](#)

**Syllabus-** GS 2- Functions and responsibilities of the Union and the States, issues and challenges pertaining to the federal structure, devolution of powers and finances up to local levels and challenges therein.

**Context-** Importance of Centre-States coordination to deal with the emerging challenges of inter-state water governance.

**How the two bills on water can attend the longstanding issue of inter-state externalities**

1. **The Interstate River Water Disputes Amendment Bill 2019**- The bill seeks to improve the inter-state water disputes resolution by setting up a permanent tribunal supported by a deliberative mechanism, the dispute resolution committee.
2. **The Dam Safety Bill, 2019**- The bills provides for the surveillance, inspection, operation, and maintenance of specified dams, with the help of a comprehensive

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federal institutional framework comprising committees and authorities for dam safety at national and state levels.

- It also provides for an institutional mechanism to ensure the safety of such dams. However, these two bills were passed by Lok Sabha and are pending in Rajya Sabha.

### What is the importance of Jal Jeevan Mission JJM?

- **The chief objective** of the Mission is to provide piped water supply (Har Ghar Jal) to all rural and urban households by 2024.
- The Jal Jeevan Mission will converge with other Central and State Government Schemes to achieve its objectives of sustainable water supply management across the country.
- The central assistance through JJM is an opportunity to open a dialogue with the States to address federal water governance gap.

### Why a coordinated response from the Centre and states is vital?

1. **Systematic federal response-** Emerging concerns of long-term national water security and sustainability, the risks of climate change, and the growing environmental challenges, including river pollution needs systematic federal response where the Centre and the states need to work in a partnership mode.
2. **For implementation of current national projects-** Centre-States coordination is also crucial for pursuing the national projects. For example Ganga river rejuvenation or inland navigation or inter-basin transfers.
3. **Critical for Jal Jeevan Mission's success.**
4. **To pursue development and sustainability goals-**

### What is the way forward?

1. **Absence of authoritative water data-** Data systems related to water in the country are limited in their coverage, robustness and efficiency. The sector suffers from the following key data problems-
  - a. Limited coverage,
  - b. Unreliable data
  - c. Limited co-ordination and sharing.

Therefore, the Centre can work with the states in building a credible institutional architecture for gathering data and producing knowledge about water resources.

2. Jal Jeevan Mission presents an opportunity to get states on board for a dialogue towards stronger Centre-states coordination and federal water governance ecosystem.

### 8. Regulating free speech

**Source:** The Hindu

**Syllabus:** GS-2- Polity

**Context:** The Supreme Court's has questioned the Union government on the measures it can and is willing to take against communally slanted television coverage.

#### More on news:

- It appears to be an attempt to bring about a commitment to a course of action that will curb inflammatory journalism on broadcast media.
- The Court has distinguished between free speech and 'hate speech'.

**Give some latest instances of partial news coverage. Also mention the point-of-view of the Centre and the Court.**

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- **Coverage of Tablighi jamaat event:** The Court is hearing petitions against the communal colour given by some channels to the incidence of large clusters of COVID-19 infections among those who attended a Tablighi Jamaat event in New Delhi.
- The portrayal of the participants as intentional super-spreaders was vicious and motivated.
- **Case of Sudarshan news:** The case of Sudarshan News, which began a series on the channel that propagated hate against Muslims, is an open example.
- The government has merely administered a 'caution' to the channel and asked it to moderate the content of future episodes.
- **Centre's point of view:** The Centre's affidavit has stated that media coverage "predominantly struck a balanced and neutral perspective".
  - It further stated that it was open to the viewers to choose from a number of varying perspectives given by different media channels.
- **Court's point of view:** The Court is keen to know what action has been taken under the Cable Television Networks (Regulation) Act against offending broadcasters.
- The Court appears unconvinced that the present mechanism of self-regulation, i.e. The National Broadcasting Standards Authority is effective.

### What are the safeguards provided under the Cable Television Networks (Regulation) Act?

- **Government's powers:** The government is empowered under the Act to prohibit transmission of programmes that violate the programme or advertising codes (Section 19) and even an entire channel, in public interest (Section 20).
- In the past, channels have been asked by the I&B Ministry to take some programmes off the air.
- **Penal law:** Depending on the damage done to individuals or institutions, or even society at large, there is enough scope for action under the penal law.

### Way forward

- The distinction between free speech and hate speech should be at the heart of any order creating a new mechanism; to deal with broadcast media excesses.

## 9. Threat to Democracies

Source: [The Hindu](#)

Gs2: Effect of Policies and Politics of Developed and Developing Countries on India's interests, Indian Diaspora.

Context: Problems faced by the leading democracies in the world.

### What are the issues that are threatening the Democracies?

- **Identity crisis:** The issues of identity, or threats to identity, are becoming an important issue in elections, across democracies.
- **Menace of Fake news:** Manipulation of grievances by using psychometric techniques and use of 'deep fakes' made possible through Artificial Intelligence, further enhances the threat to current notions of democracy.
- **Terrorism is resurfacing with renewed vigour:** The IS, that was thought to be defeated following the victories achieved in Syria and Iraq towards the end of 2018, has recently carried out attacks in France (Paris, Nice) and in Austria (Vienna).It



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reminds of the transnational character of the threat it poses to democratic countries.

- **Informational autocracy:** There is a growing concern across the globe about increasing efforts to manipulate information in order to perpetuate power. For example, the efforts made by the U.S. President, Donald Trump, to negate the verdict of the recently held presidential elections

### What are the Problems specific to European democracy?

- **Economic uncertainty:** With a resurgent COVID-19 pandemic, an uncertain Brexit will further damage the prospects of both the United Kingdom and Europe.
- **Threat to secularism:**
  - The recent wave of terrorist attacks, beginning with the beheading, recently, of a Paris schoolteacher by an Islamic State (IS) supporter, followed by IS violence in Nice, have raised questions on long-held secular beliefs.
  - French President Emmanuel Macron and French leaders have been openly harsh against radical Islam

### What are the Problems specific to Indian democracy?

- **Polarisation:** The enactment of Citizenship (Amendment) Act and the National Register of Citizens have created a deep religious divide among its citizens.
- **Challenges to Internal security:** With growing tensions in Jammu and Kashmir (J&K), Pakistan's efforts to push terrorists in larger numbers is leading to large scale casualties especially among the Indian Army and security forces personnel.
- **Failure of India's bargaining strategy:** India has been left out of the Regional Comprehensive Economic Partnership (RCEP), world's biggest trade bloc which covers almost a third of the world's economy.
- **International isolation:** Provocation by Pakistan by holding of Assembly elections in Gilgit-Baltistan and India's steady marginalization in Afghanistan where the control of the Taliban is increasing confirms India's isolation in international arena.

## 10. Judiciary is not slipping into 'barbarism

Source: [Indian Express](#)

### Gs2: Structure, Organization and Functioning of the Executive and the Judiciary

**Context:** Recently questions have been raised on functioning of judiciary that it is slipping into "judicial barbarism".

### What are the recent charges made against the judiciary?

- **Electoral bonds case:** The court has refused to do timely hearings of cases that go to the heart of the institutional integrity of a democracy.
- **Elgar Parishad case:** The Supreme Court has been blamed for denying bail to Sudha Bharadwaj and Anand Teltumbde, who has been detained in the Bhima Koregaon case that is being probed by the National Investigation Agency.
- **Promoting Love Jihad:** judiciary was blamed in legitimising this newest assault on liberty.

#### Elgar Parishad case

- Ongoing investigations related to the Koregaon Bhima violence witnessed on January 1, 2018.
- The case became prominent because of the arrests of some high-profile activists and lawyers, some of who are in jail for over a year now.

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- **Arnab Goswami case:** Where the Chief Justice of India was blamed for quick hearing of Arnab's case when other significant constitutional cases are pending for hearing before the court.

### Why the charges laid against judiciary are not true?

- **Judiciary has effectively Protected Individuals Liberty:** In the Prashant Bhushan case and the case of journalist Vinod Dua. After criticising government, these individuals got an early and effective hearing and also relief from the court.
- **Judiciary has effectively protected the Freedom from arrest:** In 2018, Teltumbde was granted interim protection from arrest by the Bombay High Court. These are reflective of the fact that the Supreme Court has always come to the rescue of citizens.
- **Judiciary has effectively protected right to privacy:** Historic verdicts by the SC such as nine judges held that **the right to privacy** is a fundamental right and it held that the CJI is a public authority under the RTI Act.
- **Judiciary has always Ensured justice:** For example, Umar Khalid though a student he has been probed for his role in the Delhi riots for allegedly trying to incite violence during the Delhi riots, which cost more than 50 lives.
- **Judiciary has effectively Protected individuals freedom and choice:** The Supreme Court in **Shafin Jahan v. Ashokan K M (Hadiya case)** observed that Hadiya, being a 24-year-old adult, had the power to make her own decisions, and the court could not compel her to go to her father or husband against her will.
- **Judiciary has effectively protected individuals from malafide prosecution:** Arnab goswami case prima facie appears to be a case of malafide prosecution. The Supreme Court rightly remarked that the accused should pursue his remedy before the high court.

The criticism of the judiciary stems not from facts or evidence but from ideological inclination and dislike of particular political leaders.

### 11. Digital nation: On delivery of citizen services

**Source:** The Hindu

**Syllabus:** GS-2 - Governance

**Context:** The true measure of digitalisation would be smooth delivery of all citizen services.

#### Analyse the development of India as a digital nation.

- **Measure of digital nation:** The true measure of digital nation is the readiness of governments to use technology to create open, participatory public systems that citizens consider trustworthy.
- **Result of internet access:** Affordable smartphones and Internet access have made India a digital nation with an estimated 750 million connections and a thriving financial technology sector.
- **Digital platforms in Covid-19:** Digital platforms providing goods and services, including online education and telemedicine, have grown vigorously during the COVID-19 pandemic, while many professionals have maintained productivity by working from home.
- **Schemes and services:** Government-to-citizen services using Common Service Centres for:
  - Advice to agriculturists.
  - Digital payments of welfare benefits through bank accounts.
  - Online legal advice to four lakh people under the Tele-Law scheme.

**Discuss the sectors which has potential for developing India's digital governance.**

- **Digital method in road safety:** If digital methods were applied to other sectors, such as road safety, the results could be dramatic as it can potentially reduce the accident mortality rate of about 1,50,000 deaths a year.
- **Technology in social sectors:** Enhanced adoption of technology in health and education;
  - The nucleus plan is Ayushman Bharat, with a digital health identity for all.
  - It should be possible to achieve measurable progress early on at least on one UHC component such as access to free, essential prescription drugs.
- **Issuing a digital health ID:** A digital health ID would help prescribe and dispense essential medicines free.
- The Planning Commission estimated that the public procurement cost for this, in 2011, would be 0.1% to 0.5% of GDP
- **Transformation of internal process:** Efficient digital government depends on transforming internal processes, and fixing deadlines for service delivery.

**Way forward**

- If digital has to become a way of life, redefining the complex functioning of citizen-centric services would be a good place to start, with deadlines for government departments.
- Governance must achieve is a reliable system of digital welfare.

# General Studies Paper - 3

## General Studies - 3

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### 1. Labour law reforms and Trade unions

Source- [The Hindu](#)

**Syllabus- GS 3** - Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment.

**Context-** The new labour codes clear attempt to diminish the role trade unions.

#### What are the new labour laws?

The current government has introduced new versions of three labour codes in Lok Sabha which are-

1. Industrial Relations Code.
2. Code on Occupational Safety, Health & Working Conditions Code.
3. Social Security Code.
4. Labour code on wages.

However,

- Central government has excluded trade unions from pre-legislative consultations on drafting the new labour codes.
- The new Labour codes ignore the recommendations of Parliamentary Standing committee.
- And the labour reforms bills passed in the absence of the Opposition.

#### What are trade unions?

A trade union can be defined as an organized association of workers in a trade or profession, formed to further their rights and interests. In India, Trade Unions in India are registered under the **Trade Union Act (1926)**.

Functions-

#### 1. Protect the interests of workers-

- Trade Unions protect the worker from wages hike, provide job security through peaceful measures.
- They also help in providing financial and non-financial aid to the workers during lock out or strike or in medical need.

**2. Collective Bargaining-** A process of negotiation between employers and a group of employees in respect to working condition. It is the foundation of the movement and it is interest of labour that statutory recognition has been accorded to Trade Union.

#### What are the key objectives of Trade Union Act (TUA)?

**1. Right to registration-** The law provided a mechanism for the registration of trade unions, from which they derived their rights, and a framework governing their functioning.

- The TUA gave workers the right, through their registered trade union, to take steps to press their claims, and where necessary, as in the case of a malevolent employer, agitate for their claims and advance them before the government and the judiciary.

**2. Immunity from civil suit in certain cases-** No suit or other legal proceeding shall be maintainable in any Civil Court against any registered Trade Union in respect of any act done in contemplation or furtherance of a trade dispute.

#### What are the key concerns with new labour codes?

##### 1. In case of deregistration of trade union –

- The collective decision taken by its members and elected officers can be treated as illegal.

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- **Vulnerable against charges of conspiracy**- The trade union's members and elected officers lose their immunity from prosecution for criminal conspiracy for collective decisions and actions.
  - It will lead employment dispute resolution outside the legal framework.
  - The Industrial Relations Code (IRC) widens the grounds under which a trade union may be deregistered.
- 2. Against the Interests of Employees**- The codes provide the liberty to industrial establishments to hire and fire their employees at will.
- The new labour codes dilute workers' rights in favour of employers' rights.

### Way forward-

A vibrant and responsible trade union environment is the requisite for inclusive growth to any economy. It checks growing inequality and falling living conditions of the working class. If trade union is deregistered then the workers effectively lose their fundamental right to freedom of association.

### 2. How to end pollution

**Source:** The Indian Express

**Syllabus:** GS-3- Environment

**Context:** An independent Environmental Protection Agency is required to build scientific and technical capacity for controlling pollution.

### What are the sources of pollution?

- **Sources:**
- Seasonal sources: crop-burning and fireworks grab attention at this time of year.
- According to a study by Chandra Venkataraman of IIT-Mumbai and other scientists, the biggest sources nationally are cooking fires, coal-fired power plants, various industries, crop residue burning, and construction and road dust.
- Cooking fires: Since particles diffuse with the air and are carried by winds, they do not stay in kitchens; they contribute to pollution throughout the country.

### What are the challenges in handling pollution?

- **Investment not profitable in technological changes:** Although it is hugely beneficial for the country as a whole but is not privately profitable at present.
- **The judiciary:** It does not have even the few scientific and technical staff available to our under-funded pollution control boards;
  - It has no capacity to conduct pollution monitoring or scientific studies or even evaluate the results.

### What are the steps needed to be taken?

- **Deal with pollution firmly and gradually:** If this is done, it can be brought down to developed-country levels within a few years.
- **Reason:** there are many sources of pollution and it would be ridiculously costly to stop them or even significantly reduce them all at once.
- **Replacement of existing technologies:** Smoky firewood, dung and crop residues that are burnt in kitchens all over rural India and some urban slums must be replaced with LPG, induction stoves, and other electric cooking appliances.
- Old coal power plants must be closed and replaced with wind and solar power and batteries or other forms of energy storage, while newer plants must install new pollution control equipment.



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- Other industries that use coal will have to gradually switch over to cleaner fuel sources such as gas or hydrogen.
- Farmers will have to switch crops or adopt alternative methods of residue management.
- Diesel and petrol vehicles must gradually be replaced by electric or hydrogen fuel cell vehicles running on power generated from renewables.
- **Tax and subsidies:** It is easy for governments to make clean investments more profitable and dirty investments less profitable.
  - All that needs to be done is to tax polluting activities and subsidise clean investments.
- **Environmental Protection Agency:** The EPA can announce that they will raise the pollution fees by a certain percentage every year. This gives businesses time to adjust; they will then find it profitable to make new investments in non-polluting technologies.
- For example, a fee on plastic production at refineries, since it is very costly to monitor small producers and retailers of plastic bags; a fee on fly ash or sulphur dioxide emitted by coal power plants, and a fee on coal use, a fee on diesel at refineries, etc.
- **The EPA has to be given some independence:**
  - A head appointed for a five-year term removable only by impeachment.
  - A guaranteed budget funded by a small percentage tax on all industries.
  - Autonomy to hire staff.
  - Set pollution fees after justification through scientific studies.
- **The PM Ujjwala Yojna** that increased LPG access has made a big difference to the pollution from cooking fires.
- **The BS-VI regulations** will reduce vehicular pollution over the next decade.

### Way forward

We need the scientific and technical capacity that only a securely funded independent EPA can bring to shrink pollution down to nothing.

### 3. Fertiliser Subsidies

**Source:** [Indian Express](#)

#### Gs3: Issues related to Direct and Indirect Farm Subsidies

**Context:** In a step to clear dues of fertiliser companies the government has allotted an additional Rs 65,000 crore towards fertiliser subsidy for 2020-21, over and above the already-budgeted Rs 71,309 crore.

#### Why clearing the arrears in fertiliser subsidy is important?

- **To build faith on government schemes:** Fertiliser firms have to sell their products below production cost. If the government does not pay the difference as subsidy in full and on time, it leads to erosion of trust.
- **Production-linked incentive scheme:** It seeks to attract manufacturing investments by offering cash incentives to the tune of Rs 200,000 crore over five years on incremental sales. Its success rests on the government's credibility in repaying subsidies.

#### What are steps to be taken to improve the use of fertiliser in India?

- **Neem coating of urea:** To Check illegal diversion of subsidised material.

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- **Conditional transfers:** Releasing payments to companies only after sales to farmers being registered against biometric authentication or even capping the number of bags.
- **Nutrient-based subsidy (NBS):** introduced more than a decade ago, provides subsidy on any fertiliser based on the underlying nutrient content be it nitrogen, phosphorus and potash or Sulphur, zinc and boron.

### Why NBS scheme has failed?

- NBS has failed simply because urea has been kept out of NBS scheme. The government still fixes the maximum retail price (MRP) for urea.
- The price of urea has been raised by hardly 11 per cent since April 2010, while the rates of other decontrolled fertilisers have increased 150-300 per cent.
- This has actually worsened the soil nutrient imbalance resulting from over-application of urea.

### Way forward

- The government should bring urea under NBS. This would mean increasing its MRP from Rs 5,360 to Rs 9,000 per tonne.
- This can be done by hiking the NBS rates for other nutrients, thereby reducing the MRPs of non-urea fertilisers and encouraging their consumption.
- Subsidy should be to facilitate innovations to bring in new nutrient solutions that are crop-, soil- or even plant stage-specific.

## 4. Policy framework for technology

**Source:** The Hindu

**Syllabus:** GS-3- Science & Technology

**Context:** With the rapid pace of technology blurring boundaries, a holistic policy framework is must.

### How is Data a new currency?

- **Paradigm shift:** The amount of “value add” from intangible technology services as opposed to physical objects, even in traditional goods, is being transformed by information.
  - A modern automobile has 40% of its component value from electronic-based products and a modern electric vehicle has close to 100 million lines of code, which is more than that used by a Boeing 787 or the Chrome browser.
- **Increasing digitisation:** There is increasing digitisation and electronification of industrial activities, products and services, influencing the evolving skill sets in industry.
  - For instance, a conventional “metal-based” industrial product, information and electronics are becoming all-pervasive, ensuring that we set boundaries to control quality or the uptime of the equipment.
- **Revolution:** This revolution is taking place across products, as information availability drives efficiency and creates value for customers by providing greater control over the product and its surrounding environment.

### Why is there a need of a new policy framework?

- **To address the needs of various stakeholders:** governments have tended to build specialised departments and designed policies that govern those areas.



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- Over time, as each of these departments grew, they have tended to operate in silos. This has for most of the 20th century been reasonably successful in driving economic development in countries.
- **Capital formation:** Technology is driving an increasing share of the value add coming from digitisation and data analytics in products and services across industry segments, there needs to be a way of encouraging capital formation by way of intangibles in traditionally tangible industries.
- **Issue of a shift of value between manufacturing and services as technology changes:** The policy, promotes and gives incentives for manufacturing, whereas the share of intangibles, even in traditional manufacturing companies, whether it be software, research and development or even servicing of products, are not adequately covered in industrial policies.
- **Inter-departmental cooperation:** There is increasingly a need for inter-departmental cooperation and synergy not only in policy framework but also in deployment.
- Increasing electronification and digitisation of the automobile are not covered by industrial policies that govern the Electronics and Information Technology Ministry.
- Drones that could serve different sectors, including agriculture, and would require a lot of inter-departmental clearances outside of the Department of Agriculture.
- **Holistic view:** There is a need to have a holistic view of policies for economic development as technology is becoming a significant enabler in most industries.
- **A sufficiently empowered policy clearing cell:** It could ensure a holistic view on policy across departments of government, at the State and the Centre.
- **Ecosphere:** A nourishing ecosystem for industry, including the hard infrastructure and softer areas such as education, skilling, technical institutions, laboratories, testing centres, etc., has to be cultivated.
- The creation of clusters of companies in adjacent but complementary areas could constitute such an ecosystem that encourages multi and cross-disciplinary learning and spur innovation and economic development.

### Way forward

- In this evolving policy framework, it is important that there is close cooperation and alignment between the Centre and State to ensure effective implementation on the ground. Some of these thoughts could help us navigate through an ecosystem that is changing with technology.

### 5. The right lessons from Pulwama and Balakot

**Source:** [The Hindu](#)

**Gs3:** Role of Media and Social Networking Sites in Internal Security Challenges, Various Security Forces and Agencies and their Mandate.

**Context:** Recently, Pakistan's Opposition MP, Sardar Ayaz Sadiq, alleged that the PTI government released the captured Indian fighter pilot, Abhinandan Varthaman due to fear of an imminent missile strike from India.

### Background

- On 14 February 2019, the suicide car bomb blast in **Pulwama** led to the death of 40 Central Reserve Police Force personnel.
- Avenging this, the Indian Air Force (IAF) targeted a seminary at Balakot in Khyber-Pakhtunkhwa province of Pakistan what is known as **Balakot strike**.

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- The Pakistan Air Force attempted its counter attack the next day morning in Jammu and Kashmir, and in the ensuing aerial combat, Wg. Cdr. Abhinandan was captured by the Pakistan military.
- Later, Wg. Cdr. Abhinandan was released by Pakistan as a peace gesture.

### What are the lessons from Pulwama and Balakot?

#### Pulwama attack

- Even, after the National Investigation Agency filed a 13,800-page charge sheet in August certain Questions have not been answered satisfactorily.
- The responsibility for the intelligence failure, violation of standard operating procedures by security forces and the possible involvement of disgraced Jammu and Kashmir police officer, Davinder Singh, remain unexamined.

#### Balakot Strike:

- The performance of the IAF has been seen with scepticism in most western capitals. For example, the IAF claims to have shot down a Pakistan Air Force F-16 fighter jet was not accepted.
- There were many questions damaging the professional image of IAF such as whether IAF were able to strike the designated targets, asking for providing proof of the destruction caused by IAF etc.
- For, all the questions and scepticism raised, the IAF didn't have a convincing answer.
- Also, the fact remains that the IAF has lost a fighter aircraft and the pilot ended in Pakistani custody. That day, the IAF also shot down its own helicopter in friendly fire, close to Srinagar.
- The IAF has behaved in a partisan manner by preventing any media reportage of the incident before the Lok Sabha elections were over.
- In a healthy democracy, apolitical armed forces are supposed to follow the elected government's lawful orders but do not work to further the partisan aims of the ruling party.
- This would set a wrong precedent for the armed forces and its senior leadership unless corrected.
- Also, neither the surgical strike of 2016 nor the Balakot air strike have infused deterrence in the Kashmiri hinterland or on the LoC, as evident from the senior Indian Army officers regularly claiming that Pakistan has hundreds of militants ready to be pushed across the Line of Control (LoC) at launchpads.
- In recent years, the institutions like Parliament, the judiciary and the media has earned a lot of attention, while the scholars have been shy of making enquiries about the conduct of the armed forces, an institution even more critical to the health of Indian democracy.

#### Case study: Nonpartisanship

- Two decades ago, the then Army Chief, General V.P. Malik, had lodged a strong complaint with Prime Minister Atal Bihari Vajpayee during the Kargil war about the use of the images of three service chiefs on the Bharatiya Janata Party's election posters.

### 6. Women workforce

Source- [The Hindu](#)

Syllabus- **GS 3** -Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment.

Context - Declining female labour force participation.

**Why in news-**

**Year 2020 marked as-**

1. The nearly fifty years since the Committee on the Status of Women in India (CSWI) submitted the report 'Towards Equality' to the United Nations (UN).
  - o It focused on women-sensitive policymaking in India, providing a fresh perspective on gender equality.
2. The 25th anniversary of the Beijing Platform for Action- A benchmark for analyzing the condition of women and State-led empowerment.

**What is the status of women's workforce in India?**

1. **Workforce participation:** India demonstrates one of the lowest labour participation rates for women, which have been consistently declining since 1950.
  - The Periodic Labour Force Survey (PLFS), 2018-19 indicates a fall in absolute employment for women.
    - Women faced a decline in labour participation rates (from 2011 to 2019) in rural areas from 35.8% to 26.4%, and stagnation in urban areas at around 20.4%.
2. **Poor worldwide Rankings:**
  - **Global Gender Gap Index-** India has been ranked 149<sup>th</sup> among 153 countries in terms of women's economic participation and opportunity published by World Economic Forum.
  - **2019 Oxfam report-** Gender wage gap highest in Asia. Based on hourly wages, women earn, on average, 65.5% of what their male colleagues earn for performing the same work.
3. **Women in agriculture:**
  - **Lack of ownership of land-** As many as 87 per cent of women does not own their land, only 12.7 per cent of them do.
4. **Status of women in other sectors of the economy:**
  - Manufacturing sector - around 14% of the female labour force.
  - Women account for only 19.9% of the total labor force in India
  - The service sector sees women disproportionately involved in care-work, over 60% of the 4.75 million domestic workers are women.
5. The non-availability of white collar jobs, disproportionate long hours and lesser job security narrow downs the job opportunities for educated women in India.

**What are the impacts of COVID-19 pandemic and new labour codes on women workforce?**

1. **COVID-19 impact-** Recent job stagnation and high unemployment rates for women, exacerbated by the Coronavirus pandemic, also keep women out of the labor force.
  - **Job lost in pandemic-** The Centre for Monitoring Indian Economy (CMIE) data showed that 39% of women lost their jobs in April and May compared to 29% of men.
2. **New labour codes impact-** The labour reforms disregard women's work conditions.
  - The codes acknowledge neither the gender wage gap nor non-payment of wages and bonuses
  - Ignore informal mostly women workers in terms of social security, insurance, provident fund, maternity benefits, or gratuity.
  - There is no protection against sexual harassment at workplace.
  - Maternity benefits remain unchanged from the 2017 amendment

**Way forward-**

- Addressing structural issues which keep women away from the workforce is a must.
- Policy decisions need to articulate gendered concerns during public health emergencies because gender-sensitive pandemic planning may substantially mitigate these concerns.

**7. Asian economies**

**Source:** The Hindu

**Syllabus:** GS-3- Economy

**Context:** The post-pandemic global economy has often predicted that China's appeal as a business destination would fade.

**What are the various strategies that can be pursued post pandemic global economy?**

- **'China +1' strategy:** The combination of the trade war and the COVID-19 crisis has resulted in firms establishing relatively small-scale operations elsewhere. This is perceived as a buffer against being completely dependent on China.
- **There are three reasons for firms to remain in China and pursue this strategy:**
  - Starting an enterprise and maintaining operations in China are much easier than elsewhere.
  - Chinese firms are agile and fast, which is evident from the quick recovery of Chinese manufacturing after the lockdown.
  - Many global companies have spent decades building supply chains in China. Hence, getting out would mean moving the entire ecosystem, which involves time and expenditure.
- **Regional Comprehensive Economic Partnership (RCEP):** Asia's growth would hinge on the role of trade and investment flows into these economies.
  - This is expected to be the centrepiece of global growth, as the 15 member countries account for nearly 30% of the global GDP.

The RCEP and the 'China +1 strategy' is likely to impact investment flows into Vietnam, India, Bangladesh and Indonesia, which have emerged as key investment destinations.

**Suggest steps which can be pursued by countries like India to deal with the changed economic scenario.**

- **Public Investments:** The task of increasing domestic public investments, which have a central role in economic activity, for both demand and supply sides.
  - In India, even before the pandemic, the growth in domestic investments had been weak, and this seems to be the right time to boost public investments as interest rates are low globally and savings are available.
- **Major overhaul in trade policy:** World trade had been rattled by tendencies of rising economic nationalism and unilateralism leading to the return of protectionist policies.
- **The two effects of the RCEP:** the 'Walmart effect' and a 'switching effect'.
  - The first would sustain demand for basic products and help in keeping employee productivity at an optimum level, but may also reduce wages and competition due to sourcing from multiple vendors at competitive rates.
  - Switching effects would be an outcome of developed economies scouting for new sources to fulfil import demands, which requires firms to be nimble and competitive.

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- **Export diversification:** Major fallout of this 'policy dualism' is the dampening of export diversification. The challenge is to make exporting activity more attractive for all firms in the economy.
- **Increase women's participation in the labour force:** Women's labour force participation rate has fallen from 42.7% in 2004–05 to 23.3% in 2017–18. This means that three out of four Indian women are neither working nor seeking paid work.
  - Globally, India ranks among the bottom ten countries in terms of women's workforce participation.
  - India could gain hugely if barriers to women's participation in the workforce are removed, for which the manufacturing sector should create labour-intensive jobs that rural and semi-urban women are qualified for.

### Way forward

- India's approach to the changed scenario needs to be well-calibrated.
- The intensity of competition is evident from the fact that after India passed three labour code Bills on September 23, Indonesian Parliament on October 5 passed a legislation that slashes regulations contained in more than 70 separate existing laws, to open up the country to more foreign investment.

### 8. Moratorium on Lakshmi Vilas Bank

**Source:** [Indian Express](#)

**Gs3:** Mobilisation of Resources- Banking Sector & NBFCs

**Context:** RBI has imposed a moratorium on Lakshmi Vilas Bank and drafted a scheme for a merger.

#### Why it is a concern?

- Already, India's banking system is distressed due to the failures of IL&FS, Punjab & Maharashtra Cooperative Bank and DHFL, followed by the bailout of Yes Bank.
- Now, the Reserve Bank of India decision to put in place a draft scheme for the amalgamation of Lakshmi Vilas Bank with DBS Bank India, a subsidiary of DBS of Singapore, has raised concerns about the safety of the financial system.

#### Why this decision was taken?

- **Erosion of the bank's net-worth:** Deposits has undergone a steady decline, with continuous losses over the last three years.
- **Experiencing low levels of liquidity:** Inability to raise adequate capital from market and due to continuous withdrawal of deposits.
- **Increase in Non-performing assets:** Almost one fourth of the bank's advances have turned bad assets. Its gross non-performing assets (NPAs) stood 25.4% of its advances as of June 2020

#### What has been the regulatory response to these failures?

- The announcement of moratorium by banking regulator.
- Followed by a reconstruction plan.
- Followed by the Capital infusion by banks and financial institutions by investing in the equity capital of the reconstructed entity

#### Issues faced by old-generation private banks?

- **Lack of promoters:** For example, the South Indian Bank and Federal Bank have been operating as board-driven banks without a promoter. In Karur Vysya Bank, the



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promoter stake is 2.11%, and in Karnataka Bank, there's no promoter making them targets for mergers or forced amalgamation.

### Are the depositors and the financial system safe?

- For small depositors, the Deposit Insurance and Credit Guarantee Corporation (DICGC), an RBI subsidiary gives insurance cover on up to Rs 5 lakh deposits in banks.
- Apart from this, additional infusion of capital and the proposed amalgamation will make the combined balance sheet of DBS India and LVB healthy.

### What happens to the investors in these banks?

- Equity capital is being fully written off. This means that existing shareholders face a total loss on their investments unless there are buyers in the secondary market.
- The Equity Capital refers to that portion of the organization's capital, which is raised in exchange for the share of ownership in the company.
- In the case of Yes Bank, too, some individual investors faced a total loss on their investments in AT-1 bonds.
- As per RBI rules based on the Basel-III framework, AT-1 bonds have principal loss absorption features, which can cause a full write-down or conversion to equity.

### How far the loan stress caused by the pandemic impact the banking system?

- The impact will differ depending upon the sector, as segments like pharmaceuticals and IT seem to have benefited in terms of revenues whereas sectors like hospitality, tourism, aviation have been hit the most.
- However, due to the Pandemic, the Corporate sector debt that remains under stress has increased (worth Rs 37.72 lakh crore that is 72% of the banking sector debt to industry).
- An expert committee headed by K V Kamath recommended for a one-time loan restructuring window for corporate borrowers under stress due to the pandemic.

## 9. Export: A key to economic growth

Source: IndianExpress

**Gs3: Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment.**

**Context:** Arvind Panagariya's new book, India Unlimited: Reclaiming the Lost Glory, discuss systematically how to reconstructs a path to higher growth.

### What is the present scenario?

- Public sectors confronting a mountain of debt, the fiscal will need to be reined in post-COVID across several emerging markets.
- COVID-19 will accentuate the prevailing export pessimism, as global potential growth is damaged and protectionist instincts are stoked.
- The choice and sequencing of reforms will depend critically on the growth philosophy India embraces.

### What are the possible strategies?

- India's size provides fertile ground for import substitution. However, this approach was not successful in the past.
- The most significant is to underscore the necessity of export-led growth to India's prospects.

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- No emerging market has been able to sustain 7-8 per cent growth for any length of time without relying on the Siamese twins of exports and investment.
- Dismantle the underpinnings of export pessimism.

### Why there is need to focus on exports?

- **Prospects in exports:** Global merchandise exports stood at almost \$18 trillion in 2017 (more than six times India's GDP) with India commanding an export share of just 1.7 per cent (versus China's 12.8 per cent).
- **Doubling exports:** Even if the global market shrinks to \$15 trillion, India could double its exports by raising its global market share to just 4 per cent. India's 2002-2010 growth boom was underpinned by exports, which grew 18 per cent a year for eight years.
- **Labour-intensive manufacturing:** For many labour-intensive tasks, automation is still infeasible. Adidas, for example, produces only 1 million of its 360 million pairs of shoes in automated factories.
- **Geopolitical reasons:** Chinese real wages are rising; the workforce is shrinking and the embattled relationship with the US.
- **Integration:** integrate into the Asian supply chain by attracting multinational companies seeking a China hedge in the region.
- **Create jobs:** exports can create manufacturing jobs which will serve as a powerful magnet to attract labour away from agriculture. By 2030, agriculture will constitute less than 10 per cent of GDP while still employing 35-45 per cent of the workforce.

### What are the challenges that lie in front of India?

- **India's fragmented industrial structure:** It's estimated almost 60 per cent of India's manufacturing workforce is employed in firms with five or less workers, and 75 per cent in firms with 50 or less workers.
- **Low productivity and low wages:** For example, 92 per cent of workers in the apparel sector worked in firms with less than 50 workers. In contrast, 57 per cent of China's apparel workforce were employed in firms with more than 200 employees.

### What needs to be done?

- Avoiding the import-substitution trap.
- Reduce Import tariff which are equivalent to an export tax.
- Ensuring the rupee remains competitive.
- Boosting free trade agreements and trade facilitation.
- Creating autonomous employment zones (AEZs) where factors of production are less distorted.
- Reduce the gulf in per-capita incomes between agriculture, industry and services.
- Create higher-wage jobs in industry and services for agricultural workers to migrate to.

## 10. Amalgamation of Lakshmi Vilas Bank

**Source-** [The Hindu](#)

**Syllabus- GS 3-** Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment.

**Context-** RBI has decided to place a draft scheme for amalgamation of Lakshmi Vilas Bank with DBS Bank, a subsidiary of DBS of Singapore and has raised concerns about the safety of the financial system.

### What are the reason of RBI to put LVB under moratorium and amalgamated with DBS Bank?

The RBI has now decided to impose a 30-day moratorium on Lakshmi Vilas Bank Ltd (LVB) due to the following reasons-

1. **Continuous Losses:** The RBI said the financial position was declining steadily, with continuous losses over the last three years eroding the bank's net-worth.
2. **Rising NPAs:** Serious governance issues in recent years have led to deterioration in its performance. Almost one fourth of the bank's advances have turned bad assets. Its gross non-performing assets (NPAs) stood 25.4% of its advances as of June 2020, as against 17.3% a year ago.
  - The Tier 1 Capital ratio turned a negative 0.88% at the end of March 2020.
3. **Low Liquidity:** It was also experiencing continuous withdrawal of deposits and low levels of liquidity.
4. **Unable to raise Capital:** The bank has not been able to raise adequate capital to address these issues. The bank management had indicated to the RBI that it was in talks with certain investors, but failed to submit any concrete proposal.
  - The capital ratio subsequently worsened to -4.85% by the end of September, tipping the central bank's hand.

### What happen to depositors and shareholders?

1. **Depositors-** The RBI, which put a cap of Rs 25,000 on withdrawals, has assured depositors of the bank that their interest will be protected
  - Deposit Insurance and Credit Guarantee Corporation (DICGC) gives insurance cover on up to Rs. 5 lakh deposits in banks.
2. **Shareholders of LVB-** Equity capital is being fully written off. This means existing shareholders face a total loss on their investments unless there are buyers in the secondary market who may ascribe some value to these.

### How has the pandemic affected the banking system?

1. **Worsen NPA** -NPAs in the banking sector are expected to increase as the pandemic affects cash flows of people.
  - RBI's Financial Stability Report pointed out in its stress test indicated that the gross NPA ratio of commercial banks could worsen to as high as 14.7% by end of current financial year.
2. The COVID-19 pandemic has stress on corporate balance sheets and governments burdened with large debt.
3. **Lurking around the corner is also the major risk-** stress intensifying among households and corporations that has been delayed but not mitigated, and could spill over into the financial sector

### Way forward-

Banks now need to adopt a 'React, Adapt and Lead' strategy to emerge stronger on the other side of the COVID-19 pandemic. After all, stronger banks and a sound financial services ecosystem will play a key role in the recovery of Indian economy.

### 11. FTA's and its significance

**Source:** [The Hindu](#)

**Gs3:** Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment.

**Context:** India's External Affairs Minister recently disapproved of free trade and globalisation.



## 9 PM Compilation for the Month of November (Third week), 2020

### Background:

- On November 15, 15 countries of the Asia-Pacific region signed the Regional Comprehensive Economic Partnership (RCEP) agreement while India refused not to sign RCEP.

### What were the rational arguments given by the government to walk away from RCEP?

- In the name of openness India has allowed subsidised products and unfair production advantages from abroad to prevail.
- An economy as attractive as India allowed the framework to be set by others.
- The effect of past free trade agreements has brought de-industrialisation in some sectors.

### How good is India in emphasising trade openness?

- India is much more open economy than it was three decades ago, yet, India continues to remain relatively closed when compared to other major economies.
- According to the WTO, India's applied most favoured nation import tariffs are 13.8%, which is the highest for any major economy.
- According to the United Nations Conference on Trade and Development, on the import restrictiveness index, India figures in the 'very restrictive' category.
- From 1995-2019, India has initiated anti-dumping measures 972 times (the highest in the world), to protect domestic industry.

### Why FTAs are significant for Indian economy?

- **Economic recovery:** With trade multilateralism at the World Trade Organisation (WTO) remaining sluggish, FTAs are the gateways for international trade.
- **Attract FDI:** To be part of the global value chains, to enhance competitiveness, it is important to join FTAs. For example, India's competitors such as the East Asian nations who have signed mega-FTAs are in a far superior position to be part of global value chains and attract foreign investment.
- **To reproduce the past success:** Economic survey 2020 concluded that India has benefitted overall from FTAs signed so far. Blaming FTAs for deindustrialisation means being ignorant to the real problem of the Indian industry which is the lack of competitiveness and absence of structural reforms.
- **Globalisation not protectionism has benefitted India:**
  - India has been one of the major beneficiaries of economic globalisation as per International Monetary Fund (IMF).
  - Post-1991, the Indian economy grew at a faster pace, ushering in an era of economic prosperity.
  - According to the economist and professor, Arvind Panagariya, poverty in rural and urban India, which stood at close to 40% in 2004-05, almost halved to about 20% by 2011-12.

The Prime Minister's desire to make India a global destination for foreign investment while following trade protectionism as the government's official policy will not be realistic.

## 12. Lakshmi Vilas Bank (LVB) merger with DBS bank

**Source:** [Indian Express](#)

Gs3: Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment.

**Context:** Lakshmi Vilas Bank (LVB) merger with DBS bank is justified

**Why RBI decided for merger of Lakshmi Vilas Bank (LVB) amalgamation with DBS bank?**

- **Erosion of trust in financial institutions:** India, over the past two years has seen the collapse of four financial firms: IL&FS, Dewan Housing Finance, Punjab and Maharashtra Cooperative Bank and Yes Bank.
- **Rise in NPA's:** LVB's bad loans have mounted to about a quarter of its gross advances, while deposits have shrunk by nearly Rs 6,900 crore in the last one year.
- **Failure of bank's management:** They were unable to come up with a credible capital-raising and revival plan, forcing the RBI to seek its merger with another bank.

**Why Investors in Lakshmi Vilas Bank (LVB) are unhappy over its amalgamation with Singapore's DBS Bank?**

- The Reserve Bank of India's (RBI) proposed to write off LVB's entire paid-up equity capital and reserves, resulting in a zero value of its shares.
- The situation is similar to that of Yes Bank's AT-1 (additional tier-1) bond investors, who suffered a total write-down of their Rs 8,415 crore holdings as part of a rescue plan.
- The LVB's shareholders, like Yes Bank's AT-1 bondholders, are demanding compensation for the forced extinguishing of their investments.

**The question of who is more important an Investor or a depositor?**

- The RBI's concern as a banking sector regulator is to first secure the interest of depositors because Banks, unlike regular companies, make money not from owning plants, machinery and property instead, it is derived from deploying other people's money primarily deposits.
- No bank, however well-capitalised, can survive if depositors decide to pull out money.

**Why the choice of amalgamating with DBS is right?**

- Unlike public sector banks that are burdened with stressed loans and requirement of fund infusion, DBS has committed to bring in additional capital of Rs 2,500 crore upfront.
- Also, despite being a foreign bank, it has chosen to operate in India through a wholly-owned subsidiary, as opposed to just having branches.
- Has submitted itself to the RBI's more stringent regulatory requirements, and DBS will be able to add 550-plus branches to its existing 33. This will send a strong signal to other foreign banks to pursue greater growth opportunities
- With Indian banks want for more capital, a foreign bank as desi is most welcome.

**13. Banking reforms**

**Source-** [The Indian Express](#)

**Syllabus-** **GS 3** - Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment.

**Context-** RBI committee has recommended a series of changes that could transform the banking landscape by paving the way for large industrial conglomerates to set up banks.

**What are Non-Banking Financial Companies NBFCs?**

These are establishments that provide financial services and banking facilities without meeting the legal definition of a Bank. Hence they are frequently referred to as "shadow banks".

### Significance of NBFCs-

- These organizations play a crucial role in the economy, offering their services in urban as well as rural areas, mostly granting loans allowing for growth of new ventures.
- They alone count for 12.5% raise in Gross Domestic Product of our country.
- However, they are restricted from taking any form of deposits from the general public.

### What are recommendations of RBI's working group regarding NFBCs?

#### Proposal by RBI's internal working group-

1. The group also suggested giving banking licences to large corporate or industrial houses after necessary amendments to the Banking Regulation Act, 1949.
2. It recommended increasing the size of the stake that promoters in private banks can hold to 26% from the current 15% over a 15-year time frame.
3. NBFC or shadow bank with assets of Rs 500 billion and above, including those which are owned by a corporate house may be considered for conversion into a bank after 10 years of operations.
4. **Conversion to Small finance bank SFB-**
  - Payments banks with three years of experience can be eligible for conversion into a small finance bank.
  - SFB and payments banks may be listed within 6 years from the date of reaching net worth equivalent to prevalent entry capital requirement prescribed for universal banks' or '10 years from the date of commencement of operations, whichever is earlier.
5. The minimum initial capital requirement for licensing new banks should be enhanced from ₹500 crore to ₹1000 crore for universal banks, and be raised to ₹300 crore from ₹200 crore for SFBs.
6. For non-promoter shareholdings a uniform cap of 15% of the paid-up voting equity share capital of the bank instead of a current tiered structure.
7. Non-operative Financial Holding Company (NOFHC) should continue to be the preferred structure for all new licenses to be issued for universal banks. However, it should be mandatory only in cases where the individual promoters/promoting entities/ converting entities have other group entities.

#### Way forward-

- It is a welcome idea to boost economic activity, job creation enhancing liquidity.
- Strict regulations on the use of funds held with the bank and monitoring of related party transactions will be essential, where corporate house is a promoter.

### 14. Making of a biotech hub

**Source:** The Indian Express

**Syllabus:** GS-3- science & Technology

**Context:** The pandemic has given the country an opportunity to evolve from being the pharmacy of the world to being the centre of a revolutionary research.

#### How has India performed in the field of biotechnology over the years?

- **Change overtime:** India has seen an immense improvement in the number and quality of its healthcare facilities, reduction in pregnancy-related deaths, and improvement in sanitation and immunisation coverage and has successfully averted several preventable disease epidemics.

## 9 PM Compilation for the Month of November (Third week), 2020

- **Department of biotechnology:** The Government of India recognised the enormous potential of biotechnology and established a separate department in 1986.
- **Contribution of innovators:** The researchers and innovators have shown the way forward by introducing low-cost diagnostics and testing kits, manufacturing PPE kits, masks & therapeutics and now conducting clinical trials for COVID-19 vaccine.
  - The clinical trial for the vaccine developed by the Oxford University and produced by the Pune-based Serum Institute of India (SII), Bharat Biotech's Covaxin and Zydus Cadila's ZyCoV-D, has entered the final phase.
- **Tackling the pandemic:** The immediate need was to have our indigenous production of masks, PPE's, ventilators and most importantly diagnostic kits.
  - In less than 60 days from 100 per cent import we attained self-sufficiency with a potential to export.
- **A vibrant innovation ecosystem:** Prime Minister launched the Startup India, Make in India and similar other programmes which have today established a very strong foundation of an ecosystem that has been enabling policy initiatives.
- **The Biotechnology Industry Research Assistance Council (BIRAC):** BIRAC brings innovators and funders on to a common table, enabling ideas to become a reality and facilitate technological advances that make human progress possible.
- **Achievements in biotechnology:** the sector employs the best of minds and contributes to the development of generic and affordable medicare.
  - The country accounts for approximately 3 per cent of the global biotech industry.
  - Industry enterprise, a highly-skilled research force backed by government support, has led the biotechnology sector to grow from \$1.1 billion in 2003 to a mammoth \$64 billion sector in 2019.
  - India has over 2,700 biotech start-ups and are expected to touch the 10,000-mark by 2024.
  - Over 3,500 biotech companies generate employment, contribute to the country's economy and facilitate a sustainable environment.
  - By 2025, we aim to be worth a \$150 billion industry.

### Way forward

- **Atma nirbhar:** we must motivate our young scientists to continue this path of research and generate new ideas and solutions. "Atma Nirbhar Bharat" will lead to an entrepreneur-friendly ecosystem in the country wherein our energetic youth and their innovations will thrive.
- The pandemic has provided the country with an opportunity to play the lead role in a global biotech ecosystem. It is time to build on our existing strengths and enter the next stage i.e. from being the pharmacy of the world to being the hub of cutting-edge innovation and research.