

9pm Compilation

November, 2021 (Third Week)

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General Studies Paper - 2

General Studies - 2

1. Striding back into the Afghan theatre

Source: This post is based on the article “**Striding back into the Afghan theatre**” published in **The Hindu** on **15th Nov 2021**.

Syllabus: GS2 – India and its neighbourhood- relations.

Relevance – Understand India’s recent attempts towards Afghanistan.

News: India hosted Third Regional Security Dialogue on Afghanistan. The dialogue concluded with the **Delhi Declaration**.

Must Read: [Afghan tangle: No easy options for New Delhi, especially given broader threats posed by Beijing, Islamabad](#)

About Delhi Declaration

Read here: [Allow unimpeded aid into Afghanistan, say NSAs in Delhi Declaration](#)

What are the challenges in India’s approach towards Afghanistan?

1. India does not completely accept the consequences and realities of the Taliban in power, so Pakistan has a free hand in Afghanistan, 2. The recent meeting does not contribute to addressing the vast challenges that India now faces in its entire western neighbourhood, especially Afghanistan.

What should India do?

India will **have to play a multi-faceted diplomatic game** to safeguard and promote its interests in Afghanistan and the region. It cannot join the game unless it re-establishes a presence in Kabul.

1. **Immediate re-assessment of the regional situation**, 2. **Develop a comprehensive action** with salience given to strategic considerations, 3. **Follow ‘all of political and strategic classes’ approach** that is unaffected by political considerations of any nature, 4. **Keep Indian missions open**, for instance, all-important regional players and Russia have kept their missions open in Kabul, 5. As suggested by Taliban leaders, **India-Afghan trade** via Wagah should be allowed by Pakistan, 6. Enhance India’s assistance to Afghanistan

Note: India offered one million metric tonnes of wheat to Afghanistan at the Tokyo Afghanistan conference 2002.

Must Read: [Implications of the rise of Taliban for India – Explained, pointwise](#)

2. A routine matter or a punishment post?

Source: This post is based on the article “**A routine matter or a punishment post?**” posted in **The Hindu** on **15th November 2021**.

Subject: GS2-Structure, organization and functioning of the Executive and the Judiciary.

Relevance: Understanding judicial transfers.

News: Recently, the Supreme Court [collegium](#) recommended the transfer of the Chief Justice of the Madras High Court to the Meghalaya High Court. It also recommended the transfer of the senior-most judge of the Allahabad High Court to the Madras High Court. These transfers raise certain questions.

What does the constitution say about the transfer of high court judges?

Article 222 (after the formulation of collegium) states that the supreme court will provide recommendations for the transfer of HC judges. If the proposal came from the Supreme Court collegium, then the Central government can ask for relevant material before tendering any advice to the President of India.

If the Central government is not satisfied, then it can ask the Supreme Court to reconsider its decision.

What are the questions raised by these transfers?

A matter of punishment: Meghalaya HC has only 4 judges while Madras High court has sanctioned strength of 75. So, the transfer of CJI of Madras HC to Meghalaya HC seems like a punishment.

A matter of reward: Transfer of the judge of the Allahabad High Court to the Madras High Court, makes him a senior-most judge in that court. It may also be possible that he will become the next CJI of Madras HC in the coming future.

Non-transparent: The court took one and a half months to make the appointments public, which raises the questions of transparency.

Not consultation with senior judges: While transferring of the judge, senior-most judges are also consulted. It is seen that in the case of transfer of Allahabad HC judge, only the junior most judge of SC is consulted not the senior one.

Also read: [Appointment of judges stuck on the same road](#)

What should be the way forward?

Any decisions, factors and reasons related to transfer/appointment should be put in the public domain to instil trust in minds of the public.

The central government should also step in and clear all the doubts raised about the appointment mechanism and make it a transparent process.

3. The EU's role in the Indo-Pacific

Source: This post is based on the article “The EU's role in the Indo-Pacific” published in **The Hindu** on **16th November 2021**.

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

Relevance: Understanding the EU policy & strategy in the Indo-Pacific region.

News: To cope with the rise of China and other Asian economies, the EU unveiled its strategy for cooperation in the Indo-Pacific in 2016. In this backdrop, The Council of EU recently announced the initial policy conclusions.

Read here: [EU unveils Indo-Pacific strategy](#)

What does the EU strategy and policy say?

The **strategy** aims to enhance the EU's engagement across a wide spectrum, It will work on various fields like maintaining “rules-based international order”; promoting a level-playing field for trade and investment, working towards Sustainable Development Goals and multilateral cooperation; support “truly inclusive policy-making” encompassing the civil society and the private sector, and protect human rights and democracy.

The **policy document** focussed on strengthening cooperation in sustainable and inclusive prosperity, green transition, ocean governance, digital governance and partnerships,

connectivity, security, etc. It promises to focus on the security and development dimensions of its relationship with the region.

Read more: [Increasing Importance of Indo-Pacific for EU](#)

What are the shortfalls in the EU approach?

1) Limited security and defence capabilities, when compared to the U.S. and China. 2) Internal Market divisions.

What is the impact of EU strategy on India?

Read here: [EU, Indian and the Indo Pacific](#)

4. Pegasus inquiry must reverse the 'chilling effect'

Source: This post is based on the article "Pegasus inquiry must reverse the 'chilling effect'" published in **The Hindu** on **16th November 2021**.

Syllabus: GS 2 Indian Constitution—historical underpinnings, evolution, features, amendments, significant provisions.

News: Pegasus controversy has raised many questions on the privacy right of citizens.

What is Pegasus? Why there is so much controversy surrounding it?

Read here: [Pegasus spyware issue – Explained, pointwise](#)

How did different governments handle the Pegasus controversy?

USA: The government blacklisted the NSO group by putting it on an "entity list".

India: The government has not taken any strict action. Even the RTI is filed on seeking government response on whether the government had purchased the Pegasus was met with the response is like no information available. The government was tight-lipped in Parliament and even a Parliamentary inquiry into the matter was quashed.

What is the Supreme court's reaction to Pegasus?

Given the seriousness of the matter and the right to privacy of citizens, SC appointed an inquiry committee to look into the issue.

Read here: [SC Judgment on Pegasus spyware case – Explained, pointwise](#)

What is the Supreme Court's stance on privacy?

In **R. Rajagopal case 1994**: Though privacy was not a specifically guaranteed right earlier, unabated surveillance was never allowed.

2017 case judgement: SC said that the [Right to privacy](#) is as sacrosanct as human existence and is inalienable to human dignity and autonomy.

Court judgement on Privacy: Court restricts the conditions on snooping. It can be done only on 3 grounds.

1) the restriction must be by law; it must be necessary and only if other means are not available 2) It must be proportionate (only as much as needed) 3) It must promote a legitimate state interest (e.g. national security)

5. [Structural inequality and the response to global emergencies](#)

Source: This post is based on the article "Structural inequality and the response to global emergencies" published in **Indian Express** on **16th November 2021**.

Syllabus: GS 2 Effect of Policies and Politics of Developed and Developing Countries

Relevance: Understanding the risks associated with global emergencies i.e climate change and covid

News: Structural inequalities in political and economic systems are compromising humankind's capacity to deal with **global emergencies** such as **climate change and Covid**.

About the pandemic and climate change

World Health Organization's message at the pandemic's outset — "No one is safe till everyone is safe" expresses the need of adopting a collaborative approach. Also, with the rise of climate-related catastrophe, there is a need to put human well-being above parochial interests and commercial profits.

What are the key issues with respect to Climate change?

The occurrence of extreme weather events like storms, sea-level rise and floods led to an increase in deaths and generates livelihood issues, especially in the coastal regions. A recent example is of Madagascar that is currently in the grip of a drought. Fear escalates that it could trigger the first climate change-induced famine.

How is the world community dealing with Climate Change?

It is true that all countries are obliged to address global warming, but the responsibility lies more on the developed countries. So, the concept of **CBDR** arises.

Read more: [How has developed world responded to the problem of climate change?](#)

With the carbon space shrinking, the principle of climate justice has come under duress and its scope has become compressed. Even in the recently held COP 26, there are many challenges that were not addressed. These are:

- Decarbonization should not threaten the development of developing countries.
- Not addressed the challenges of intermittency related to wind and solar power.
- Not mentioned any solution to meet the funds of \$2.4 trillion required by 2035, as estimated by IPCC.

Read here: [Glasgow Climate Pact – Explained, pointwise](#)

What is the impact of covid on people?

- 1) It impacts social classes differentially, 2) Increased the lack of basic social security needs.

Read more: [A Crisis of Reverse Migration](#)

What is the status of vaccine equity?

Vaccine equity is vital in the battle against Corona. But data suggests that less than 10% of the adult population in at least 70 countries have completed the vaccination.

WHO also pointed that developed countries are giving extra booster doses while there are pockets of the inoculated population around the world.

6. Questions for SC: Chief Justice Banerjee's transfer from Madras HC again points to the opaqueness of collegium

Source: This post is based on the article "Questions for SC: Chief Justice Banerjee's transfer from Madras HC again points to the opaqueness of collegium" published in **Times of India** on 15th November 2021.

Subject: GS2-Structure, organization and functioning of the Executive and the Judiciary.

Relevance: Understanding judicial transfers.

News: Supreme Court [collegium](#) recommended the transfer of the Chief Justice of the Madras High Court to the Meghalaya High Court. Chennai bar commission has in fact raised many valid questions.

Read here: [A routine matter or a punishment post?](#)

What are the questions raised by the Chennai bar commission?

The bar raised questions like:

- What is the rationale behind transferring a judge heading a High Court with a sanctioned strength of 75 judges to a much smaller High Court with four judges.
- Whether all the procedural checks in the memorandum of procedure were followed.

What does the Memorandum of Procedure say?

Paragraph 25.2 of MoP: CJI should ascertain the views of Supreme Court judges knowledgeable of High Court concerned.

Paragraph 25.3 of MoP: CJI and four senior-most SC judges should seek the response of the judge to be transferred and his preferred choices of destination.

What should be the way forward?

The Supreme Court had already struck down [NJAC](#) citing independence of the judiciary. But this independence should also ensure accountability. So, the reason and rationale behind the transfer need to be disclosed to the public.

7. [Extension of terms of CBI, ED chiefs by ordinance goes against SC verdicts](#)

Source: This post is based on the following articles

- “**Extension of terms of CBI, ED chiefs by ordinance goes against SC verdicts**” published in **Indian Express** on **16th November 2021**.
- “**Extension of power**” published in **Business Standard** on **15th November 2021**.
- “**Exception to the rule**” published in **The Hindu** on **16th November 2021**

Syllabus: GS2 – Appointment to various Constitutional posts, powers, functions, and responsibilities of various Constitutional Bodies.

Relevance – Understand the recent amendment to extend the tenure of CBI and ED directors.

News: The Government of India has brought two ordinances to extend the tenure of [Enforcement Directorate \(ED\)](#) and Central Bureau of Investigation(CBI) directors up to 5 years.

Must read: [Centre brings Ordinances to extend tenure of ED, CBI directors up to 5 years](#)

What are the concerns associated with the ordinances?

The criticisms include,

1. Can be used to target political opponents and take away the independence of CBI and ED,
2. Circumventing the Supreme court’s directive in two different cases:
 - i) SC stipulated a minimum of a two-year term for Directors of CBI and ED in the **Vineet Narain case**, ii) fixed tenure for certain posts means their superannuation within that period will not end their term. In the **SK. Mishra’s case**, the Supreme Court declined to interfere with the one-year addition to his original term of appointment. But the court held that “extension of tenure granted to officers who have attained the age of superannuation should be done only in rare and exceptional cases”. And that the further extension should only be for “a short period”.

3. Instead of a consolidated five-year term, the Ordinances enable the government to extend each director's tenure for a year at a time for three years. This will act as a reward for guided functioning instead of a necessity to keep ongoing investigations on track, 4. Dilute the 'doctrine of pleasure' implicit in civil service, 5. Using ordinance route,

Article 123 and 213 of the Constitution allows the Centre and state governments to frame laws through an ordinance respectively. But the Constitution-makers envisaged a much-restrained use of this practice.

In the **DC Wadhwa case**, 1986, the Supreme Court clarified that "the power to promulgate an Ordinance is essentially a power to be used to meet an extraordinary situation, and it cannot be perverted to serve political ends."

The current government on average proclaim 11 ordinances a year.

What needs to be done?

1. As held in the Vineet Narain case, 1997, the organisations need "**permanent insulation against extraneous influences**", 2. In the SK Mishra case, the court made clear that no further extension shall be granted to the incumbent Director of Enforcement. The government must abide by and not give the benefit of the amendment to the present Director of Enforcement.

Must read: [How Enforcement Directorate \(ED\) became so powerful?](#)

The extension allowed in exceptional circumstances cannot become a rule and a norm.

8. [What the SC order on RERA means for homebuyers](#)

Source: This post is based on the article "**What the SC order on RERA means for homebuyers**" published in Live mint on **17th November 2021**.

Syllabus: GS 2 – issues related to Statutory, Regulatory, and various Quasi-judicial Bodies.

Relevance: Changes in the Real Estate Regulatory Authority Act.

News: Recently, The Supreme Court had suggested some changes in the [Real Estate Regulatory Authority Act](#) (RERA) to protect the interests of homebuyers.

What are the impacts of ruling on the RERA act?

The ruling strengthens the interests of homebuyers, protects their rights, and tells developers to conform to the RERA provisions. SC rulings can be classified under the three categories as given below.

Retroactive application of RERA: Making RERA retroactive means it will cover the projects, that were ongoing at the time of the Act's implementation and for which the completion certificate was not issued. It will go against the states that diluted the RERA act to exclude such projects.

Jurisdiction under RERA: The top court ruled that RERA has exclusive jurisdiction to direct; refund and interest on the refund, or direct payment of interest for delayed delivery of possession, or penalty and interest, to the allottee.

Faster dispute resolution: The Supreme Court made it mandatory for developers to deposit at least 30% of the penalty ordered by the regulator before they challenge any RERA order in the High Court. Earlier home buyers had to wait for the resolution due to lengthy legal procedures and appeal against orders.

What are the implications of the judgment?

For states: Many states which diluted RERA provisions may now have to amend the regulations.

For homebuyers: It will result in a better grievance redressal mechanism and a uniform regulatory framework across states.

For developers: Now developers have to register the projects ongoing during the commencement of the Act.

9. Longer term, better impact

Source: This post is based on the article “Longer term, better impact” published in **The Hindu** on 17th November 2021.

Syllabus: GS2 – Appointment to various Constitutional posts, powers, functions, and responsibilities of various Constitutional Bodies.

Relevance – Understand the recent amendment to extend the tenure of CBI and ED directors.

News: The Government of India has brought two ordinances to extend the tenure of **Enforcement Directorate (ED)** and Central Bureau of Investigation(CBI) directors up to 5 years.

Must read: [Centre brings Ordinances to extend tenure of ED, CBI directors up to 5 years](#)

What are the concerns associated with the ordinances?

Read more: [Extension of terms of CBI, ED chiefs by ordinance goes against SC verdicts](#)

Why the ordinance is necessary?

1. **Check on frequent transfers:** Earlier temporary appointments were given to favour certain individuals considered to be ‘compliant’. Seniority was often ignored in appointments, and Directors were removed frequently. A longer tenure will reduce frequent transfers. 2. **Provides much-needed continuity:** A two-year tenure for a CBI head is too short for any officer to make an impact on the organisation. The Federal Bureau of Investigation Chief in the U.S. gets a 10-year term. In the five year term, the directors can take highly sensitive investigations which requires continuity of tenure. 3. **Not targeting politicians:** Only 5-10% of the cases registered by the CBI involve politicians, so the ordinance might not target political opponents as feared by oppositions.

Must read: [How Enforcement Directorate \(ED\) became so powerful?](#)

What should be done?

1. **Drafting a CBI Act:** Successive chiefs of CBI have suggested a CBI Act for the following benefits, a) To ensure the organisation is not dependent on the State governments for consent. b) Enable CBI to launch investigations from its own statute instead of depending on the Criminal Procedure Code, which makes the CBI a police organisation, c) Enable the officers to act on their own like Income Tax Act and the Customs Act.

Note: So far Eight States have withdrawn consent for the CBI to function in that State. The Court termed this a “serious issue”.

Must Read: [The Issue of Withdrawal of General Consent to CBI – Explained, pointwise](#)

2. **Ensure accountability:** The Director will have to keep the government informed of all major administrative decisions. He or she should inform the executive but not take orders from it, 3. **Ensure a straight five-year term for the Director,** instead of providing one-year extensions

after mandatory two-year term as is provided in the Ordinance (the provision of one-year extensions is also susceptible to misuse).

10. SC collegium's endorsement of Saurabh Kirpal as Delhi HC judge is very welcome. Govt must not stand in the way

Source: This post is based on the article “SC collegium's endorsement of Saurabh Kirpal as Delhi HC judge is very welcome. Govt must not stand in the way” published in the **Indian Express** on 17th November 2021.

Syllabus: GS 2 Fundamental Rights.

Relevance: Understanding homosexual rights in India.

News: Supreme Court [collegium](#) has recently recommended the name of Saurabh Kirpal as judge of Delhi High Court. If the government does not reject the name, then he will become India's first openly gay judge.

What were the challenges in his appointment?

- 1) The initial reluctance of the collegium to recommend his name.
- 2) Opaque nature of collegium's decision making process.
- 3) Government's objection that the Judge's partner is a foreign national and could lead to a conflict of interest and security risk.

What is the stand of the Supreme Court?

In the [Navtej Johar versus Union of India](#) case, Supreme Court decriminalized consensual same-sex relationships and stated that it is a matter of personal choice, “an expression of their autonomy and self-determination”.

What should be the way forward?

The Collegium has taken a bold step by recommending the name of Mr. Kirpal. This will promote the notion of equality of opportunity and nondiscrimination and help de-stigmatize homosexual minorities.

11. House not ordinance: Extending tenures of key officials of premier agencies should be debated in Parliament

Source: This post is based on the article “House not ordinance: Extending tenures of key officials of premier agencies should be debated in Parliament” published in the **Times of India** on 16th November 2021.

Syllabus: GS 2 Parliament and State Legislatures—Structure, Functioning, Conduct of Business, Powers & Privileges and Issues Arising out of these.

Relevance: Understanding the role and need of the ordinance.

News: The Government of India has brought two ordinances to extend the tenure of [Enforcement Directorate \(ED\)](#) and [Central Bureau of Investigation \(CBI\)](#) directors up to 5 years. This raises questions about Government's use of ordinance as the same matter has already been adjudicated by the Supreme Court before.

Who can promulgate an ordinance?

Article 123 of the Constitution allows the President to promulgate an ordinance when Parliament is not in session.

According to **PRS Legislative Research's data** 16 and 15 central ordinances were promulgated in 2019 and 2020 respectively. In the 2010s, the yearly average was 7.

Misuse of an ordinance making power

Although BR Ambedkar said that ordinances are not meant to be used as a parallel power of legislation, still there have been several instances when the various governments used ordinances to bypass normal legislative process.

Read more: [Misuse of Ordinance Making Power](#)

Why does the present ordinance defeat its very purpose?

The 1997 SC judgment (Vineet Narain Judgment) created a legal structure to give operational autonomy to investigative agencies and statutory status to CVC.

The November 2014 amendment to the DSPE Act strengthened it further by providing for a selection committee for directors posts which included the Leader of Opposition in the Lok Sabha. This ordinance reverses the trend where the SC and GoI were progressively taking such matters through the legislative route.

Read here: [Extension of terms of CBI, ED chiefs by ordinance goes against SC verdicts](#)

12. Kabul, Kashmir and the return of the real politik

Source: This post is based on the article "Kabul, Kashmir and the return of the real politik" published in **The Hindu** on **17th November, 2021**.

Subject: GS2-India and its neighborhood relations.

Relevance: Understanding the Afghan situation.

News: Withdrawal of US troops, fall of Afghanistan and return of Taliban has opened the geopolitical contestation for influence over Afghanistan.

What are the recent developments?

Afghanistan is reeling under economic crisis and humanitarian crisis with an acute shortage of food. Considering this Taliban has shown interest in engaging with India.

Read here: [Aiding Afghanistan: On both humanitarian and strategic grounds, India must provide succour to ordinary Afghans](#)

Also, India recently hosted [Delhi Regional Security Dialogue on Afghanistan](#). But, China and Pakistan opted to stay out of it.

Read here: [What are the challenges for India in achieving its Afghanistan objectives?](#)

What are the strategies adopted by different countries?

China: It is engaging the Taliban, but is proceeding with caution. Eventually, it seeks to include Afghanistan through BRI and also CPEC.

Pakistan: It views Afghanistan as its backyard. So it seeks to gain international acceptance for the Taliban regime. At the same time, it seeks to keep the Indian influence away.

What is the dilemma facing the global countries?

Countries have the following concerns:

-Whether to send aid to Afghanistan or not – If the West sends aid via Taliban, it may not reach Afghan people.

-Whether to invest in stabilizing Afghanistan – If they stabilize Afghanistan, the beneficiaries may be Pakistan and China.

Read here: [Implications of the rise of Taliban for India – Explained, pointwise](#)

What is the Indian dilemma? How does this impact Pakistan's Kashmir policy?

It has the question of **Whether to engage with the Taliban or not** – a closer engagement with the Taliban will make Pakistan insecure and create troubles in India-Pakistan relations and in Kashmir. There is rise in cases of violence in Kashmir after the Taliban Takeover. Pakistan's earlier stand to accept the withdrawal of Article 370 seems to have changed.

Read more: [Is the Indian foreign-policy ship changing course?: About India-Afghanistan relations](#)

But with the recent convening of Regional security dialogue, India has indicated it will engage with the Taliban. If this helps in stabilizing the Taliban regime, it is likely that the Taliban may not be hostile to India.

What can be expected in the future?

There can be a heating up of the Kashmir issue. Given the absence of China-Pakistan from the Indian initiative, it would be best for India to coordinate its Afghan policy through Moscow for now.

Read more: [India's future Afghan policy – Explained, pointwise](#)

13. There's a need for transparency in transfer of judges

Source: This post is based on the article **"There's a need for transparency in transfer of judges"** published in the **Indian Express** on **17th November 2021**.

Syllabus: GS 2 Structure, Organization and Functioning of the Judiciary.

Relevance: understanding the transfer of judges.

News: Supreme Court [collegium](#) recommended the transfer of the Chief Justice of the Madras High Court to the Meghalaya High Court. Chennai bar commission has in fact raised many valid questions.

Read here: [A routine matter or a punishment post?](#)

What does the constitution say about the transfer of high court judges?

Article 222: It deals with the transfer of judges. It states that the President may, after consultation with the Chief Justice of India (CJI), transfer a judge from one high court to another.

How did SC cases interpret Article 222 in different cases?

In the **Sankalchand H Sheth case:** Justice Bhagwati said that the transfer of a judge from one court to another inflicts many injuries on the individual. So, the consent of the judge proposed to be transferred should be required. He also held that if the power of transfer is vested solely with the executive, it undermines judicial independence and impacts the basic features of the Constitution.

In the **K Ashok Reddy case:** Court held that primacy of the judiciary in the matter of appointments and in transfers introduces the judicial element in the process. As the process of transfer happens with the concurrence of the senior members of the judiciary, there is no need of further judicial review to check for executive's arbitrariness or excess.

How should transparency be maintained?

The concerned judges and the other stakeholders should be informed beforehand about the reasons behind their transfer. This will help to build trust in the system.

14. Why should India invest in its adolescent population? New study has an answer

Source: This post is based on the article “Why should India invest in its adolescent population? New study has an answer” published in the **Down to Earth** on 16th November 2021.

Syllabus: GS 2 Issues Relating to Development and Management of Human Resources.

Relevance: Understanding the adolescent population.

News: The **Population Foundation of India**, a non-profit, recently commissioned a study ‘**Investing in Adolescent Development**’. It examines current interventions in key aspects of adolescent development in India, including physical and mental health, education and prevention of early marriage.

Who are the adolescents?

There is no universally accepted definition of adolescents. But, according to the [United Nations Population Fund \(UNFPA\)](#) and the **Government of India**, adolescents belong to persons aged 10–19 years.

India– It has the highest adolescents population in the world. According to the 2011 census, the country is home to over 250 million adolescents.

Globally– There are over 1.2 billion adolescents globally, which accounts for about 16% of the world’s population.

What are the findings of the study?

Earnings: It found that an additional year of education in India increased the monthly income of individuals by about 7.02% on average. Also, every rupee invested towards the completion of school education is expected to bring an economic benefit between Rs 4.50 and Rs 8.20 in terms of the future earnings of each individual.

Returns: It found significant disparity in the returns to education between males and females. Returns were higher for females. However, their average wages were lower than that of males.

Contributors: The study reveals that health and education as the important contributors to adolescent development. Early investments in these fields are more efficient in preventing the social problems than investing later on to resolve them. The report also outlined the investments required e.g., INR 8,134 Crore to address the gaps in India’s mental healthcare for adolescents, and INR 3,000 Crore per year to provide iron and folic acid tablets to school-going adolescent boys and girls and out-of-school adolescent girls.

15. Naval Ambition

Source: This post is based on the article “**Naval Ambition**” published in **Times Of India** on 18th November 2021.

Syllabus: GS2-India and its neighborhood- relations.

Relevance: To understand India’s naval prowess and the need to further strengthen it.

News: Indian navy aims to become a 170-warship force from its current strength of 130 warships over the next decade.

What is the significance of India’s naval plan?

Firstly, there is a high possibility that the most consequential **strategic battles of this century** will be played out on the high seas.

Secondly, China's aggressiveness in the Indo-Pacific and building the world's largest navy. China already has 355 warships, including at least 50 conventional and 10 nuclear submarines.

Third, A **collusive threat of China-Pakistan**. China recently transferred its largest and most advanced warship to Pakistan.

Fourth, Reorientation of India's military – India has traditionally been focused on land-based forces. Now it requires boosting its naval prowess. India currently has just one nuclear-powered submarine, the INS Arihant.

What are the challenges in front of India?

India's target of 170 ships seems achievable, as 39 naval ships and submarines are already under construction in various Indian shipyards. However, it may not be sufficient, India's initial plan was for a 200-plus naval force, it was reduced to 170 ships, and that too with an extension of timeline by 5 years.

Thus, considering the present circumstances, India needs to increase the **pace of India's naval modernization**.

16. A collaborative tech vision for US, UAE, Israel and India

Source: This post is based on the article “A collaborative tech vision for US, UAE, Israel and India” published in **Indian Express** on **18th November 2021**.

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

Relevance: To understand the potential of Quad nations on technology partnerships.

News: Recently, India, Israel, the United Arab Emirates and the United States have decided to launch a new quadrilateral economic forum. The technology dimension of this partnership promises a far greater potential for collaboration.

Must read: [Quadrilateral economic forum and India – Explained, pointwise](#)

How the Quad countries are collaborating with each other on Technology?

Israel and UAE's startup sectors sign a deal to collaborate on fintech and digital security. This will create regulatory sandboxes and accelerators for start-ups and provide them with market access opportunities.

Read more: [IFSCA introduces framework for 'Regulatory Sandbox'](#)

India and the US have been separately working with the two countries on multiple projects. For instance, an Israel-based company, specialised in robotic solar cleaning technology, signed an agreement to utilise its manufacturing facility in India for a project in the UAE.

Israel, the UAE and the US are collaborating on water and energy projects.

What are the advantages for the Quad countries if engaged in Technology?

- Can **shape an innovation-based partnership**, which can conjoin the technology hubs of Silicon Valley, Dubai, Tel Aviv, and Bengaluru,
- Can focus on emerging technologies according to their respective national priorities,
- Counter the technological growth of China: By collaborating with Russia, and domestic flagship initiatives like “Made in China 2025”, China reduced the capability gap with the US. With the Quad nation's shared technological goals, they can utilise each country's unique advantage for common good.

How do the technological collaborations benefit India?

India can leverage Silicon Valley's venture capital funding, Tel Aviv's close-knit organic linkages between start-ups, industry, and academia, and UAE's funding and focus on innovation.

Provide an opportunity for India on transformative technologies: The startup community in the US, Israel and the UAE have already reached an advanced research and development stage on three transformative technologies Quantum science, blockchain, and 3D printing. India can build expertise and offer the scale to the development and applications of these technologies.

For instance,

–**3D printing:** Israel manufactures about 40% of 3D printers worldwide. On the other hand, India is lagging behind the 3D printing bandwagon.

–**Quantum computer:** Israel, UAE and the US have made a research on [quantum technology](#) a priority. India is catching up with them through [National Mission on Quantum Technologies and Applications](#).

–**Blockchain:** India and the UAE can leverage the American and Israeli expertise in cyber and cryptography to craft customised applications for use in banking, fintech and trade financing. This can contribute to reducing administration and transaction costs in India.

What should Quad nations do to strengthen technological collaboration?

Add opportunities for scaling up and manufacturing: Indian towns like Bengaluru and Hyderabad that have vibrant technology bases along with multiple defence public sector units and research establishments, private sector companies can be potential towns for such manufacturing.

Begin technology cooperation in transformative technologies: Quantum science, blockchain, and 3D printing can be a priority area for the four countries as they offer exciting applications for encrypted communications, cryptography, aerospace engineering, and manufacturing.

Their dual-use nature offers the potential to give a technological edge to the four countries' militaries. This, in turn, can add the security cooperation element to the grouping's agenda.

Plug innovation ecosystems: The new quad nations should broaden the base of cooperation, rather than restrict it to the government-to-government domain. This can be done through seed-funding, academic collaborations, industrial partnerships and MoUs.

17. [What Biden-Xi summit presages for the future](#)

Source: This post is based on the article "[What Biden-Xi summit presages for the future](#)" published in **Business Standard** on 17th November 2021.

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

Relevance: To understand the recent developments in US-China relations and its impact on India.

News: During a virtual summit between US President and the Chinese President, both the nations have decided to nudge their relations towards greater engagement and expanded cooperation.

What are the recent initiatives by US and China to mitigate tensions?

Recently, both nations took significant steps to give a new and more positive direction to US-China relations.

These include

-Inauguration of **high-level engagement on key bilateral and global issues**,
-Agreed to engage in **structured talks on their respective nuclear stockpiles** to ensure “nuclear stability”. This is due to rapid and significant advances in the Chinese nuclear stockpile.

Read more: [US-China missile rivalry opens up new opportunities for India](#)

-US has rolled back to its earlier position in Taiwan and recognised the **One China Policy**.

Read more: [Taiwan-China conflict and India's stand on it](#)

-Both Nations announced a **“US-China Joint Glasgow Declaration on Enhancing Climate Change”** on the eve of the Glasgow summit. The declaration will 1. Enhance the bilateral programme of cooperation on Climate Change, 2. A substantial initiative on reducing methane emissions, 3. Expanding forestry, 4. “phasing down” of coal-based power by China, 5. Achieve a carbon-free electricity sector by 2035 in the US.

Read more: [Glasgow Climate Pact – Explained, pointwise](#)

What are the reasons behind the US's policy shift?

1. **Opinion of American investors in China:** China Business Report mentioned that 72% of American companies in China had no plans to move production out of the country in the next three years, 2. The Chinese economy is now fully integrated into the global economy, So the US has to adjust its external policy to reflect this reality. 3. **Growth of Chinese nuclear stockpile:** China now has more long-range and sophisticated missiles, including those with multiple warheads. Further, China successfully tested a **hypersonic glide weapon** that is capable of penetrating anti-ballistic missile systems deployed by the US.

Read more: [Explained: Agni \(ICBM\) vs China's Hypersonic missile](#)

What are the challenges in China-US relations?

1. Issue of the trade war, 2. Discrimination against Chinese companies on spurious national security grounds by the USA, 3. The spillover effect of the US's domestic economic policy on global economic recovery and on China.

What it means to India?

The growth of the Chinese nuclear stockpile will have implications for the credibility of India's own limited nuclear deterrent.

Affect India's geopolitical calculations, and India need to reassess the value of partnership with the US and platforms like the Quad.

18. More a private sector primer than healthcare pathway

Source: This post is based on the article “More a private sector primer than healthcare pathway” published in **The Hindu** on **18th November 2021**

Syllabus: GS2 Issues relating to development and management of Social Sector/Services relating to health.

Relevance: Understanding universal healthcare.

News: NITI Aayog recently released the document “**health insurance for India's missing middle**”.

About the document

Read here: [NITI Aayog Releases Report on 'Health Insurance for India's Missing](#)

Middle'

What are the existing health insurance programs?

Ayushmann Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY), Other state-level health insurance schemes and private health insurance programs.

The report proposes voluntary, contributory health insurance dispensed mainly by private commercial health insurers as the prime instrument for extending health insurance to the 'missing middle'.

This is a major departure from the universal health coverage (UHC) vision, which had earlier proposed a tax-funded, government-backed universal health coverage plan. This also creates many challenges.

What does the report suggest for in-patient care?

For hospitalization insurance, the report proposes a similar model as **Arogya Sanjeevani Scheme**, with a lower premium of 4000 to 6000 per family. But it will be provided by private insurance players. The reduced premium is not on account of government subsidy.

Challenges associated

From international experience, such plans have been successful when there is a government subsidy, a not-for-profit mode of operation, and some important checks and balances. NITI Aayog's report ignores all these.

For example in Switzerland, though insurance is provided by private players, checks and balances are insured through legislation that provides for mandatory insurance, no cream-skimming, and risk discrimination.

The report suggests **enrolment in groups**. But in India, where even free of cost government health insurance for the poor has seen low penetration, such models are **likely to fail**.

What does the report suggest for outpatient care?

Outpatient care comprises the largest share of out-of-pocket expenditure on healthcare. The report proposes OPD insurance with an insured sum of Rs.5000 per family per annum.

Challenges associated

However, this will work on a subscription basis, requiring families to pay the entire insured sum in advance. This runs counter to the notion of universal healthcare, as it does not lead to any cost savings for the individuals.

Why is this report flawed?

UHC should involve a strong and overarching role of government. However, the report seeks to expand the footprint of private health insurance providers.

There is a need to move in the direction of **National Health Policy 2017** which envisaged increasing public health expenditure to 2.5% of GDP. This amount should also be used to provide government-funded health insurance benefits to the missing middle.

19. Targeting food: Gujarat civic bodies' unjustifiable action on vendors selling non-veg fare must be rolled back

Source: This post is based on the article " **Targeting food: Gujarat civic bodies' unjustifiable action on vendors selling non-veg fare must be rolled back**" published in **Times of India** on **18th November 2021**.

Syllabus: GS 2 Mechanisms, Laws, Institutions and Bodies constituted for the Protection and Betterment of these Vulnerable Sections.

Relevance: Understanding problems faced by the street vendors.

News: Gujarat civic bodies recently targeted street vendors selling non-vegetarian food on unreasonable grounds. In another incidence, Haryana's local actions enforced a ban on meat shops during festivals despite no state-level directions on the issue.

What is the issue?

Ahmedabad civic body's town planning committee announced a drive against non-vegetarian street food vendors on the complaints of some residents. The committee said that they are targeting the food carts that are on arterial roads, near to schools or religious places.

However, clarification of Gujarat CM clarified that the state is not restricting the food choice of any individual. But, still, vendors are forced to move towards less visible parts of the city raises many questions on the CM's assurance.

Why the move is troubling?

To Food Vendors: Food vendors belong to the self-employed workforce, which already is facing the brunt of the pandemic. Pushing them to the smaller areas will have a drastic impact on their livelihood.

Also read: [Government launches PM SVANIDHI scheme to provide affordable loan to street vendors](#)

To Society: It will generate intolerance and have the potential to impact harmonious co-existence.

20. Transfer as punishment

Source: This post is based on the article "Transfer as punishment" published in **The Hindu** on **18th November 2021**.

Syllabus: GS 2 Structure, organization and functioning of the Executive and the Judiciary.

Relevance: Understanding transfer of Chief Justice of Madras HC.

News: Recently, the Supreme Court [collegium](#) recommended the transfer of the Chief Justice of the Madras High Court to the Meghalaya High Court.

Read more: [There's a need for transparency in transfer of judges](#)

What are the questions raised by the transfer?

Read here: [A routine matter or a punishment post?](#)

What does the Memorandum of Procedure for judicial appointments and transfers say?

It says that a proposal to transfer a High Court judge can only be initiated by the CJI. In addition, the views of "one or more knowledgeable Supreme Court judges" are taken. These views are considered by the five-member Collegium. This system was put in place as a safeguard against executive's arbitrariness

Read here: [Questions for SC: Chief Justice Banerjee's transfer from Madras HC again points to the opaqueness of collegium](#)

21. Vending For India

Source: This post is based on the article “**Vending For India**” published in **TOI** on **19th Nov 2021**.

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

Relevance: Understanding the role played by vendors in our cities.

News: Recent decision by multiple municipalities across the state of Gujarat to ban vendors selling non-vegetarian food has led to vendor organizations planning protests across these cities.

What are the critical roles played by street vendors?

Creating substantial employment opportunities. According to a study, 11% of the total urban workforce across India is in street vending.

Street vendors also play an important role in food distribution, food security, as well as in making public spaces safer.

Moreover, households across income classes (rich and poor alike) regularly rely on street vendors for procuring food.

What are the issues faced by Street vendors?

State or city governments crack down frequently on street vendors, in an effort to ‘clean up’ their cities, roads and public spaces. Attempts are also made to relocate public markets to the outskirts of cities.

Violence by police and local officials: In addition, **street vendors also face everyday harassment**, confiscation of goods, and sometimes violence by police and local level officials on the street. This leads to further exclusion for vendors.

Poor living conditions: Street vendors live in poorly serviced housing, work long hours with long commute times, face difficult conditions in carrying out their daily work.

What steps are being taken to ensure the development of street vendors?

Firstly, India is one of the few countries that recognise the right to work on the street, through the **National Policy for Street Vendors, 2004**, and the **Protection of Livelihood and Regulation of Street Vending Act, 2014**.

– The Acts provide for the formation of a **Town Vending Committee**. However, the implementation of this remains partial. Evidence suggests that the TVCs have not been formed because the different stakeholders have been unable to work together.

Secondly, Main Bhi Dilli campaign, a collective of civil society organisations, have brought attention to the ways in which urban planning can be more responsive to the needs of street vendors.

Thirdly, government is experimenting with several approaches to address the question of providing social security or assuring basic minimum incomes for the street vendors. For instance, proposals on an urban employment guarantee program.

What is the way forward?

First, Vending should be included in the cities Master Planning process, which would help balance the needs of vendors, pedestrians and vehicular mobility.

Second, an entire Land use category (such as commercial, residential) should not be declared as a no-vending zone. This will help in providing improved amenities for vendors.

Third, adopting the spirit and the letter of the Street Vending Act, will help in forming genuine partnerships with vendor organisations. It will help them in addressing the governance issues related to street vending.

22. US's engagement with China is par for the course. Delhi should not panic, must enhance its global standing

Source: This post is based on the following articles

- “US's engagement with China is par for the course. Delhi should not panic, must enhance its global standing” published in **Indian Express** on **19th November 2021**.
- “Agreeing to disagree” published in **The Hindu** on **19th November 2021**.

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

Relevance: To understand the recent developments in US-China relations and its impact on India.

News: Recently a virtual summit occurred between US President and the Chinese President. In that, both the nations have decided to expand their cooperation and engagement.

We have already covered the entire issue in our previous article: [What Biden-Xi summit presages for the future](#)

What are the challenges in China-US relations?

Failed fulfilments: During the Trump regime, the Phase 1 Trade Agreement, required China to buy \$380 billion worth of American goods by the end of 2021. But China didn't fulfil the agreement.

Deepening structural contradiction: Both the US and China have structural contradictions that are unlikely to resolve soon.

The approach of Trump and Biden on China: Under Trump, the US shifted from engagement at all costs with China to challenging it across a broad front, including trade, technology, human rights, security, and global governance.

Under Biden, the US has moved more systematically in challenging China. For instance, by strengthening US alliances and focusing on domestic economic renewal.

What US-China relations mean for India?

Many in India worry that any relaxation of tensions between the US and China would undermine India's position in relation to China. So, India must carefully monitor the state of US-China relations. But India has no reason to panic. This is because,

1. China is far too important for any major power to ignore it, 2. Even after Chinese aggression in Ladakh, India continued its engagement with China. More recently, in COP 26 also, India and China coordinated with each other. 3. All of India's Asian and European partners have huge stakes in a productive economic relationship with China.

So, engaging with China is a fact of international life today.

What India should do?

1. Strengthen India's partnership with all major powers, including the US, Europe, Japan and Russia, 2. Enhance India's own standing in the great power constellation.

Overall, India can't see itself as a victim of great powers, but as a nation that can shape the regional and global balance of power.

23. Ordinances extending tenures of CBI, ED chiefs show a worrying trend

Source: This post is based on the article “Ordinances extending tenures of CBI, ED chiefs show a worrying trend” published in **Indian Express** on 19th November 2021.

Syllabus: GS2 – Appointment to various Constitutional posts, powers, functions, and responsibilities of various Constitutional Bodies.

Relevance – Understand the recent amendment to extend the tenure of CBI and ED directors.

News: The Government of India has brought two ordinances to extend the tenure of **Enforcement Directorate (ED)** and Central Bureau of Investigation(CBI) directors up to 5 years.

About the Ordinances

The two ordinances promulgated were the Delhi Special Police Establishment (Amendment) Ordinance, 2021, and the Central Vigilance Commission (Amendment) Ordinance, 2021, which extend the tenures, respectively, of the director of the Central Bureau of Investigation and the Enforcement Directorate.

Must read: [Centre brings Ordinances to extend tenure of ED, CBI directors up to 5 years](#)

What are the concerns associated with the ordinances?

Read here: [Extension of terms of CBI, ED chiefs by ordinance goes against SC verdicts](#)

Why the ordinance is necessary?

Read here: [Longer term, better impact](#)

In our country, ordinances are no longer just ordinances. They are the forerunners of something harsher to come.

24. How SC verdict on real estate Act benefits homebuyers

Source: This post is based on the article “How SC verdict on real estate Act benefits homebuyers” published in **Indian Express** on 20th November 2021.

Syllabus: GS 2 -Issues related to the development of the housing sector

Relevance: Real Estate Regulatory Authority Act (RERA) 2016

News: Recently, The Supreme Court has ruled some changes in the Real Estate Regulatory Authority Act (RERA) to protect the interests of homebuyers.

Read more: [What SC order on RERA means for homebuyers](#)

What did the court rule on homebuyers recovering their investment?

The Supreme court observed that, under Sec. 40 RERA 2016, the homebuyers are entitled to recover the amount invested along with interest as land revenue arrears from builders.

Why the Real Estate Regulatory Authority Act (RERA) 2016 was enacted?

RERA was introduced with the objective of ensuring greater accountability towards consumers, reducing frauds and delays, and setting up a fast-track dispute resolution mechanism.

To secure the hard-earned money of Indian citizens: More than 77% of the total assets of an average Indian household are held in real estate, and it's the single largest investment of an individual in his lifetime.

To provide accountability to consumers: Prior to the law, the real estate and housing sector were largely unregulated. Consumers were unable to hold builders and developers accountable. For instance, The Consumer Protection Act, 1986 was inadequate to address the needs of homebuyers.

25. Global challenges can be tackled in spite of great power rivalry

Source: This post is based on the following article “Global challenges can be tackled in spite of great power rivalry” published in **Livemint** on 19th Nov 2021.

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

Relevance: To understand the global issues of today that need the cooperation of all countries including the great powers despite their rivalry.

News: The Global Commission has issued a similar dire warning, as it was issued in 1972 through a study on ‘The Limits of Growth’.

In its recent report, the Commission(group of eminent global citizens drawn from across the world), has highlighted the **key challenges facing the world today**.

What does the report states about global challenges and their management?

Firstly, the report states that while technical solutions to global challenges are known, the **global institutions and governance** priorities necessary to deliver these solutions are **missing**.

-There is no global institution, not even organizations of the United Nations, that has the clout required to override the priorities of individual countries, especially major powers.

Secondly, there is an asymmetry between key global challenges and national policy responses, especially those of advanced countries, which is itself a key challenge.

-Several **covid** vaccines are now available, a great achievement of scientists, but the distribution of vaccines in most developing countries has been very limited.

-Climate crisis-Once again, the technologies required to replace carbon emitting fossil fuels by renewables are known and commercially viable. But most developing countries lack the resources to finance the massive investments required to make the transition within the time available to prevent catastrophic global warming.

Thirdly, the Commission has identified increasingly fraught relations between the two most powerful nations, China and the US, as the most dangerous challenge we face today.

-A robust framework of communications can preempt misunderstandings and accidental conflict.

What is the role of India?

India will mainly be a passive recipient of what great power rivalry leaves up. However, along with its partners, India can seek to nudge both China and the US towards positive-sum outcomes that address the key global challenges of our times.

26. Error corrected: Regarding POCSO Act

Source: This post is based on the article “Error corrected” published in **The Hindu** on 20th November 2021.

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

Relevance: To understand the reason behind the recent Supreme Court Judgment on POCSO Act.

News: Recently, the Supreme Court has set aside the controversial judgment of the Bombay HC which held that ‘skin-to-skin’ contact is necessary for an act to be classified as sexual assault under the Protection of Children from Sexual Offences(POCSO) Act.

About the judgment

Read here: [Sexual intent, not skin-to-skin contact, key: SC](#)

About the POCSO Act

Read here: [The POCSO Act and associated issues](#)

Why the Bombay High Court verdict is controversial?

-Ignored the basic fact that the entire Act is aimed at penalising actions rooted in 'sexual intent'. So the judgment is out of sync with the legislative intent behind the enactment of stringent law.

-The law is to protect children based on principles found in the UN Convention on the Rights of the Child.

-Restricting the interpretation of the words 'touch' or 'physical contact' to 'skin to skin contact' would be a narrow and pedantic interpretation of Section 7 of the POCSO Act.

So, the Supreme Court verdict ensured that the core ingredient of a sexual offence is the "sexual intent".

General Studies Paper - 3

General Studies - 3

1. Creating safe digital spaces

Source: This post is based on the article “Creating safe digital spaces” published in **The Hindu** on **15th Nov 2021**.

Syllabus: GS3 – issues related to the safety and protection of the child.

Relevance: Impact of online violence and cyberbullying on the children.

News: It is imperative that digital and social media platforms are free of cyberbullying. Govt must step up its efforts to counter this menace.

Recently, UNESCO Member States declared the first Thursday of November as the **International Day against Violence and Bullying at School**, including cyberbullying. It has recognized that school-related violence is an infringement of children’s right to education and to health and well-being.

The aim is to raise awareness among students, parents, members of the school community, education authorities, and others about the problem of online violence and cyberbullying.

Cyberbullying is defined as intentionally harassing someone with rude, mean and hurtful messages.

Why we must ensure safe digital spaces for children in India?

An increasing number of Child internet users: India’s active Internet user base is over 500 million. Out of this, an estimated 14% are children aged 5-11 years who access the internet on the devices of their family members.

Increased incidence of cyberbullying and online child sexual exploitation by adults: School closures as a response to the COVID-19 lockdowns led to an unprecedented rise in unsupervised screen time for children and young people. This in turn exposed them to a greater risk of online violence.

Published in 2019 and drawing on data from 144 countries, UNESCO’s report ‘Behind the numbers: Ending school violence and bullying’ highlighted the extent of the problem, with almost one in three students worldwide reporting being bullied at least once in the preceding month.

Negative consequences of Cyberbullying: There is growing scientific evidence that suggests that cyberbullying has negative consequences on the education, health, and well-being of children and young people. For instance, children who are frequently bullied are more likely to miss out on school. They have a higher tendency to leave formal education after finishing secondary school.

How can we ensure safe digital space for children?

Effective interventions: This requires gender-sensitive and targeted approaches that respond to the needs of learners who are most likely to be the victims of online violence.

Role of the education system: Concerted efforts must be made to provide children and young people with the knowledge and skills to identify online violence. This will allow them to protect themselves from its different forms.

Role of teachers: Teachers play a critical role by teaching students about online safety, and thus supporting parental involvement.

Grievance redressal: Confidential reporting and redress services must be established.

What steps have been taken so far?

UNESCO in partnership with NCERT has brought out an information booklet on Safe Online Learning in Times of COVID-19.

The Department of School Education and Literacy has circulated exhaustive guidelines to raise children and parental awareness to prevent the adverse effect of online gaming and the psycho-emotional stress that children could be undergoing.

2. Nuclear fusion could be close enough to start blue-sky gazing

Source: This post is based on the article “**Nuclear fusion could be close enough to start blue-sky gazing**” published in **Livemint** on **15th Nov 2021**.

Syllabus: GS3 – Issues related to the energy sector

Relevance: Clean energy and its benefits to the global economy

News: The nuclear-fusion startup, Helion, recently announced that it has developed new technologies that may make nuclear fusion viable.

Nuclear fusion could be used to produce relatively clean energy (hydrogen fuel), which could then be deployed in a number of ways, unleashing a chain reaction across the global economy.

How cheap and clean energy could benefit the global economy?

Development of remote places: It would facilitate faster transportation and a consequent faster transformation of remote places.

Greening of Deserts: Desalinating water would become cheap and easy and irrigation would become less expensive, enabling the transformation of many landscapes. For instance, the Middle East would become much greener.

Facilitate more control over the Environment: It might be possible to manipulate temperatures outdoors, so Denmark in January and Dubai in August would no longer be so unbearable.

Rise in wages: Increased tourism will increase the demand for labor, thereby resulting in higher wages.

Technological developments: Cheap energy would also make supercomputing more available, crypto more convenient, and nanotechnology more likely.

Social change: People might invest more resources in status-seeking due to the increased availability of material goods.

Impact on climate change: nuclear fusion could replace coal plants around the world. Further, protective technologies to remove methane and carbon from the air, are also likely to be more feasible and affordable.

What are some potential negative consequences?

Though clean energy will mostly be beneficial, but it can have some negative consequences too. Like,

In the short run, **fossil-fuel-rich nations** such as Saudi Arabia and Russia would face difficulties.

In the long term, **commodity-exporting nations** like Brazil and Argentina might face difficulties too as with cheaper irrigation, countries relying on their exports might start growing their own crops.

Increased methane emissions: As water desalination became more feasible and irrigation would become less expensive, many areas would be far greener, and people might raise more cows and eat more beef. Those cows, in turn, might release far more methane into the air.

Must Read: [Energy security: Nuclear power – Explained, pointwise](#)

3. An RBI public interface that can recast banking

Source: This post is based on the article “An RBI public interface that can recast banking” published in **Livemint** on **15th Nov 2021**.

Syllabus: GS3 – Issues related to the banking sector

Relevance: Roles and responsibilities of RBI

News: RBI has opened a retail window for bonds. Along with this, the launch of its digital rupee next could enable RBI to take over the bank depository function.

Recently, RBI launched the Retail Direct scheme. Under this scheme, people can invest directly in government bonds. As these are virtually risk-free, people would be attracted to use this window for access to market for gilts.

But this is not a welcome move, because the RBI's outreach could set the stage for other financial relationships with the public resulting in [disintermediation](#) (removal of intermediaries from a supply chain. In this case, the banks).

What are the concerns/issues with RBI's latest move?

Firstly, it might result in taking away the depository role played by banks. For instance, consider the following situation. If RBI launches the central bank digital currency (CBDC), its public interface will expand to cover the country.

Since money kept with the RBI would be fully safe, such a facility will reduce the relative appeal of classic bank deposits.

This raises the question of the need for banks to keep depositor funds when a central bank could do the same.

Secondly, legacy banks are already under threat due to the disruptive potential of technology. For example,

From cryptocurrencies to decentralized finance ('DeFi'), blockchain innovations have advanced at a great speed.

Digital advancements in banking allow the new online services to operate cheaply compared to legacy banks. As a result, it makes legacy banks uncompetitive.

Such a move could result in changing the core structure of the banking industry of the brick-and-mortar age.

What are the potential advantages of RBI taking over the depository role of banks?

The shift could act as a restraint on reckless Credit lending. Because It allows Banks to focus on assessing credit risk and price it profitably.

RBI will have **more control over its monetary policy**. A central bank with wide access to the cost-of-funds will make interest-rate settings easier to transmit.

It allows the central bank **to execute fiscal transfers** such as a universal basic income or an agenda of state-directed credit.

4. Shielding farm sector from climate change

Source: This post is based on the article “Shielding farm sector from climate change” published in **Business Standard** on **15th Nov 2021**.

Syllabus: GS3 – Issues/Challenges related to the Agriculture sector

Relevance: Climate change and its impact on Agriculture

News: Climatic anomalies affect agriculture directly. Hence, there is a need for effective strategy to protect agriculture from its ill effects.

Changes in the intensity, frequency, and seasonality of climate patterns, extreme weather events, rainfall pattern and river flows etc. are likely to impact agriculture sector.

How would climate change affect the farm sector?

The findings of various studies and the projections made by UNFCCC present a mixed picture.

Impact on rainfall: Monsoon rain might increase as a consequence of heat-induced acceleration in the hydrological cycle.

Unpredicted weather pattern: The incidence of severe and extended dry spells, interspersed with heavy downpour, might also increase.

Decrease in farm productivity: According to the vulnerability assessment done by the Indian Council of Agricultural Research (ICAR), the overall productivity of paddy, irrigated paddy, wheat, maize might decrease between 2050 and 2080.

Benefit to few crops: Some crops might benefit from climate change. For instance, Chickpea (gram or chana).

Drop-in farm income. The government's **Economic Survey 2018** reports that every one-degree Celsius rise in temperature could reduce agricultural income by 6.2% in kharif and 6% in the rabi season in non-irrigated areas.

Other challenges: Reduces water availability, variations in the incidence of pests and pathogens (crop diseases).

What are the steps taken to address the issue?

India, nearly a decade ago launched the countrywide project on **National Innovations in Climate Resilient Agriculture (NICRA)**.

Objectives of NICRA: 1) Identify vulnerable areas, 2) Assess the potential impact of temperature rise on crop farming, livestock, and fisheries, 3) Evolve crop varieties and agronomic practices adaptable to the emerging weather patterns.

How has NICRA helped farmers to cope up with Climate change?

Many water-harvesting structures have been created under the NICRA project to facilitate **crop irrigation** at critical stages of plant growth. These have resulted in **yield gains in some low-rainfall areas**.

Situation-specific advanced technologies for imparting climate-resilience to farming have also been evolved and successfully transferred to farmers in 151 climatically vulnerable districts.

Several **climate-resistant crop varieties** have also been developed.

More importantly, **contingency plans to cope with climate anomalies** have been drawn up for as many as 650 districts.

Almost all agricultural activities such as crop farming, horticulture, livestock rearing, and fisheries have continued to scale new highs, regardless of the increase in the frequency of weather-induced natural disasters.

5. Manipur flashpoint: Its insurgency and a volatile border continue to impose a toll on security forces and local people

Source: This post is based on the article “Manipur flashpoint: Its insurgency and a volatile border continue to impose a toll on security forces and local people” published in **The Times of India** on 14th Nov 2021.

Syllabus: GS3 – Linkages between development and spread of extremism.

Relevance: To understand the reason behind the recent Manipur insurgency.

News: The ambush on an Assam Rifles convoy by Manipur insurgents in Churachandpur district killing five soldiers breaches the fragile calm prevailing in the border state.

About the insurgency in Manipur

Manipur insurgency has lost much steam from a decade or so ago, the state remains troubled by insurgent groups operating from Myanmar's Chin state and staying out of peace talks while propping up a parallel economy run through extortion and narcotics.

Read more: [Karbi Agreement – another milestone in PM's vision](#)

What forced this attack?

1. **Effective curbing the narcotics trade**, 2. **A political shift of Myanmar towards China** after Military rule, 3. **Complicated peace efforts:** This is due to Manipur's diverse ethnic mix comprising social groups like Meitei, Naga and Kuki-Zo with separate and overlapping geographical areas of influence alongside many insurgent groups, 4. An **overstretched Indian army** slowed down in battling insurgencies. The twin challenges of talking peace without any quarter for illegal activities is hard to achieve for security forces. But, a breakthrough here will help India better focus its resources on the LAC fight.

6. A lost cause: On the Gadchiroli encounter and Maoists

Source: This post is based on the article "**A lost cause: On the Gadchiroli encounter and Maoists**" published in **The Hindu** on 15th Nov 2021.

Syllabus: GS3 – Linkages between development and spread of extremism.

Relevance: To understand the present situation of Left-Wing Extremism in India.

News: At least 26 Naxals were killed recently in an encounter with the Maharashtra police in Gadchiroli district, Maharashtra.

Must read: [Left Wing Extremism in India – Explained, Pointwise](#)

About Gadchiroli district

Gadchiroli is a largely forested and tribal-dominated district. The district is among Maharashtra's poorest and "severely affected" by left-wing extremism.

The present situation of Left-Wing Extremists in India

Over time, the Maoists have managed their own strikes against security forces, but such attacks have not yielded an increase in support base or increase in the red corridor. This is because,

1. **Contribution of the Indian government:** The government improved both the security establishment's work and development schemes in LWE areas, 2. **Issues with Indian Maoists' programme:** The programme has issues such as **Replicating the Chinese Revolution** of the previous century, using armed struggle as the means to achieve its aims, India's condition at present is not similar to China in the 1920s etc., 3. **Change in people and peasants mindset**, 4. Maoists' **refusal to acknowledge the diverse industrial base** and liberal democratic instruments in the country.

Read more: [Union Minister of Home Affairs chairs review meeting in New Delhi on Left Wing Extremism](#)

So, to curb LWE areas, the government must act continually in winning over the support of tribals, peasants and other sections of people in the region and retaining people's faith in the liberal democratic institutions.

7. What is RBI's stand on the use of cryptocurrency

Source: This post is based on the article "What is RBI's stand on the use of cryptocurrency" posted in **Livemint** on 15th November 2021.

Syllabus: GS 3 Indian economy.

Relevance: Understanding the concerns associated with cryptocurrency.

News: RBI governor has raised his concern over the cryptocurrency investment in India.

How the RBI has responded to the crypto business so far?

Read here: [Cryptocurrency in India – Lessons from other Countries](#)

The RBI has raised its concerns over the usage of a cryptocurrency over macroeconomic and financial stability points. It wants to explore the possibility of [Central Bank Digital Currency \(CBDC\)](#).

Also read: [Future of Cryptocurrencies in India](#)

How many Indians invest in cryptos and whether the amount is taxed?



Source: Livemint

According to a newspaper ad, Indians have invested ₹6 trillion in cryptocurrency. According to the Chief Executive Officer of Wazir X, India has around 15-20 million crypto investors, while it has 25 million mutual fund investors.

Investors are liable to pay tax if they are making gains on cryptocurrency. In the case of active traders, this will be considered as business income and tax will be charged according to the slab rate. In the case of investors, the tax will be charged according to the short-term and long term capital gain.

What are the concerns associated with cryptocurrency?

- 1) Limit the government to tax the amount as it is difficult to trace.
- 2) Can be used against various criminal activities like money laundering.
- 3) Can harm the investors as they will be vulnerable to hacks, scams etc
- 4) Can harm the lending capacity of banks as more people will invest in cryptocurrency and less in banks.

8. How the economy gets a boost from efficient logistics

Source: This post is based on the article "How the economy gets a boost from efficient logistics" published in **Livemint** on 16th Nov 2021.

Syllabus: GS3 – Issues related to the Logistic sector

Relevance: Efficient logistic sector and its subsequent benefits to the Indian economy

9 PM Compilation for the Month of November (Third Week), 2021

News: Recently, the government released the annual Logistics Ease Across Different States (LEADS) report for 2021.

LEADS report ranks states and Union territories (UTs) on the efficiency of their logistics ecosystem. It aims to induce stakeholders to make necessary improvements.

Must read: [Gujarat retains pole position in logistics index: Commerce ministry report](#)

How will efficient logistics help?

With the country aspiring to be a manufacturing destination, an improved logistics environment will benefit in the following manner:

- Generating better economies of scale,
- Minimizing cost per unit, leading to lower prices for the consumer.
- Improved supply chain efficiencies will help bring down logistics costs
- Enhances industry competitiveness.

What are the initiatives taken by the government in this regard?

Policy target: Centre's aim is to bring down logistics costs in India by 4-5% of GDP over the next five years to approximately 8% of GDP.

Developmental initiatives taken at the international level- The [Supply Chain Resilience Initiative \(SCRI\)](#)

Developmental initiatives taken at Domestic front: Infrastructure development initiatives such as [Sagarmala](#), [Bharatmala](#), Dedicated Freight Corridors, paperless EXIM trade process through E-Sanchit, mandatory electronic toll collection system ([FASTag](#)), etc.

9. Why stubble burning is so hard to fix

Source: This post is based on the article “Why stubble burning is so hard to fix” published in **Livemint** on **16th November 2021**.

Syllabus: GS3 – Conservation, Environmental Pollution and Degradation

Relevance: Stubble burning and pollution in the Indo-Gangetic region

News: Post Diwali, Delhi and the entire Gangetic plains have been covered in a thick blanket of smog.

Stubble burning by farmers in states such as Punjab, Haryana, and parts of Uttar Pradesh is just one of many causes for declining air quality in Delhi.

Recently, the Supreme Court too acknowledged this fact while directing the government to consider a temporary lockdown.

In this context, there is an immediate need to resolve issues related to stubble burning coupled with other mitigation strategies that can improve air quality in Delhi.

Why do farmers prefer to burn stubble?

There are multiple reasons behind stubble burning.

Long term causes

– **Policy issues:** In 2009 the Punjab government made a law that barred farmers from planting paddy before the dates notified. This was done to time plantings to the arrival of the annual monsoon.

This enforced delay in planting pushed the date of harvest to November, which meant farmers had to quickly clear their fields to plant wheat. A delay means lower yields. Due to this short window, farmers took to burning the crop residue in larger numbers.

Contribution of climate: Wind direction changes in late October-mid November, which carries the smoke all over the northern Gangetic plains.

Lack of trust on crop residue management machinery: Farmers fear a decline in productivity if crop residue management machines (happy seeder and super seeder) are used.

The lack of supply chain constituents like biomass aggregators, processors, and storage facilities have made the existing ex-situ ecosystem a failure.

Must read: Read more about stubble burning in these articles: [Article 1](#), [Article 2](#), [Article 3](#)

Immediate causes

- **Cost-related issues:** Rising prices of diesel pushed up the operational cost of using these machines. Fuel accounts for a quarter of the cost of operating these machines.
- **Farmer protest:** Some farmers seem to be putting their fields on fire as a mark of protest.

What are some potential solutions?

Firstly, using machines to incorporate crop residues into the soil, using straw as boiler fuel or for manufacturing packaging materials.

Secondly, finding an alternative to the paddy-wheat cycle. Such as growing pulses or oilseeds, instead of paddy.

What are the associated challenges?

Firstly, incorporating crop residues back into the soil is facing a severe challenge due to the **rising cost of diesel** and **rent** for the necessary machines.

Also, the machine-led solution is **only benefitting manufacturers** who have raised the prices (of crop management machines) to corner government subsidies.

Secondly, farmers are unwilling to move away from paddy since they can sell their entire production to the government at assured support prices, while growing pulses or oilseeds entails significant price risks.

What is the way forward?

- **Scaling up biomass-based power generation** to 1,000MW in a year, the problem of stubble burning in northern India can be remedied significantly.
- **Discoms should pay a bit extra** for biomass-based renewable energy for the sake of clean air.
- **Assured government purchase** at support prices for pulses like masoor and oilseeds like groundnut
- State government-run cooperative MARKFED can stop the procurement of food grains for central agencies. It must focus on its original mandate of marketing farmers' produce. It could enter into contract farming with farmers for oilseeds to improve supplies where India is deficient.

10. Charting India's path to a 'Digital Rupee'

Source: This post is based on the article "Charting India's path to a 'Digital Rupee'" published in **Indian Express** on **16th November 2021**.

Syllabus– GS3- issues related to development of digital currencies

Relevance: Challenges associated with CBDCs

News: Recently, Nigeria launched its non-interest-yielding central bank digital currency (CBDC) — the eNaira.

Along the similar lines, CBDC pilot projects are underway in at least 17 other countries. The primary drivers for central banks of EMDEs (emerging market and developing economies) to study CBDCs are domestic payments efficiency, financial inclusion, and payments safety. In this context, it should be noted that CBDC's design and implementation should be as per the domestic priorities.

What are the ways in which CBDCs can be designed?

A particular CBDC could be designed in the following ways:

- Account-based or tokenised
- Distributed directly by the central bank or through intermediaries
- Interest-bearing CBDC's
- Can be programmed to offer limited pseudonymity (*the state of using or being published under a pseudonym*) to its holders

How is eNaira designed to achieve the intended benefits?

Unique identification of beneficiaries: It has been designed as an account-based CBDC with know your customer (KYC) norms linked to the unique identity indicators under Nigeria's National Financial Inclusion Strategy.

Eliminating the need for intermediaries: It enables targeted welfare payments into the wallets of citizens directly.

Increases the efficiency of the Payment system

Must Read: [Private partners could help RBI run a digital currency](#)

What are the issues with introduction of a CBDC by the RBI?

– **Threat to the banking system:** Adopting an interest-bearing Indian CBDC could pose an existential threat to the banking system by eroding its critical role as intermediaries in the economy according to Former RBI Governor D Subbarao.

If CBDCs compete with bank deposits and facilitate a reduction of bank-held deposits, banks stand to lose out on an important and stable source of funding.

Banks may respond by increasing deposit rates, but this would result in higher lending rates and decreased lending activities. Also, banks may be incentivized to engage in riskier lending and hold relatively riskier, less-liquid assets. This could have long-term effects on financial stability.

– **The introduction of CBDCs would require central banks to maintain much larger balance sheets**, even in non-crisis times. They would need to replace the lost funding by lending potentially huge sums to financial institutions, while purchasing correspondingly huge amounts of government and possibly private securities.

– **CBDCs could also have implications for the state from seigniorage** (*profit made by a government by issuing currency*) as the cost of printing, storing, transporting and distributing currency can be reduced.

Must Read: [The merits of an RBI digital currency outweigh risks](#)

11. The debacle of demonetisation

Source: This post is based on the article “**The debacle of demonetisation**” published in **The Hindu** on **16th Nov 2021**.

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

Relevance – Demonetisation and its outcomes.

News: Not a single one of the claims made for demonetisation has been materialised.

Read more here: <https://blog.forumias.com/the-case-of-demonetisation-in-india/>

Physical cash remains the dominant mode of exchange: The ratio of currency with the public to national income has, at 11.5%, remarkably remained the same from 2015-16 onwards. Money seems to remain a chosen medium of exchange for Indians, even if purchases are increasingly being made online.

No real increase in direct tax payments: The ratio of direct tax collections to the national income rose marginally in 2016-17. But this cannot be attributed to demonetisation alone. The Goods and Services Tax introduced in 2017 may have nudged potential income tax assesses to comply with the laws.

Reversed a growth acceleration: India's economy did register a slight increase in the rate of growth. But it was mainly due to the growth of the agricultural sector. As agricultural yield is weather-related, it is independent of economic conditions in the short term. Whereas the other sectors of the economy, production suffered from the cash crunch engineered by demonetisation. For instance, data on the manufacturing sector shows growth slowing by about a third immediately.

12. A traffic lockdown may be what Delhi requires

Source: This post is based on the article “A traffic lockdown may be what Delhi requires” published in **Livemint** on **16th Nov 2021**.

Syllabus: GS3 – Conservation, environmental pollution and degradation, environmental impact assessment

Relevance: Tackling Delhi's pollution problem

News: Supreme Court described air pollution in and around Delhi city as a “crisis” and asked the Centre and Delhi administration to take action.

SC has asked authorities to consider a lockdown, among other measures

It has also advised the Centre to call an emergency meeting and work out specific ways to tackle the identified “culprits”: construction activity, industry, transport, power and vehicular traffic, apart from stubble burning.

What steps have been taken to curb pollution in NCR?

- Curbs on building projects, firecrackers, and diesel gen-sets
- Momentary restrictions on industrial exhaust
- Deals for farmers to stop setting their post-harvest waste on fire
- **Smog towers** and water spraying
- Even odd scheme, where only vehicles with odd number-plates were allowed on streets one day and even numbers the next. It did not prove helpful enough to justify the disruption caused.

A full traffic lockdown of the NCR might not be a bad idea to alleviate the harmful effect of pollution.

Why a full traffic lockdown can be a potential solution for Delhi's pollution problem?

Will lower street emissions from vehicular exhaust: By the analysis of the Centre for Science and Environment, vehicular exhaust accounts for about half the seasonal rise in the capital's levels of pollutant particles. A full traffic lockdown for about a week or so, depending on the smoke dispersal of winds, should cause a notable reduction.

13. [Deep-sea mining for building EV batteries: A sustainable approach or an invitation to another catastrophe?](#)

Source: This post is based on the article “**Deep-sea mining for building EV batteries: A sustainable approach or an invitation to another catastrophe?**” published in **DTE** on **15th Nov 2021**.

Syllabus: GS3 – Conservation, Environmental pollution and degradation, Environmental Impact Assessment

Relevance: Understanding whether we need to pursue deep sea mining or not.

News: Almost 70% of our planet is an ocean and of that, 90% is the deep sea. It houses countless species, ranging from tiny zooplankton to the heaviest whales. This combination supports in maintaining the ecological cycle of our planet.

Mining investors are eyeing metals they can extract from the sea bed to build electric vehicle (EV) batteries. These talks are at an early stage but slowly making headlines.

Transition to electric mobility is welcome, but it should happen without undervaluing the importance of living in the deep waters.

Why deep sea mining is necessary?

- **Need for alternative sources of minerals:** Building EV batteries requires minerals such as cobalt, lithium, nickel, copper, vanadium and indium. Demand for these minerals will shoot up with the rising demand for EVs. It will put pressure on the existing land mineral ores, so there is a need to identify alternative sources to extract these minerals.
- **Potential to reduce child labor:** It is a greener option than land-based mining and can significantly reduce child labour in the Democratic Republic of the Congo, where abundant mineral mining sites are present.

What are the factors that may discourage deep-sea mining?

- **First**, the projected rise is subject to multiple factors such as technological advancements in battery chemistry, capability to recycle minerals from used batteries, and investment in public transport infrastructure.
- **Second**, Many projections assume the use of current lithium-ion battery technology (incorporating cobalt and nickel) will continue. But, while some alternatives of cobalt-free lithium-ion batteries are in-development such as lithium-iron-phosphate batteries, some alternatives are already available. **For example**, Tesla’s EV battery requires neither cobalt nor phosphate.
- **Third**, The automobile sector is gearing up to invest in battery mineral recycling. This will further reduce the future mineral demand. Battery recycling could reduce lithium demand by 25%, cobalt by 35% as well as nickel and copper by 55% by 2040, according to the Institute of Sustainable Futures.
- **Fourth**, In countries where governments bring down private motorised vehicle share by improving existing public transportation as well as implementing vehicle restraint measures, the demand for EV batteries will also be less.
- **Fifth, Irreversible damage to aquatic life:** During [deep-sea mining](#), the unwanted sediments containing heavy metals are pumped back into the sea. This creates sea pollution and can choke jellyfish and other species that transfer a significant amount of carbon back to the sea bed. There is also a possibility that species that have not yet been discovered are lost.

What is the way forward?

We should plan our cities in such a way that trips are more local in nature and can be made by walking and cycling so that there is little need to use a private electric car. This will result in a lower demand for EV batteries.

14. It may prove costlier to combat than adapt to climate change

Source: This post is based on the following articles:

'CoP26: A 'net nothing' summit that the UN termed a global compromise' published in **DTE** on 15th Nov 2021.

'The Glasgow Pact: Does it make climate finance available to us?' & 'It may prove costlier to combat than adapt to climate change' published in **Livemint** on 16th Nov 2021.

'Four ticklish questions on India's climate pathway' published in **Times of India** on 15th Nov 2021.

Syllabus: GS3 – Conservation, Environmental pollution and degradation, Environmental Impact Assessment

Relevance: Climate finance and Glasgow Climate pact

News: Now that the Glasgow Climate Pact has finally been agreed upon, it is time to figure out one of the critical components of climate change action – Climate Finance.

How finance can be worked out for the climate targets under Glasgow pact?

– A large part of climate finance will have to come domestically from both **public** and **private sources**. Some could come from **international private flows** (both equity and debt) and a third component could come from **bilateral** and **multilateral public flows**.

For instance: The Glasgow Financial Alliance for Net Zero, which was active in CoP-26, includes over 450 firms controlling about \$130 trillion in private assets. A small proportion of these assets, re-directed to green energy projects, would provide significant support for mitigation efforts. For this, the risk perceptions about investment in developing countries would have to be taken care of.

– **Special Drawing Rights:** It may also be possible to use the substantial [special drawing rights](#) given recently by the International Monetary Fund (IMF) to developed countries.

– **Differentiated carbon tax** is proposed by the IMF to be levied at \$75 per tonne of CO₂ for the US and EU, \$50 for China, and \$25 for India. Different levies would **protect India's competitiveness** while raising much-needed resources for climate adaptation. Petrol and diesel are already heavily taxed, and the proposed carbon tax would be subsumed within these taxes. India can also increase the environmental tax on coal (from \$3.5 per tonne of CO₂ to \$15) to generate resources that could be used for climate adaptation.

Must Read: [Glasgow Climate Pact – Explained, pointwise](#)

– A **coordinated effort by India, Indonesia and Brazil** should push for commitments on climate finance at G-20, where critical decisions on financing are actually taken (*Indonesia will chair the G-20 in 2022, India in 2023 and Brazil in 2024*)

– **Domestic action by India:** India needs to fix the financial weakness of its [electricity distribution companies](#) so that private investors can invest in electricity generation. Domestic policy action is also needed for the **removal of fuel subsidies**.

What are some potential side-effects of the climate change policies?

In the latest World Economic Outlook (WEO) by International Monetary Fund (IMF) mentions the following:

– **High demand for metals** like copper, nickel, lithium and cobalt. These metals would reach historical peak prices for an unprecedented sustained period under a ‘net zero by 2050’ emissions scenario. The total value of metals production is estimated to rise to \$13 trillion by 2040, equalling the value of crude oil output that year. This will result in significant gains for producers, and resource constraints for consuming nations.

Significant investment in mines will be needed to extract those metals.

Further, the available supplies of rare metals will get cornered, leaving many nations faced with a choice between high carbon emissions and financial ruin.

– **Impact of the green economy on the labor market.** Jobs have become greener in the last decade. But people with higher education are likely to get them, as green jobs tend to require higher skills and pay more. Hence, decarbonization would also result in concentrated education, skills, income and wealth in fewer hands.

15. Good crypto and bad: Defining, regulating and taxing this world

Source: This post is based on the article “**Good crypto and bad: Defining, regulating and taxing this world**” published in **Business Standard** on 17th Nov 2021.

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

News: The government and regulatory authorities are considering a legislative and regulatory framework for cryptocurrencies.

As enforcing a ban on cryptocurrencies is not advisable, hence, the current policy approach is a step in the right direction.

Must Read: [Managing cryptocurrencies](#)

What parameters must be considered for regulating cryptocurrencies?

Define a tax structure: This must outline the incidence of long-term and short-term capital gains for crypto investors.

Define a good crypto: The regulatory framework should include a definition of what makes a good crypto. It must include some reference to the **most common use cases** for crypto, like remittances.

Incentivizing good crypto: Bitcoin and many other cryptocurrencies have very energy-intensive verification systems. More energy-efficient cryptos are desirable. There could be tax structured incentives to design more energy-efficient verification systems.

What is a good crypto?

A good cryptocurrency includes

- a secure peer-to-peer verification system
- an assurance of some anonymity
- a method of mining that allows for predictable growth in money supply, which cannot be manipulated, and so on.

What are some use cases of good crypto?

– **Remittances:** A remittance of, say, dirhams to rupees, involves bank charges and delays while the Reserve Bank of India (RBI) processes payments. Instead, one can buy cryptocurrency with dirhams and hand over the relevant codes to somebody who can sell the

crypto in rupees. This process will be much faster and not involve bank charges if the parties are comfortable with price volatility.

– **Currency swaps:** A swap is a deal where two entities exchange two currencies, say USD and INR, at an agreed rate. They commit to the reverse exchange of exactly the same amounts of USD and INR after an agreed time, at the agreed rate, even if the exchange rate has gone up or down. The RBI itself has done swaps, most notably during the global financial crisis. It is easier to do swaps by using cryptocurrency trades rather than via banks.

– **Purchasing assets:** Crypto can be used to purchase assets or services. But a clear accounting process must be framed for such transactions. For example, El Salvador adopted bitcoin as an alternative currency. Although this experiment has revealed several challenges, it's worth studying.

– **Trustless contract enabled by blockchain:** This could prove quite useful in the Indian context. In such a contract, money is put into an escrow account. Instructions are put in blockchain that if certain conditions are fulfilled, the money is to be transferred automatically to a given account. This is much cheaper and less cumbersome than conventional bank escrow.

Escrow is a legal arrangement in which a third party temporarily holds large sums of money or property until a particular condition has been met (such as the fulfillment of a purchase agreement). It is used in real estate transactions to protect both the buyer and the seller throughout the home buying process.

For example, a municipality hands out a garbage disposal contract. It may create a blockchain where the residents can vote whether they are satisfied with the garbage disposal service. Such contracts cut down on corruption and accelerate government payment processes.

16. India needs time and money before it can dump coal

Source: This post is based on the article “**India needs time and money before it can dump coal**” published in the **Times of India** on **17th Nov 2021**.

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

Relevance: Understanding the debate around phasing out of coal

News: India is being criticized for its last-minute call affecting changes to the Glasgow Climate Pact (GCP) wherein the expression ‘Phase out’ was changed to ‘Phase down’ of coal-based power in its final version.

India’s per capita energy consumption is a third of the global average. Hence, as per the IEA, India will need to add a power system the size of the European Union, to meet expected growth in electricity demand in the next 20 years.

Must Read: [Glasgow Climate Pact \(GCP\) – Explained, pointwise](#)

The world must understand that this cannot happen by solely relying on alternative sources of power. India will have to continue with coal, as it is the cheapest fuel available in abundance domestically. It can fuel the level of economic growth required to lift hundreds of millions out of poverty.

Can renewables fuel India’s future energy requirements?

India cannot depend entirely on renewable sources of energy due to the following reasons:

– **Intermittency or irregularity remains a major issue with renewables,** which are also vulnerable to weather.

– Unlike the West, India has **comparatively smaller gas-fired and nuclear generation capacities**. Power from such small plants is unaffordable.

– **Hydel projects are costly** and involve large displacement of forests and habitats. They also remain susceptible to weather patterns. Storage technology is still evolving and remains a costly option.

The power demand recently surged in double digits in India. This was caused due to lower power generation from solar, wind and hydel sources, which happened due to seasonal factors. Coal-fired plants had to step in to meet the demand.

Hence, the only dependable option is coal.

What are some other issues with phasing out coal?

At the **mining** level, the government enjoys dividend payments from Coal India Limited

The **railways**, which dominate transportation of coal, receive an existential level of cross-subsidy from coal.

There are large revenues from taxes, royalties, and mining fees, which are amongst the highest in the world

Read more about this issue in the following articles: [Article 1](#), [Article 2](#), [Article 3](#)

17. An estimate of a big formal shift that stretches credulity too far

Source: This post is based on the article “**An estimate of a big formal shift that stretches credulity too far**” published in Live mint on **17th November 2021**.

Syllabus: GS paper 3– Indian Economy and issues relating to formalisation of workforce

Relevance: Formalisation of India’s economy

News: SBI Research in a recent report said that the size of India’s informal economy had shrunk from 52% of gross domestic product (GDP) in 2017-18 to around a current maximum of 15-20%. However, the report is inaccurate in many accounts.

Read more here: <https://blog.forumias.com/the-high-cost-of-indias-illusiv-quest-for-formalization/>

Why the recently released report by the State Bank of India (SBI) research team is said to be inaccurate?

Firstly, the report believes that E-Shram is a big step towards the formalization of employment because it facilitates the extension of social-sector scheme benefits to informal workers. However, it is silent on, whether all the 57 million workers, who have registered on the portal, getting the benefits of these schemes.

Secondly, the report points out that the average amount outstanding per Kisan Credit Card (KCC) has grown in 2021-22 and this has led to the formalization of ₹4.6 lakh crore. However, the Report of the Internal Working Group to Review Agricultural Credit (2019) pointed out that, approximately 30 percent of agricultural households still avail credit from non-institutional sources.

Thirdly, much of SBI Research’s analysis relies on data during a period in which the country was hit by the second covid wave. During this period, businesses in the informal sector have been destroyed by pandemic disruptions. So, the informal activity would remain low, and the data obtained would be inaccurate. As the economy recovers, informal enterprises will start increasing.

Fourth, also, formalisation itself doesn't mean decreasing informalisation. Formal enterprises can employ informal workers. **For example**, a listed real estate company outsources a job to a contractor, which then informally hires daily wage workers.

Finally, considering gig workers a part of the formal economy is also not a correct measure, because their incomes aren't protected if the business is negatively impacted.

18. Unnecessary intervention – RBI's Proposal of tax benefits for retail investors

Source: This post is based on the article "Unnecessary intervention" published in **Business standard** on 17th November 2021.

Syllabus: GS Paper 3 – Issues related to bond markets

Relevance: Retail Direct Scheme, risks associated with bond market investing.

News: The Reserve Bank of India (RBI) is thinking to approach the Union government to ask for tax benefits for retail investors investing in government bonds through its platform.

The idea behind the RBI's Retail Direct Scheme, to increase the ease of investment in government bonds for individual investors and widen the pool of investors over time, is appropriate.

However, the idea of extending tax benefits to encourage retail participation in the government bond market is unnecessary and must be avoided.

Then, tax benefits to retail investors is not a good idea?

The new retail bond platform will not necessarily increase household financial savings, it may just lead to a shift in the household debt portfolio. It may lead to a revenue loss for the government, as it will reduce the existing household investor base.

Also, Investors entering the market at this stage are likely to suffer a capital loss if they decide to sell bonds over the next few years, as interest rates are likely to go up from the present level. RBI's policies are making debt investment unattractive. RBI is maintaining the policy interest rate below the inflation rate, with a high liquidity level.

What needs to be done?

First, RBI should spread awareness and sensitise investors about potential risks associated with bond market investing.

Second, RBI should try to bring the policy interest rate on par with the inflation rate. Low-interest rates have made debt investment unattractive.

Third, all debt instruments can be brought to par by removing tax benefits. It will not only simplify the tax structure but also drive individual investors to evaluate products on their merit.

19. **India needs a coordinated approach for decarbonisation of economy**

Source: This post is based on the article "India needs a coordinated approach for decarbonisation of economy" published in **Indian Express** on 17th November 2021.

Syllabus: GS3-Conservation, environmental pollution, and degradation, environmental impact assessment.

Relevance: To understand the actions taken for climate crisis and issues related to the same.

News: PM announced enhanced targets for climate action by India, particularly for achieving net-zero emissions by 2070.

What is the need for policy changes in Renewable Energy(RE) sector?

By 2070, there will be many **changes** in technology, environmental conditions, and the economy. Therefore, shorter period planning is needed, so that new knowledge about emerging technologies can be incorporated into plans.

The **shorter-term targets** to be reached by 2030 refer mostly to the power sector. This is needed because it is the biggest source of GHG emissions and also the easiest one to decarbonise.

There is an abundance of **separate targets** for almost every resource used to generate electricity. It reduces flexibility of distribution companies to select resources to meet their loads, resulting in a non-optimal resource mix, and a higher cost of electricity.

What is needed to be done?

Interim targets and monitoring progress—For this, an agency led by experts should be set up to cover climate change issues for all sectors. It would also monitor progress and annually report and suggest mid-course corrections.

Overarching objective—Reducing 'emission intensity' is a good overarching objective, instead of multiple objectives, like increased use of RE or non-fossil-fuel generation, which are just means to that end.

20. Why Punjab's short-duration paddy varieties have not solved stubble burning

Source: This post is based on the articles "**Why Punjab's short-duration paddy varieties have not solved stubble burning**" published in **Down To Earth** on 16th November 2021 and "**Our airpocrisies: For air quality crisis take aim at farm residue burning, land desertification, not lockdowns**" published in **Times Of India** on 16th November 2021.

Syllabus: GS3—Conservation, environmental pollution and degradation, environmental impact assessment.

Relevance: To understand the issue of stubble burning and consequent environmental pollution.

News: Supreme Court's suggested a two-day lockdown amid sharp deterioration in the National Capital Region's air quality.

The government's efforts in the past decade provided positive results, and the ratio of land under short-duration varieties to the total land under paddy has more than doubled—from 32.6 percent in 2012 to 67.7 percent in 2021.

What are the issues in stubble burning?

Damage to public health from severe air quality has produced few ideas, that too, suffer from poor implementation.

Despite **heavy subsidies** on straw management equipment, farmers keep protesting that these remain economically unviable.

The government failed to recognise that burning **coal, biomass, and farm residue** alongside land desertification contribute to 85% of air pollution.

Missing inter-governmental action—The proximate link to poverty, energy needs, waste management, and land degradation demand concerted inter-governmental actions.

Contrastingly, the districts where short-term crop varieties witnessed an increase, have seen a rise in straw burning incidents.

Reasons for the increased straw burning incidents:

The primary reason behind it is the low yield, due to which farmers cultivate an additional set of crops, such as potato, peas, green lentil, between kharif and rabi. Even those farmers who have grown short-duration varieties, that fetched great prices, have used the time between rabi and kharif to grow a third crop and thereby increased income.

What actions are taken to tackle the crisis?

New crop variety-The old long-term variety used to leave just 10 days for sowing between kharif paddy to rabi wheat. Farmers started using short-duration varieties, especially PR 126, which give a window of over 35 days to farmers.

-It incentivizes farmers to not use the crop burning methods.

21. Central banks and climate change: How they can play a role in managing the fallout

Source: This post is based on the article “**Central banks and climate change: How they can play a role in managing the fallout**” published in **Down To Earth** on **16th November 2021**.

Syllabus: GS3-Conservation, environmental pollution and degradation, environmental impact assessment.

Relevance: To understand the role of different institutions in managing climate change.

News: In a recent webinar central bankers, economists and lawyers explored the role and responsibilities of central banks in addressing the challenge of climate change.

Must read: [RBI must come clean where it stands on climate change](#)

How central banks can tackle climate change?

Central banks **set interest rates** and determine the prices of the goods and services people buy. This, in turn, **influences** the climate impacts of their **consumption patterns**.

Interest rates influence the **credit** in the economy and thus how much the country and its financial sector can allocate to **dealing with climate change** and on what terms.

Extreme weather events have several impacts on food prices and, thus, inflation. This in turn can influence employment, the ability of debtors to meet their financial obligations and financial stability.

What are the challenges faced by central banks in climate financing?

Central banks authority is not unlimited. They are guided by their legal mandates. They are also constrained by the fact that they are led by skilled, but unelected, technocrats with **limited public accountability**.

The unelected technical experts making decisions about how credit is allocated has an issue. However, decisions by elected authorities can lead to political interference in decision-making.

What are the associated challenges?

Roles and responsibilities: The Central bank's ability to respond to climate change depends on the powers and responsibilities stipulated in the laws that create them.

These laws vary across countries, the statutory language has been interpreted differently in different countries.

The carbon neutrality issue: Financial markets are not carbon-neutral. In fact, the allocation of credit is more in favour of more carbon-intensive companies and activities.

What is needed to be done?

The lessons from the webinar have special importance for **African central banks**. The continent faces acute climate-related risks with limited capacity to manage the risks.

-African central banks must develop the capacity to understand and assess two things: 1. The possible impacts of climate change on monetary and financial stability and vice-versa, and 2. The ability of their societies to deal with the Climate challenges.

Central banks must speak the truth and **educate their stakeholders** about the monetary and financial stability implications of their policies, activities and conduct.

They also should use their international networks to educate external stakeholders on how global responses to climate change impact their own situations.

22. Green and secure: Char Dham Highway project must see government and environmentalists work together

Source: This post is based on the following articles

- “The low road” published in **Business Standard** on **16th November 2021**.
- “Green and secure: Char Dham Highway project must see government and environmentalists work together” published in **Times of India** on **16th November 2021**.

Syllabus: GS3 – Infrastructure: Energy, Ports, Roads, Airports, Railways etc.

Relevance: To understand the issues surrounding the Char Dham Highway Development project.

News: The Supreme Court has reserved its judgment on an appeal by the Ministry of Defence (MoD) regarding the Char Dham Highway Development project.

About the Char Dham Highway Development project

Must Read: [What is the “Char Dham Project”?](#)

About the case

The whole project has turned into a defence versus environment debate. The Supreme court has also asked the Environment Ministry to form a high-powered committee to look into environmental concerns. But the committee provided two sets of recommendations.

In September 2020, the court upheld the recommendations in the minority report of a high-powered committee and recommended to limit the flagship project’s carriageway to 5.5 meter.

Note: But the majority report of the same committee had agreed to a 12-meter widening (of that 7 m will be carriageway). This would involve additional deforestation, slope cutting and tunnelling.

Why the MoD is demanding the widening of roads?

1. The MoD demanded a double-lane road which is more suitable for the army, 2. Recent India-China border tensions leave India no choice but to improve its border infrastructure in the eco-sensitive Himalayan zone.

For these reasons, the ministry of road transport and highways actually amended its previous guidelines for mountainous roads to support the government’s widening plans.

Note: The Ministry of Road Transport and Highways (MoRTH) earlier recommended 5.5-metre width for mountain roads.

Read more: [Supreme Court orders committee to review ecological aspects of Chardham project](#)

What are the consequences associated with the Char Dham project?

1. Widening the road in an eco-sensitive zone will have severe consequences for Uttarakhand, which has been grappling with major landslides and environmental degradation. Dangers of widening road were underlined twice this year, a) destruction of the Tapovan Hydro-Electric Power Dam, b) Recent floods and landslides in the state.

Read more: [Tapovan Vishnugad Hydropower Project](#)

2. **Uttarakhand's ecological decline** is a direct result of its increasing reliance on revenues from religious tourism. So, building road to boost tourism will definitely impact its ecology more.

3. **Challenges faced by Border Roads Organisation:** The four-lane highways that have been built in the upper reaches of the Himalayas already eat up large parts of the BRO's annual budget in clearing frequent landslides.

4. **India's climate change targets:** India at the recent COP26 meet in Glasgow announced ambitious climate targets. Implementation of the project might create consequences in achieving that.

Read more: [Glasgow Climate Pact – Explained, pointwise](#)

What can be done?

Work together: Government and environmentalists should work together to find a middle path, instead of standing on opposite sides.

Adopt a fresh approach for all border infrastructure: The environmental impact of projects should be included in the approach in a transparent manner.

Better conceptualise National security: The government should not see National security in terms of military needs alone. The government should see the faster environmental degradation, massive flooding and landslides and huge loss of property and lives also as national security.

Not rely on road and work on airlift: The government cannot rely on the Himalayan area for unhindered movements of troops and heavy material, such as the BrahMos. Instead, it can just be airlifted.

23. Green hydrogen makes a debut

Source: This post is based on the article “Green hydrogen makes a debut” published in **Business Standard** on **16th November 2021**.

Syllabus: GS3 – Infrastructure: Energy, Ports, Roads, Airports, Railways etc.

Relevance: To understand hydrogen extraction methods and other initiatives to produce green hydrogen.

News: Recently India has initiated many green hydrogen initiatives like [National Hydrogen Mission](#) and aims to make India a global hub for green hydrogen production and export.

Must read: [Green Hydrogen: Potential, Issues and Solutions – Explained, pointwise](#)

How to produce Hydrogen?

Hydrogen is one of the most abundant elements, but it cannot be sourced from the atmosphere, since it is lighter than air. So, it has to be separated from other compounds like water. There are two most common ways to do that.

1. **Steam Methane Reforming (SMR):** It is less expensive, the process produces greenhouse gas emissions that defeat the main purpose of opting for hydrogen in the first place. Currently, 90% of global hydrogen production uses SMR.

2. **Electrolysis or water-splitting:** It involves passing electricity through water to separate it into basic elements, hydrogen and oxygen.

Electrolysis is an energy-intensive process. About 50 units of electricity is required to produce a kilogram of hydrogen, not counting the energy costs of the total plant system as well as for storage and transportation.

So, using fossil fuels to produce electricity will not make it “renewable”. But if electricity is produced from renewable sources, then it is called as Green Hydrogen.

Note: *Hydrogen gas has a chameleon-like character depending on its method of production. For instance,*

Grey Hydrogen – If produced using fossil fuels,

Blue Hydrogen – If produced using fossil fuels but with carbon capture,

Green Hydrogen – If produced using renewable energy,

Pink Hydrogen – If produced using electrolysis powered by nuclear energy,

More niche definitions go on to add brown, black, turquoise, and yellow variants of hydrogen.

What are the other initiatives to boost Green Hydrogen?

1. Reliance industries announced that they would set up fuel-cell and electrolyser factories to produce green hydrogen. 2. Recently, the Adani group announced its intention to set up one of the largest green hydrogen projects in the world, 3. Indian Oil announced the setting up of the country's first green hydrogen plant at its Mathura refinery, 4. NTPC announced plans for a green hydrogen fuelling station in Ladakh.

Must read: [Green Energy Initiatives in Budget 2021- Explained](#)

Globally, 120 mt (million tonnes) of hydrogen is produced annually. Only 1 per cent is green. The current annual demand for hydrogen in India is about 6 mt. It needs to go up ten times if net-zero targets are to be met. It promises to be a game-changer across industry, power and mobility; and of course, to meet the country's decarbonisation goals.

24. The role of state policy in our acute smog crisis

Source: This post is based on the articles “Cleaning the NCR's air will require a far greater sense of purpose and political will” published in **Indian Express** on 18th November 2021 and

“The role of state policy in our acute smog crisis” published in **Livemint** on 18th November 2021.

“End the blame game” published in **The Hindu** on 18th November 2021.

Syllabus: GS3-Conservation, environmental pollution and degradation, environmental impact assessment.

Relevance: To understand the issue of stubble burning and consequent environmental pollution.

News: Supreme Court expressed disappointment over the air pollution in National Capital Region.

According to official data, Delhi has recorded less than 20 good air days (AQI less than 51) since 2015. This year also capital is facing the same issue.

Commission for Air Quality Management (CAQM) has given directions to close all educational institutions till further notice, ban all construction work, and work from home for 50 percent of government staff till November 21.

What are the reasons behind constant air pollution in Delhi?

Government policies–

The **crop timetable** was set by Punjab in 2009 to match with the monsoon season. It was aimed at groundwater conservation by getting paddy to be fed by as much monsoon rain as possible. This pushed all further sowing seasons into a tight common band, leaving little time to harvest and sow rabi crops.

As part of our '**mixed economy**', we adopted a **system of mass procurement** for the sake of food security, which led to frequent gluts of rice and consequent excess of straw.

Work-in-silos– In the past, the problem got compounded because the Central Pollution Control Board, EPCA, transport departments, and state-level pollution management agencies worked in silos, and often at cross-purposes.

Technological issues

Mechanical harvesters– These are widely used and are faster than manual labour. However, they leave a residue of straw that farmers would rather burn than pay for eco-friendly but expensive field-clearance options. Incentive plans to cheapen the eco-friendly options have achieved little so far.

Other sources of Pollution

Particulate matter from personal vehicles, industrial and construction activities are the major source of pollution in the region.

Road dust is the dominant source of particulate matter and the most significant impediment to clean air, but unfortunately, is not taken care of.

Bursting of crackers– Deepavali, social gatherings such as weddings see a **demand for crackers** around Oct-Nov. It is further compounded by **less availability of green crackers** leads to additional smoke from all of these.

What are some steps taken to resolve the issue?

Supreme Court-appointed Environment Pollution (Prevention and Control) Authority, in the past.

The new agency, instituted by the [Commission for Air Quality Management](#) in National Capital Region and Adjoining Areas Act in August, is mandated to frame a “holistic approach” to the NCR’s perennial problem.

What are the solutions?

Market-driven demand for food grain would adjust the price and thereby helping output reach an optimal level. This would lead to optimal production of paddy and thereby less straw generation.

Farms could **diversify** into pulses, oilseeds, or other crops that we’re actually short of.

Resolving distrust– A plan for a gradual shift towards a market system accompanied by strong antitrust provisions designed to shield cultivator interests would allay their anxiety.

-The state could play chief procurer until a robust market for their produce takes shape, after which it should offer a fallback cushion mandated by law.

The way forward is to view winter air pollution as a natural disaster and target root causes.

25. How Indian startups are powering the metaverse

Source: This post is based on the article “**HOW INDIAN STARTUPS ARE POWERING THE METAVERSE**” published in **Livemint** on **18th Nov 2021**.

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

Relevance: Understanding various dimensions of metaverse and associated concerns

News: Metaverse has opened a whole new world in front of us. With a range of technologies like AR, VR and MR that it offers, we also need simultaneous policies to prevent misuse of data and protect privacy. Until then, the risks will continue to outweigh the immense benefits that metaverses can offer us.

What is AR, VR & Mixed Reality (MR)?

Virtual Reality (VR) is all about a world created solely inside computers or online.

Augmented Reality (AR) deals with the real world and has elements of the virtual world built atop it, like layers of information.

Mixed reality or MR, as the name suggests, mixes both realities in a bid to capture the best of both worlds. MR is what powers the metaverse to a very great extent.

MR is a metaverse for enterprises where –

- The employees can go in groups for training.
- The machines can be upgraded or replaced
- Existing and new employees can be trained on new machines quickly, safely, and at lower costs.

In this metaverse, the team members can even connect with an instructor by dialing in, following which the instructor can appear as a 3D hologram.

Must Read: [What is Metaverse – Explained, pointwise](#)

What are some associated concerns with the metaverse?

Products and services that come out from the metaverse will use data collection and AI-powered data analytics. This can lead to gross misuse if there are no checks and balances.

What is the way forward?

AI-powered algorithms **need to be transparent**.

AI training models should be **able to address bias** in the training data or simply be able to detect a human-induced bias.

Humans should have a **right to appeal** against the decision of an AI-based algorithm.

26. India saved itself from dubious demands at the Glasgow climate change meet

Source: This post is based on the article “**India saved itself from dubious demands at the Glasgow climate change meet**” published in **Livemint** on **18th Nov 2021**.

Syllabus: GS3 – Conservation, Environmental Pollution and Degradation, Environmental Impact Assessment.

Relevance: Understanding the last-minute changes regarding coal power, effected by India and China in the [Glasgow Climate Pact](#).

News: At the recently concluded COP26, India not only made new climate commitments, but also stood up to argue for its right to continue burning coal in the short to medium run.

The Indian delegation of negotiators eventually won the right for India to keep using coal for a while longer than richer countries.

We have already covered the entire issue in our previous articles. [Click here](#) to know about the entire issue in detail

27. Understanding why the informal sector really shrank during the pandemic

Source: This post is based on the article “Understanding why the informal sector really shrank during the pandemic” published in Indian Express on 18th November 2021.

Syllabus: GS 3 -issues related to formalisation of workforce

Relevance: Formalisation of workforce

News: Increase in formalisation is not a consequence of micro and small informal firms transitioning to formality.

A recent study by SBI estimates that the share of the informal economy has fallen to a mere one-fifth of GDP — a figure comparable to many advanced economies.

However, the supposed formalisation that happened during the pandemic is mainly an outcome of shrinkage of the informal sector under extreme duress.

Understanding the basic difference between formalisation and infomalisation and the objectives of formalisation will help us to understand this issue better

What are the basic differences between formalisation and infomalisation?

As per ILO, the **Informal sector includes** those industries that are;

- Private unincorporated enterprises owned by individuals (or households) that are not constituted as separate legal entities independently of their owners.
- For which no complete accounts are available.
- Not registered under specific national legislation (such as Factories’ or Commercial Acts).

Formal workers in India are defined as those having access to at least one social security benefit such as a provident fund or healthcare benefits.

What are the basic objectives of formalisation?

Transitioning to formality requires a reduction in dualism in production and an improvement in employment quality.

Formalisation is not simply about legal considerations. Importantly, it is about increasing their productivity.

The final objective of formalisation is to improve the working and living conditions of those in the informal economy.

Hence, formalisation does not simply mean registration on a portal(E-shram), it includes a development strategy that requires stepping up investment in physical and human capital to boost productivity and the extension of social security benefits for all workers.

Why the formalisation during the pandemic cannot be counted as a transition to formality?

Firstly, a decline in the share of informal sectors GDP cannot be accounted for as formalisation. Because the informal sector, which was badly affected by the economic contraction during 2020-21, didn’t receive much policy support. Most of the supply-side measures were mainly focused on firms in the formal sector.

Secondly, a decline in the informal sector’s share in GDP has not been accompanied by an expected reduction in its employment share. For instance, the PLFS survey shows, the employment share in non-agricultural informal enterprises has increased from 68 percent in 2017-18 to 69.5 percent in 2019-20.

Lastly, just registering firms cannot be counted as formalization.

28. Digital divide in education can't be bridged by laptops and smartphones alone

Source: This post is based on the article “Digital divide in education can't be bridged by laptops and smartphones alone” published in Indian express on 18th November 2021.

Syllabus: GS 3- Inclusive Growth and issues arising from it.

Relevance: Understanding education divide and economic inequality.

News: Digital divide is not the only reason behind the educational divide, there are socio-economic reasons also.

The covid-induced online education system has highlighted the divide between the digital haves and have-nots, which is a reflection of economic inequality.

The distribution of smartphones and laptops to children to bridge the digital divide will not solve the problem. The lasting solution would be in addressing the root causes like education commercialisation by taking all-encompassing policy decisions.

What are the root causes of the increasing education divide?

Commercialisation of education is the main cause. Knowledge has become a commodity with a thriving market. Commodification leads to commercialisation.

The growth in entrepreneurship-led economic growth requires innovation and technology. Also, it has increased the knowledge intensity of production, which keeps the knowledge economy booming.

Further, Parents and students consider education as an assured instrument of mobility. This has further increased the demand for education.

Consequently, modern education has become costly.

What are the negative consequences?

Exclusion of poor from education: The digital revolution, with its emphasis on robotics, artificial intelligence, and cloud computing, will bypass the “capability of poor”

What are the solutions to address these challenges?

Guaranteeing economic security: Providing assured basic income through provision of universal property rights.

Expanding the ambit of Right to education: Article 21A now guarantees the right to education for children in the six-14 age group. This progressive step should be extended to all sectors and levels of education.

Fiscal measures: Enhancing budget allocation to education by reordering fiscal priorities, and applying methods like zero-based/ outcome budgeting etc.

Ideological change: put education at the centre of economic/ development policy formulation.

Involve private sector: Involve the corporate sector in meeting the demand for publicly funded education, not just through CSR, but as part of academic social responsibility, in return for special concessions and incentives.

Resource mobilisation: institute endowments and enhance diaspora contributions.

29. Why We Must Trade Freely

Source: This post is based on the article “Why We Must Trade Freely” published in ToI on 18th November 2021.

Syllabus: GS 3- Effects of Liberalization on the Economy, Changes in Industrial Policy and their Effects on Industrial Growth.

Relevance: Free trade vs import substitution and protection

News: Economists view trade openness as one of the most critical elements in a country's development policy.

Why India should review its trade protectionist policies?

The principle of comparative advantage: Freeing up trade moves a country towards specialization in products. This encourages the country to move towards products with low output costs and move away from comparatively costly products.

Benefits of economies of scale: Open Trade allows each country to specialize in a handful of products. In doing so, it allows each country to take advantage of scale economies and lower the costs of production of products it continues to produce.

Trade serves as a medium to access the most productive technology worldwide: For instance, the technology embodied in imported machines or imported products can be accessed by reverse engineering.

Exposes a country's entrepreneurs to compete against the best in the world: Such intense competition keeps them competitive and offers an opportunity to learn from their peers.

Free trade benchmarks the economy against the best in the world: Exposure to the best in the world is an effective instrument of exposing domestic-policy distortions and poor infrastructure. It can help to identify the changes needed in its domestic policies, regulations, and infrastructure when the country is non-competitive.

Access to the global supply chain: Due to advances in transportation and communication technologies, and technological advances, product innovation, product design, and production and assembly can all take place in different locations based on cost advantage.

For example, a country that is rich in human capital can focus on innovation and design, leaving manufacturing of components and assembly to countries that have a cost advantage in those activities.

30. Wide fault lines within the Global Climate Risk Index

Source: This post is based on the article “Wide fault lines within the Global Climate Risk Index” published in **The Hindu** on **18th November 2021**.

Syllabus: GS 3- Disaster and Disaster Management

Relevance: Global Climate Risk Index,

News: Global Climate Risk Index has many fault lines hence, effective methods to manage climate change are needed.

Global Climate Risk Index” (GCRI), published annually by GermanWatch, ranks 180 countries based on the impact of extreme weather events and associated socio-economic data from 2000-2019.

It aims to forewarn countries about the possibility of more frequent and/or severe climate-related events in the future.

However, recommendations based on this index should be used with caution due to deep fault lines in its methodology and interpretation of the country rankings.

What is climate risk?

IPCC, defines climate risk as the likelihood of unfavorable impacts occurring as a result of severe climate events interacting with vulnerable environmental, social, economic, political, or cultural conditions.

Quantitatively, it is the product of the probability of a climate event occurring and its adverse consequences.

What are the issues in Global Climate Risk Index?

First, the GCRI report does not provide a rationale for the selection of macro indicators.

Out of the four key indicators (The number of deaths, number of deaths per 1,00,000 inhabitants sum of losses in Purchasing Power Parity, and losses per unit of the Gross Domestic Product (GDP)) two are absolute while the other two are relative.

Second, the index suffers from exclusion errors and selection bias. It excludes a number of key micro indicators such as the total number of people injured, loss of livestock, loss of public and private infrastructure, crop loss, and others that are better suited for assessing the composite loss resulting from climate change events.

Third, the index omits geological incidents like earthquakes, volcanic eruptions, or tsunamis, which may be potentially triggered by climate change and can have an economic and humanitarian impact.

Fourth, data not validated at ground level: The ranking under the GCRI is done based on data collected by Munich Re's NatCatService, which is not validated at the ground-level. They are at best approximate values of economic losses.

What is the way forward?

Climate change can at best be managed within a comprehensive risk assessment framework, which uses climate information to better cope with the impact of climate change.

In this context, India's latest module on the National Disaster Management Information System (NDMIS) extensively captures damages and losses caused by disasters. The data captured by the NDMIS includes all major climatic events.

It is necessary that India should use its own comprehensive risk assessment framework to identify climate risks.

31. Time to harvest the tailwind in exports

Source: This post is based on the article "Time to harvest the tailwind in exports" published in **Business standard** on **19th Nov 2021**.

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

Relevance: Exports and Economic growth

News: The current increase in global trade offers an opportunity for India to get its exports' strategy in order before growth dips again.

What are the factors that have contributed to the growth in exports?

Factors that have given thrust to exports are,

- Revival of global growth
- Inventory restocking in early 2021 as economies opened.
- Pandemic-induced shift towards consumption of goods.

How does India stand to gain from this trend?

India's merchandise exports could continue to benefit from a rise in external demand in the short run due to the following reasons:

One, merchandise exports highly elastic to global growth are driving the post-pandemic surge. **India has a high share of these items** in its export's basket. Such items include chemicals engineering goods, petroleum products, and gems and jewelry.

Elasticity is calculated as the ratio of growth in exports to growth in world GDP, and a measure higher than 1 indicates high sensitivity to global growth.

Two, value of exports has grown faster than volume this fiscal, compared with the pre-pandemic levels. High global commodity prices have provided a disproportionate lift to the value of exports.

Three, despite higher commodity prices, the terms of trade (*the ratio of export prices to import prices*) remain favorable to exporters, but the gap has narrowed. This suggests prices of imports are growing faster than those of exports, and it could reduce the net earnings of exporters.

What are the risks that can offset exports trade?

The risks include,

- Supply-chain disruptions and material shortages
- Uncertainties around the impact of the delta variant
- Medium-term cut in global potential output.
- UNCTAD report cautions that the momentum in global trade in 2021 may be short-lived, as it partially reflects inventory restocking cycle.

What India should do to consolidate the benefits arising out of exports?

First, enhancing domestic production capacity will open avenues for exports in import-dependent sectors. In this context, PLI scheme can be a crucial bridge between short-term opportunities and longer-lasting growth.

Second, improving India's competitiveness through focused reduction in trade costs (tariff and non-tariff barriers, transportation, and other costs) is critical.

32. The government should prepare for a sustained spell of inflation

Source: This post is based on the article "**The government should prepare for a sustained spell of inflation**" published in **Live Mint** on **19th Nov 2021**.

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

Relevance: Inflation and its effects on the economy

News: Inflation data based on the consumer price index (CPI) released this week suggest that, inflation has decreased compared to the previous months.

This may be good news for the Reserve Bank of India, but any complacency would not only be premature, it could also create challenges for an economic recovery.

Why India should not get complacent wrt inflation?

Inflation based on the wholesale price index (WPI) is still high: It was at 12.5% in October. This is the seventh month that this measure has been in double digits. Unlike CPI inflation, it hasn't shown any pattern of reduction. Moreover, wholesale food inflation has declined much slower than the retail.

Prices of cereals and edible oils have started rising: The FAO index has reported faster inflation for cereals and edible oils. It is due to increase in oil prices. Increasing oil prices result in higher demand for grains that can be used for ethanol production. The spill-over effect of these is felt on other food grains.

Supply shocks in the global market: Supply bottlenecks and adverse weather concerns have also prompted countries to hoard grain stocks, causing supply issues in the global market.

Increasing domestic demand: economic activity returning to normal would drive inflation.

Likelihood of Food inflation due to increase in input costs in the agricultural sector. Diesel and electricity prices have increased sharply, while a rise in fertilizer prices along with increasing wages has further pushed up the cost of cultivation.

What challenges/issues this type of inflation presents?

The nature and persistence of this type of inflation is what makes it worrisome. Because there are very few options of controlling it.

– **Monetary policy is unlikely to be of any help.** Global price movements may be beyond the control of domestic policy. Moreover, any attempt to control inflation for consumers would likely hurt the agrarian economy, which has been in distress for the past five years

– Also, on the other hand, falling casual wages, lack of employment opportunities and dearer essentials have worsened many human development indicators, nutritional outcomes included. This poses multiple challenges for the government.

Government has to control inflationary pressures while protecting the real incomes of the poor, at the same time it has to ensure that the cost of this exercise is not borne by farmers.

What is the way forward?

First, Government has to use public expenditure to protect the profitability of farming by enhancing subsidies and access to essential inputs.

Second, Government can expand the public distribution system (PDS) through universalization and an expansion of entitlements, such as the addition of pulses and edible oils to the PDS basket.

Third, the above strategies should be supplemented with the reopening of schools and anganwadis everywhere and enlarged access for children and pregnant women to food schemes.

33. An SOS call from the Indian micro-irrigation industry

Source: This post is based on the article “An SOS call from the Indian micro-irrigation industry” published in **Live Mint** on 19th Nov 2021.

Syllabus: GS3 – Issues related to Agriculture sector in India

Relevance: Critical role of micro irrigation in the sustainability of Indian agriculture

News: Despite the demonstrated benefits of micro irrigation in the sustainability of Indian agriculture, the industry that provides the resources for it is currently struggling to survive.

What are the benefits of micro irrigation system?

- water savings in comparison with flood irrigation.
- decrease in electricity consumption.
- the adoption of micro irrigation results in savings on fertilizers.
- results in the increase of the average productivity of fruits and vegetables.
- increase in farmers’ income.

What are the issues faced by the manufacturers & suppliers of drip irrigation systems?

Issue of prolonging the selection process and extending delays: In most Indian states, despite the availability of funds, scheme applications are processed only at the end of a financial year. This is done typically to achieve pre-set targets in what is famously known as

the 'March rush'. This tends to discourage farmers from availing the benefits offered under this scheme.

Delays in the reimbursement of subsidies to industries: Unlike other subsidies that are directly transferred to beneficiaries, those for installing drip irrigation systems are transferred to vendors only after due diligence. Further, there is no fixed timeline for the inspection and testing of an installed system. This results in a long pendency of disbursement against bills.

Governments continue to dishonor their commitments to support industries: For instance, under the scheme, the prices of equipment and installation services are fixed by the government. These have not been revised in the past five years. However, raw material costs, however, have risen by at least 50%.

What reforms are needed?

- set a timeline for each stage, from an application by a farmer to the execution and payment disbursement.
- strengthen the Centre's monitoring mechanism by insisting on a periodic review of applications, approvals, work orders and actual installations.
- establish a central information system to monitor the scheme's progress.
- deploy direct benefit transfers for subsidy sums to go straight into the bank accounts of farmers.
- ask state administrations to operate the scheme throughout the year on a first- come-first-serve basis.
- link equipment prices to either inflation or underlying input costs.

34. Strengthening financial sector

Source: This post is based on the article “**Strengthening financial sector**” published in Business Standard on **18th Nov 2021**.

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

Relevance: Improving governance in banking sector

News: For a swift economic recovery of India, the central bank would need to guide the economy towards normalcy. In terms of monetary policy management, the central bank has started the unwinding process.

In the context of financial sector oversight, RBI Governor Shaktikanta Das touched upon several interdependent issues in his remarks at an event recently, and these require more attention.

What is the present situation of the financial sector?

The impact of the pandemic on asset quality in the banking sector has been far lower than initially anticipated.

Asset quality and capital levels improved for the banking system in the September quarter compared to the previous one.

Various banks have reported better than expected profits.

What are some issues with the financial sector that merit attention?

Improved parameters are partly a result of regulatory relief provided by the central bank along with the support extended by the government. As **regulatory support is withdrawn**, some of

the accounts that have been restructured may not remain solvent, and the banking system will have to get those resolved.

The RBI, however, does not have adequate powers to regulate PSBs, which often function with vacancies in the board and top management.

The government has been encouraging PSBs to push lending, including through outreach programmes. The idea is that pushing credit through PSBs will help increase consumption and investment demand. But it is important to recognise that overall economic growth depends on a variety of factors and pushing demand through the extension of credit may not be sustainable.

What steps are being taken?

RBI has started taking a closer look at the business models of banks as some are following a high risk-high return strategy with the objective of serving the interests of shareholders. Closely following the functioning of banks as will help RBI intervene in time to avoid any build-up of risk and ensure stability in the banking system

What is the way forward?

The RBI will need to ensure that lenders don't delay the resolution of restructured accounts, as has been the case in the past.

Since the condition of PSBs is significant for the flow of credit in the Indian economy, it makes sense to bring them at level with private banks in terms of regulation. This will help improve the overall health of the banking system in the long run.

In the short to medium term, the RBI should ensure that banks and NBFCs deal with the overall impact of the pandemic transparently, and have adequate capital to facilitate economic recovery.

Good governance is also necessary for a well-functioning and resilient financial institution.

35. The monetary, fiscal challenges of cryptocurrency

Source: This post is based on the article **"The monetary, fiscal challenges of cryptocurrency"** published in **The Indian Express** on **19th Nov 2021**.

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

Relevance: Understanding issues involved if Cryptocurrencies gain traction over the fiat currency as a medium of exchange

News: Digital money in the form of cryptocurrencies is gaining widespread popularity, esp with countries like El Salvador adopting Bitcoin as a legal tender. The debate around Cryptocurrencies frequently refer to their speculative nature as a cause of concern.

But, what happens if, over time, cryptos evolve from speculative assets to become viable mediums of exchange? What would this imply for the conduct of monetary, fiscal and exchange rate policies?

Must Read: [Managing Cryptocurrencies](#)

Are cryptocurrencies viable as a medium of exchange?

Anything in excess supply is cheap. So whenever a central bank prints more and more currency, its value erodes over time.

The global financial crisis of 2008 resulted in a similar unprecedented expansion of G3 central bank balance sheets. This sparked fears of debasement (*lowering of value*) of currency.

To prevent a similar thing from happening to Bitcoin, the founders **fixed its supply** to a set number. One unintended side effect of this was that, like a usual currency, the supply of Bitcoin could not be modified as per demand. This often causes price volatility, i.e. huge upward or downward movement of price.

This in turn means that Bitcoin or any other Cryptocurrency is not suitable as a medium of exchange.

Instead, it is a speculative asset.

How do stable coins solve the problem of price volatility?

To get around this issue, **Stablecoins**, like USDT (Tether), have been introduced, whose value is pegged to a fiat currency by maintaining equivalent reserves.

By **providing much greater price stability**, these Stablecoins hope to serve as viable mediums of exchange, and have proliferated rapidly in recent years.

Still, the risk to the monetary policy will depend on the degree of currency substitution.

What are the challenges if cryptocurrencies are adopted as medium of exchange?

Impact on monetary policy: If a privately-issued cryptocurrency begins to compete with fiat currency, something similar to Dollarisation would happen. **For instance:** In various Latin American countries, as citizens lost faith in domestic currency, they began transacting more and more in Dollars. This rendered domestic monetary policy ineffective, because domestic central banks cannot set interest rates and inject liquidity in a foreign currency.

Widespread adoption of privately issued digital currencies as a medium of exchange will have the same impact. The domestic monetary policy will not be able to respond to business cycle needs and external shocks.

Mega tech companies may start running global e-commerce or social networking platforms, issuing their own digital currencies to their global customer base. These digital currencies will serve both as a unit of account and a medium of exchange on their platforms.

Reorganisation of global economic activity into **digital currency areas (DCAs)** that run across national boundaries. These DCAs will be characterised by their own digital currency and unit of account issued by the network owner. The size of these DCAs might become larger than various national economies.

What are the implications of widespread adoption of Cryptos as mediums of exchange?

Threat to the monetary policy: If the privately issued Global Stablecoins gain credibility and acceptance over time, there will be every incentive for network owners to break free from fiat currencies pegs to generate monetary discretion. Once that happens, the fate of economies to respond to shocks, at least in part, would be in the hands of the network owner or private firms. This would present an existential threat to monetary policy.

Loss of seigniorage revenues to governments from the monopoly issuance of fiat currency

Fiscal revenues can also be adversely impacted by the increased tax evasion opportunities that crypto-currencies can facilitate.

In the light of an ineffective monetary policy, the **burden on fiscal policy to respond to economic shocks** will commensurately rise. This could create challenges in a post-Covid world.

Impact on rupee:

– **Capital account volatility:** If cryptos begin to get mined inside the Indian territory, they will induce capital inflows. It can increase capital account volatility. And if these cross-border flows circumvent capital flow measures, they also increase capital account convertibility.

What is the way forward?

The implications of widespread crypto adoption are complex and interlinked. But, the true challenge will be if the unbacked private digital currencies are seen as viable mediums of exchange. That's what policy must anticipate and prepare for.

36. Why India's pro-rich, anti-poor taxation policies must change

Source: This post is based on the article “Why India's pro-rich, anti-poor taxation policies must change” published in **Indian Express** on 20th November 2021.

Syllabus: GS 3- Inclusive Growth and issues arising from it.

Relevance: Inequality, progressive taxation, inclusive growth

News: The government's fiscal policy is pro-rich and anti-poor. It is depriving the exchequer of some of the resources it needs to handle issues such as climate change.

Why it is said that the government's taxation policy is anti-poor and pro-rich?

Pro-rich policies:

Replacing the wealth tax with an income tax for households that earned more than 10 million rupees annually.

Reduction in the corporate tax rate for companies from 30 percent to 22 percent.

Corporate tax for manufacturing firms incorporated after October 1, 2019, was reduced from 25 to 15 percent.

Increasing the income tax exemption limit from Rs 2,00,000 to 2,50,000. The tax rate for incomes up to Rs 5 lakh was also reduced from 10 to 5 percent.

Increased indirect taxes: Pro-rich taxation policy has deprived the state of important resources. To compensate for the decline of direct taxes, the government has increased indirect taxes. Indirect taxes affect all Indians, irrespective of their income. For instance, taxes on petroleum products

Why the government should resort to a progressive taxation policy?

Reduce inequality: A 2018 Oxfam report revealed that 10 percent of the richest Indians hold 77.4 percent of the nation's wealth.

To mobilise funding for welfare schemes: According to The IIFL Wealth Hurun India Rich List of 2019, a tax rate of four percent on the nation's 953 richest families would give the government the equivalent of one percent of India's GDP.

In addition to that, the country has one of the world's fastest-growing populations of millionaires. The average wealth of these millionaires has increased by 74 percent over this period

37. Forced evolution

Source: This post is based on the article “Forced evolution” published in **Business Standard** on 17th November 2021.

Syllabus: GS 3- issues related to Conservation of species.

Relevance: Evolution of species

News: Human's exploitation has led to forced evolutionary changes in other species. There is a need to minimise this risk.

How human's exploitation has led to forced evolutionary changes in other species?

Loss of useful traits:

In Mozambique, Past hunting pressure has led to an increase of naturally tuskless elephants. According to researchers, decades of poaching have made tusklessness relatively advantageous from an evolutionary standpoint in Gorongosa. This has resulted in the proliferation of tuskless females with mutations in two tooth genes.

Similarly, a rapid decrease in horn size of bighorn sheep, a prime target for trophy hunting in North America, has been noticed.

Decrease in body size of species:

High harvesting rates of larger fish have resulted in significant decreases in body size and earlier age of maturation in several species like Atlantic cod, Atlantic salmon

In the case of the red kangaroo, hunters target the larger individuals in a group, and there is evidence that the average size has declined.

What are the negative consequences of it?

In the short term, exploitative selection may appear to be an escape from extinction, but there are multiple drawbacks.

Extinction and loss of genetic variation: Humans target animals with certain desirable physical properties or phenotypes. It results in increased mortality among animals with desirable phenotypes. Consequently, those features start to decrease in frequency.

Difficulty in carrying routine activities to animals: For example, Tusks are not just ornamental. They serve a purpose", elephants use tusks to dig for water and strip tree bark for food. With the loss of useful traits, they might be unable to perform their basic needs.

Increase in drug-resistant superbugs: Antibiotics impose extreme selection pressure on microbes, fungus and parasites. As a consequence, the microbes evolve to resist any drugs.

For example, DDT-resistant mosquitoes. When the use of DDT as an insecticide started in the 1940s, the DDT -resistant ability of Mosquitoes increased. Now mosquitoes are largely immune to the chemical.

What is the way forward?

The application of genomic technology can minimise the risk of harmful genetic changes caused by the exploitation of wild species to some extent.

Until then, humans must avoid levels of exploitation that require several years of evolutionary recovery.

38. A stimulating alliance

Source: This post is based on the article "A stimulating alliance" published in **The Hindu** on 19th November 2021.

Syllabus: GS3 –Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment.

Relevance: To understand the issue and need for sharing revenue with states.

News: Finance Minister announced that the Centre will release over ₹95,000 crores in one stroke to States this month.

The decision came after meeting with Chief Ministers and State Finance Ministers to discuss the state of the economy and to sustain the recovery from the COVID-19 pandemic.

Why was it required?

The central policy fixes will not suffice to revive the country's **stagnant investment cycle** until States works along.

An **economy-focused dialogue**, independent of Budget consultations and GST Council meetings, with the states, is the need of the hour.

It seeks to **strengthen** the trust of states by its acceptance of States' request to expedite the sharing of taxable revenues — as in the case of GST compensation for this year.

The cash flow could also help several States **catch up on their CAPEX targets**, on which hinges an additional borrowing limit of 0.5% of their GSDP.

Public investments need to initially lift the economy for several more quarters before the private sector can be expected to spur the economy's growth.

The Centre and States need to jointly provide **easier and swifter clearances** to potential investors. More states are needed to join the single window system.

39. The story of an arrest, a 'resolution' and retribution

Source: This post is based on the article "**The story of an arrest, a 'resolution' and retribution**" published in **The Hindu** on 20th Nov 2021.

Syllabus: GS3-Indian Economy and issues relating to planning, mobilization, of resources, growth, development, and employment.

Relevance: To understand issues related to the debt recovery system and its performance.

News: The recent arrest of a former SBI chairman in a case related to a hotel project in Jaisalmer, that was financed by the bank, got mixed reactions.

Background-The hotel availed a loan of ₹25 crores from the SBI in 2007. It became a non-performing asset in June 2010. The bank later assigned the loan, which was valued at ₹40 crores, to the Asset Reconstruction Company(ARC) which pursued the matter in the DRT (Debt Recovery Tribunal) and under the SARFAESI Act.

It also approached the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code (IBC).

Why do banks settle for less payment?

The bank recovered ₹25 crores out of dues of ₹40 crores. Recovering over 60% is excellent, when globally, such sales yield only around 30% or less. In India, recoveries average only 23.2% across various channels.

Firstly, it depends on a banker's judgment that recovering an even smaller amount today is better than recovering an uncertain amount in the distant future, given the **time value of money and delays in our judicial processes**.

Secondly, investing people and money in messy recovery processes distracts a bank from its core business.

What are the steps taken to strengthen recovery and its failures?

In 1962, after the Palai Central Bank failed, an amended RBI Act provided for a **credit information bureau** that would have strengthened information sharing among bankers soon became dysfunctional.

In 1971, a study group recommended setting up a Credit Information Trust. The entire system was discontinued in 1995.

The **Debt Recovery Tribunal** was introduced in 1993 following the **Narasimham Committee** recommendations of 1991.

The **SARFAESI Act** was passed later, intended to speed up recovery and strengthen the hands of bankers. But, the system, over the years, became compromised in different ways.

-This included the non-appointment of judges, failed auctions, delayed payments, and so on.

The IBC is the most effective system to date to secure the interests of the lender.

40. Air pollution impacts productivity. Mitigations generate economic gains

Source: This post is based on the article “**Air pollution impacts productivity. Mitigations generate economic gains**” published in **ToI** on **20th November 2021**.

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

Relevance: Impacts of air pollution

News: Researcher from Columbia University outlines the economic costs of human exposure to air pollution.

What are the impacts of air pollution on human well-being?

It includes both health outcomes and non-health outcomes

Impact on health outcomes:

PM 2.5 can affect the respiratory and cardiovascular systems.

Children, when exposed to air pollution during sensitive periods in their lives, it impacts their cognitive performance.

Non-health outcomes:

Impact on worker productivity: for instance, if a farmer, is exposed to high levels of air pollution, it could lead to laboured breathing or changes in the heart rate which can impact the ability to work.

Sizable economic damages: Decreased worker productivity when valued in terms of money, it gets translated to millions of dollars being lost. In India, which has much greater air pollution levels, the economic damages are likely to be much higher.

Impact on living organisms:

Impact on butterflies: Increased Nitrogen deposits in soil due to air pollution creates acidic conditions. This reduces the nutrients caterpillars need to grow.

Impact on Koalas: air pollution via carbon dioxide in the atmosphere gradually destroys the nutrients from the eucalyptus leaves which koalas eat. Further, Carbon dioxide in eucalyptus builds up toxic ‘anti-nutrients’ like tannin which cannot be digested by koalas. As a consequence, koalas could significantly decline due to a loss in these leaves.

Impact on small birds: Studies in the US have found that Ozone pollution damages the respiratory systems and reduces the food sources of small birds like sparrows, warblers and finches.

What are the recommendations for air pollution mitigations in India?

First, mitigations can either reduce the use of fossil fuels or capture the emissions from the fossil fuel by including measures like catalytic converters for cars.

Second, transitioning to clean energy like solar or wind power is another mitigation strategy.

Third, for immediate impacts, there could be a driving restriction to reduce the number of vehicles on the road

However, certain factors are key to the success of such mitigations. These include how costly the technology is in terms of application and the impacts on jobs as well as the enforcement and compliance levels which governments can achieve for these.

