Forum IAS

7 PM COMPILATION

16th to 31st December, 2021

Features of 7 PM compilation

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- **Provide you all the information you need to frame a good answer**
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PCA Framework for NBFCs – Explained, pointwise

Introduction

A Prompt Corrective Action (PCA) framework for the non-banking financial companies (NBFCs) was recently introduced by the Reserve Bank of India (RBI).

Essentially, deposit-taking NBFCs and those with systemic impact will now be subject to a PCA framework similar to that for scheduled commercial banks (SCBs). This will allow various controls to be imposed.

The RBI decision has come after four big finance firms, IL&FS, DHFL, SREI and Reliance Capital, collapsed in the last three years despite the tight monitoring in the financial sector. They collectively owe over Rs 1 lakh crore to investors.

It may be recalled that the **revised PCA framework for Scheduled Commercial Banks (SCBs)** was issued on November 2, 2021.

Let's take a deep dive into the topic.

What is the rationale behind this move?

Tight supervision of NBFCs: NBFCs have, in recent years, grown enormously in size. Some of them are almost as big as small banks. With their growth in size, their interconnectedness has also increased. The NBFCs are today the largest borrowers in the banking system. Moreover, as per RBI, with strong linkages with the other parts of the financial system, their asset quality must be closely observed. The impact of an NBFC collapse on the overall system became evident when the Infrastructure Leasing & Financial Services (ILF&S) crumbled in August 2018.

Hence, the RBI recently introduced a scale-based regulation framework where the largest of the NBFCs would be treated on a par with banks in terms of supervision.

The PCA is one step towards that.

Core objective: Enable supervisory intervention at appropriate time and require the supervised entity to initiate and implement remedial measures in a timely manner, to restore its financial health.

What does the PCA Framework say?

PCA delineates three risk thresholds. Triggering of each threshold will result in invocation of PCA, with a gradually increasing set of restrictions.

Parameters	**Risk Threshold 1**	**Risk Threshold 2**	**Risk Threshold 3**
Capital Adequacy Ratio, falls	300 basis points from current level of 15-12%	300-600 bps from 12-9%	600 bps from 9%
Net Non-Performing Assets is b/w	6-9%	9-12%	>12%
Tier 1 capital ratio, falls	Up to 200 bps below the min Tier I Capital Ratio [10% – 8%]	More than 200 bps but up to 400 bps below min Tier I capital ratio [8% – 6%]	More than 400 bps below the min Tier I capital Ratio [<6%]

With the **first risk threshold** breached,
– the RBI can restrict dividend distribution, or remittance of profits
– The promoters and shareholders of the NBFCs will be asked to put in more capital.
– The RBI will also restrict issuance of guarantees or taking other contingent liabilities on behalf of group companies, in case of core investment companies.
After hitting risk threshold 2, the NBFC will be prohibited from **opening branches**, in addition to restrictions under Threshold 1.
If the **third risk threshold** is triggered, the RBI can even **restrict capital expenditure.** There are other discretionary actions that the RBI can take, for example, special supervisory actions, or even removing the key executives.

It is also important to note that apart from the actions mentioned in the PCA framework, the RBI can take any other action as it deems fit at any time.
– Exclusions: The PCA framework **excludes** government firms, non-deposit taking NBFCs with asset size of less than Rs 1,000 crore, as well as private sector housing finance companies.
– The framework will **come into effect from October 2022,** based on the financial position of NBFCs on or after March 31, 2022.
The PCA framework will be reviewed after being three years in operation.

Will all NBFCs get affected?

No. Only a few NBFCs will potentially face these PCA restrictions.
As on July 16, 2020,
– NBFCs-ND-SI *(non-deposit taking systemically important)* constitute 85.7% of the total assets of the sector. Among these, too, there are only a few that have a total asset book of Rs 1,000 crore and above.
The RBI PCA framework mainly targets these NBFCs.

What are the implications of new norms?

The norms may not have an immediate impact on the sector but will surely **act as a deterrent and discipline** the sector, going forward.
These controls will, in a graded manner, **prevent NBFCs from taking on more risk** and control their promoters' behaviour.
The restrictions under the framework will **enable NBFCs to take corrective action** when they breach stipulated thresholds. That would reduce the chances of insolvency.
The restrictions, if imposed on any smaller player, will weed out competition for bigger NBFCs. Hence, highly capitalized NBFCs, with a good NPA-check mechanism in place, need not worry, while **smaller financiers will have to tread carefully from now on.**
The move may **hit the NBFCs that are struggling to compete with banks** and do not have access to easy funding.
Also, the pandemic might not really be the right time to introduce new and more stringent regulations to govern already stressed institutions, as some assets might be non-performing because of the pandemic.

What is the way forward?

The RBI should be on guard that, if for some reason the pandemic conditions worsen, the timeline need to be extended without compromising on the overall direction of reform.

The RBI should also be careful that, while it continues to take due precautions about the risks posed by the sector, it does not stifle the innovative and inclusive quality that sets NBFCs apart from banks.

Conclusion

The PCA being extended to NBFCs may prove to be a good decision for the long-term as it will encourage good practises and is also expected to improve governance.

Raising the legal age of marriage for women – Explained, pointwise

Introduction

Recently, the Union Cabinet has passed a proposal raising the legal age of marriage for women from 18 to 21 years — the same as men. The government sees the proposed legislation as a strong measure to bring women on equal footing with men, in keeping with the vision of the Right to equality. The amendment in relation to marriageable age will be effective two years after the Bill receives the assent of the President.

The government has taken this decision based on the recommendations of the Committee headed by Jaya Jaitly. The committee has said that the recommendation is not based on the rationale of population control (India's total fertility rate is already declining) but more on women's empowerment and gender parity. But there are certain concerns associated with raising the legal age of marriage for women.

What is the current minimum age of marriage for women?

Socially, the age at which girls are typically expected to marry has long been influenced by their age of puberty. So, the marriageable age for women in the 19th century was around 10 years. The **Sharda Act of 1929** set the minimum age of marriage for girls at 14 years and for boys at 18 years. Later, the age of marriage for women was increased from 15 to 18 in 1978 by amending the erstwhile **Sharda Act of 1929**.

For Hindus, **Section 5(iii) of The Hindu Marriage Act, 1955**, sets a minimum age of 18 for the bride and 21 for the groom. This is the same for Christians under the **Indian Christian Marriage Act, 1872**.

For Muslims, the marriage of a minor who has attained puberty is considered valid. This is assumed when the bride or groom turns 15.

The **Special Marriage Act, 1954** and the **Prohibition of Child Marriage Act, 2006** also prescribe 18 and 21 years as the minimum age of consent for marriage for women and men, respectively.

Under the **Child Marriage Prevention Act**, any marriage below the prescribed age is illegal and the perpetrators of forced child marriage can be punished.

For the new age of marriage to be implemented, these laws have to be amended.

What are the reasons mentioned by the Jaya Jaitly committee to raise the legal age of marriage?

Read here: Recommendations given by the Jaya Jaitly committee

What are the benefits of raising the legal age of marriage for women?

Many girls will be able to complete their education up to graduation and employability will increase, decrease in maternal mortality as well as infant mortality and reduction in child marriage will occur.

There is a significant difference in the **psychological well-being** of child brides and those who got married at age 21. There is a significant difference in the mean wages of child brides and those getting married after 21 years of age. So, increasing the age will result in psychological well-being and **financial well-being**.

Scientifically, the frontal lobe region in the brain that is responsible for decision-making develops in the years between 18 and 20 and attains maturity only by the age of 25. So, until the age of 25, the risk management and long-term planning abilities of the human brain do not kick in. So, increasing the marriage age will not just be about decision-making but also helps in better emotional regulation and maturity. If so, the minimum age for men and women to get married should be 25.

A recent Business Standard analysis had found that households with college-educated women were more likely to have **better nutrition and better access to government services**.

According to **UNICEF**, India is home to every third child bride in the world, with more than 100 million of them getting married even before they turn 15. Given the aim to eliminate child marriage by 2030 as part of the **Sustainable Development Goals**, this move is in the right direction.

Have a ripple effect: Research shows that for children, an environment where mothers are educated, qualified or working is very different from an environment where they are not. So, empowering women will empower families, empower children.

What are the legislative challenges in raising the legal age of marriage for women?

Challenges in introducing changes in the personal laws: The Prohibition of Child Marriage Act does not contain any provision that explicitly says the law would override any other laws on the issue.

Even Court's have different opinions regarding personal laws and special law. For instance, In February this year, the Punjab and Haryana High Court granted protection to a Muslim couple (a 17-year-old girl married to an adult man), holding that theirs was a legal marriage under personal law.

The HC examined provisions of the Prohibition of Child Marriage Act but held that since the **special law does not override personal laws**, Muslim law will prevail.

In other cases, the **Karnataka and Gujarat High Courts** have **held** that the 2006 **special law would override personal laws** and have sent the minor girl to a care facility. So, enacting the Child Marriage Prohibition Bill will trigger personal law vs secular law debate.

Blindspot with respect to Marital rape: In the Independent Thought v. Union of India (2017) case, the Supreme Court has recognised the marital rape of a minor wife. On the other hand, husbands of adult women can enjoy blanket immunity against charges of marital rape. This is a blind spot in the law that needs to be rectified if the legal age for marriage is raised.

Child marriages are illegal, but not void in India: If a court finds a **minor was coerced** into marriage by parents or guardians, the provisions of the **Juvenile Justice (Care and Protection of Children) Act** come into effect to keep the custody of the minor until he or she attains majority and can make a decision on the marriage.

So, Child marriage is not void. The marriage can be declared void by a court only if the minor party(minor women/her relatives) petitions the court.

For instance, The Punjab and Haryana High Court has ruled that the marriage of a minor will be deemed as valid if the person who was underage at the time does not call it void on attaining the age of majority.

Read more: Elopements most prosecuted under child marriage law: study

What are the arguments against raising the legal age of marriage for women?

Pushing a large portion of the population into illegal marriages: While 23% of marriages involve brides under age 18, far more marriages take place under age 21. Further, the **median age at first marriage for women** aged 20-49 increased to 19 years in 2015-16 from 17.2 years in 2005-06. But still, that **remains under 21**.

Interstate variation of marriage age: According to SRS data 2018, **West Bengal, Madhya Pradesh, Bihar, Odisha and Rajasthan** were the worst in terms of effective marriage age. In West Bengal, 47.2% of the women were married between the ages of 18-20.

Penal laws don't create social change: For example, the marriage age at 18 was set in 1978, but child marriage started to decline only in the 1990s. So, the laws might end up being coercive.

Further, **Not all child marriages are prosecuted** in India. For instance, the National Crime Record Bureau data says that only 785 cases have been registered under Prohibition of Child Marriage in 2020. The number was 523 in 2019 and 501 in 2018.

Negatively impact marginalized communities: Experts noted that 70% of early marriages(between 18-20) take place in deprived communities such as the Scheduled Caste and Scheduled Tribes. The increasing legal age will make them law-breakers.

For instance, according to **NFHS** 4 (2015-16), the median age at first marriage for women aged 25-49 is higher among the social categories of Others (19.5 years), OBC (18.5), ST (18.4) and SC (18.1).

Impact on rural women is more: According to SRS data, In rural areas, 37.4% were married between the age of 18 and 20, whereas the ratio was 23.2% in urban areas.

Decrease in Child marriage depends on other factors: The decrease in child marriages has not been because of the existing law but because of an increase in girls' education and employment opportunities.

A study by the **International Centre for Research on Women** has found that girls out of school are 3.4 times more likely to be married or have their marriage already fixed than girls who are still in school.

Reduce self-choice marriages: Today, an increasing number of young adult couples opt for self-choice marriages across castes and communities, often without the support of parents. If the Bill is adopted, it will deprive this right till she is 21.

Increase feticide: The **Protection of Children from Sexual Offences Act, 2012**, allows consensual sex at/after 18 years. This implies that a person may have sex after 18, but cannot marry till s/he is 21. This may give rise to other issues such as feticide.

Read more: Population control measures in India – Explained, pointwise

What needs to be done towards women empowerment?

Committee recommendations

The Jaya Jaitly committee itself has recommended the following to increase the legal age for women,

1. Increase access to schools and colleges for girls, including their transportation to these institutes from far-flung areas, 2. Incorporate Sex education in schools, 3. Ensure Skill and business training for women, 4. Undertake awareness campaigns on a massive scale to ensure social acceptance of increasing the age of marriage.

Other recommendations

Poverty, unemployment, insecurity due to increasing cases of sexual violence on minors and dowry demands are the main reasons for child marriages.

Focus on poverty alleviation programs: Child marriages have reportedly increased during the pandemic due to poverty and lack of access to schools. So, the government has to ensure the continuation of poverty alleviation programs, especially in rural areas.

Increase Female Labour Participation: Creating non-farm jobs for women from low-income families will ensure financial empowerment. Further, India can learn from Bangladesh's high women's participation in the labour force and its social change.

Read more: We need a multi-pronged approach to end child marriage

Fulfil the recommendation of the Law Commission: The 18th Law Commission of India in 2008 demanded a **uniform definition of 'child' across all legislations**. The Commission examined laws relating to child marriage from different countries and the international covenants that mandate the eradication of child marriage. The Commission recommended that the minimum legal age for marriage for both girls and boys be 18 years.

Replicate the best-performing state: The Niti Aayog recently acknowledged the Odisha government with the **SKOCH award** for combating child marriage by empowering adolescents and **declaring villages as child marriage-free**. Such practices need to be replicated by other states.

In many western countries, for example, Australia, The Majority of States in the US, the minimum age of marriage is 18. Further, Young Indians between 18 and 21 can vote, drive, represent the country in sporting events and act in movies deemed 'Adults Only'. So, the smart reform in India should be to make 18 the minimum age of marriage for both men and women, irrespective of religion.

Semiconductor manufacturing in India – Explained, pointwise

Introduction

To encourage semiconductor manufacturing in India, the Govt has decided to extend the PLI (Production-Linked Incentive) **scheme** with a budgeted incentive of **Rs 76,000 crore** over the next six years.

The scheme envisages providing f**iscal support of up to 50%** of project cost for firms looking to set up display and semiconductor fabrication facilities (FABS) in India

Semiconductor chips are the **heart and brain of all modern electronics and information and communications technology products,** contemporary automobiles, household gadgets such as refrigerators, and essential medical devices such as ECG machines. Emerging technologies like AI, 5G, or driverless cars also cannot progress without a fast and cheap semiconductor industry. After petroleum and cars, semiconductors at **an annual turnover of $500 billion** are globally the most-traded products.

Hence, securing access in advance to the latest and most powerful semiconductor chips will determine the winner in the latest technologies.

Let's take a deep dive into the topic.

What is the rationale behind the move?

The latest move is aimed at **creating a viable design and manufacturing system for semiconductors** in India.

Also, India imports almost all semiconductors to meet its demand, which is estimated to reach around $100 billion by 2025 from about $24 billion now. Further, these chips are made with embedded instructions, which may contain **malware or backdoors** and are impossible to diagnose. And as Semiconductor chips are used in various strategic areas like, defence and telecom, the domestic manufacturing of chips assumes **strategic importance** and would **provide a measure of security.** Further, it will **cut the import bill too.**

Safeguarding against future chip crunches: Presently, there's a global shortage of many categories of chips, which is affecting global automobile production and the global prices of many electronic items. Setting up domestic manufacturing units would help to insulate India against future supply disruptions. Moreover, any **intellectual property** that is generated will be a big bonus.

This move will also **make the Indian manufacturers globally competitive** to attract investment in the areas of core competency and cutting-edge technology.

Additionally, economies with a large production of Semiconductor chips, like US, Japan, Korea, China and Singapore, have benefited the most in terms of **enhancing their GDP** and establishing a **strong foothold on the global economy**.

What are the issues/challenges in setting up a semiconductor FAB unit in India?

Capital intensive: Chip design and manufacturing is a highly capital-intensive business. It calls for a developed ecosystem for the business to thrive. As per a government estimate, it would cost roughly $5-$7 billion to set up a chip fabrication unit in India.

India has a large talent pool of chip designers, but **lacks process engineers** who can run a front-end chip factory where microscopic transistors are etched onto silicon.

For more: Read **here**

Must Read: The dreams of being a chip hub

What are the defining features of Semiconductor manufacturing?

Semiconductor manufacturing has the following defining features –

i). Complexity: Its manufacture needs at least 300 different high-technology inputs.

ii). Highly concentrated global supply chain: The complexity has resulted in a global supply chain that is concentrated in **US, Europe** and **East Asia**. Within this chain, there's an extraordinary degree of specialisation that makes it vulnerable to shocks. **For example**, 100% of the world's most advanced *(below 10 nanometres)* semiconductor manufacturing facilities are located in just two countries, **Taiwan** and **South Korea**.

iii). Large investment: The product requires the largest investment on both R&D and manufacturing among all industries. It's estimated that over the next decade about $3 trillion in investment will be needed.

iv). Revenue sharing b/w few companies: The outcome of this unique structure is that the top three companies in each stage of the supply chain take in about 80-90% of the revenue.

Must Read: **Semiconductors: Why India should not make chips – Instead, the focus should be on other parts of the global value chain**

Which part of the Semiconductor value chain should India focus upon?

India should focus upon the following areas:

R&D-intensive activities like electronic design automation (EDA), core intellectual property (IP), and chip design. The US is the leader in this segment. India can get part of the business by supporting its existing chip-design experts and funding technology and innovation centres, including top engineering colleges.

Set up semiconductor fabrication (FABS) facilities for making of advanced chips.

Focus on medium and low-end chips: Due to the pandemic related supply disruptions and tensions between the US and China, the US, Japan, and many other countries have announced plans for setting up local Fabs. This might lead to a surplus capacity for high-end Fabs by 2024. Hence, India should focus on making medium and low-end chips.

For the Medium and low-end chips, the distance between two transistors is more than 20 nanometres.

Much of the expertise needed for making such chips is available with local firms. This will allow India to become a high-volume and low-cost original design manufacturer (ODM) for medium- and low-end chips.

Assembly, testing and packaging (ATP) segment: This segment captures 10% of the value. China is the current leader. With low-cost skilled technical manpower, India is a natural choice to take some part of the business.

Must Read: **Need of Indigenous Semiconductor Manufacturing Facilities in India – Explained Pointwise**

What is the way forward?

Focus on back-end of manufacturing: Semiconductor foundries are the world's most expensive factories, accounting for 65% of industry capital expenditure but only 25% of the value addition. Therefore, to lower the risks of investment, India should especially look at back-end of manufacturing such as assembly, packaging and testing. Once it stabilises and an ecosystem develops, front-end of manufacturing will follow.

Simultaneously, Govt of India needs to **take advantage of the presence of Indian engineers in chip design**, the part of the chain that contributes the largest value.

Hand-holding startups of entrepreneurial engineers can also produce large payoffs.

Proactive cooperation of states: Areas like stable power, large quantities of pure water and land, are state subjects, and it will be up to state governments to create the right climate for easy implementation of semiconductor projects.

Transport logistics: Good roads, and rail and air connections to the site are also critical.

Requires more budgetary outlay: The average fab unit incurs capital expenditures of several billion dollars. Samsung's new advanced logic facility in Texas, United States, announced recently, will incur $17-18 billion, for instance. In that context, the $10 billion outlay is on the lesser side, considering fiscal support is needed for other sub-elements of the mission too. Govt should consider increasing the outlay in the future.

Conclusion

The Govt of India has rightly embarked on a bold industrial policy that would help lay the groundwork India requires over the next decade.

More such incentives and spending will be needed in the future, as India isn't the only country looking to build a base in chips right now. Gaining a measure of control on semiconductors is of strategic importance to every country.

Functioning of the Election Commission – Explained, pointwise

Introduction

Recently, a letter written by the Law Ministry to the Election Commission (EC) on November 15, has come under criticism regarding the independent functioning of the Election Commission. The letter states that the Principal Secretary to the PM '**expects**' the Chief Election Commissioner (CEC) and two Election Commissioners to be present during a discussion. An official communication from the Law Ministry said that the meeting had been called to discuss electoral reforms, and it is an "informal interaction".

The Chief Election Commissioner and two Election Commissioners, despite expressing reservations, joined an online "interaction" called by the Prime Minister's Office (PMO). This raised concerns over the independent functioning of the commission, especially when elections to crucial states are around the corner.

Note: *The informal interaction of CEC with the PMO had resulted in the Union cabinet clearing various electoral reforms the Election Commission had been insisting on for some time.*

What is the role of Election Commission?

It is a permanent and independent body established by the Constitution of India to ensure free and fair elections in the country. **Article 324** of the Constitution provides that the power of superintendence, direction, and control of elections shall be vested in the Election Commission. This includes 1. Conducting elections to the Parliament, State Legislatures, the Office of President of India, and the Office of Vice-President of India, 2. It grants election symbols and also recognizes political parties, 3. It issues a **model code of conduct** and keeps an eye on the election expenditure of candidates.

Read more: The role and function of election commission of India

Why the summoning is not a cause of concern?

To bring reforms in the electoral process, discussions are needed between Election Commission and the central government before a final proposal is brought to Parliament. As long as the meeting is not held to discuss any subject relating to the conduct of elections, there is no wrongdoing in the Election Commission meeting with government officials.

Moreover, the independence of any functionary is defined by the conduct and integrity of the institution. Merely meeting the executives does not compromise the independence of anybody.

Read more: CEC's, EC's interaction with the PMO-Why this raises questions and breaches a red line

Why the summoning is a cause of concern?

Summoning is a violation of the Constitution: 1. The PMO is summoning or "inviting" not just the CEC, but the full bench of the Election Commission, an autonomous constitutional body, **is in violation of the Constitution,** irrespective of how important or urgent the issue is. 2. The CEC is very high in the warrant of precedence (9th), while the PS to PM is 23rd. So, **summoning a high constitutional functionary** to attend a meeting is in violation of the spirit of the Constitution.

Compromises the independent image of the EC: The Election Commission is a Constitutional authority whose functioning is insulated from the Executive, just like the Supreme Court. Free, fair and credible elections are sine qua non of the EC. Attending meetings or discussions called by officers of the government compromises the independence of the commission in the public eye.

The **tone of the letter** also raises questions because **as per protocol**, an officer of the government, no matter how senior, cannot call the CEC for a discussion.

Read more: Summoning CEC, EC to PMO is outrageous

What are the other concerns raised about the functioning of the Election Commission at present?

About 66 former bureaucrats, in a letter to the President, raised concerns about the functioning of the Election Commission. They raised several issues like:

-In the 2019 Lok Sabha elections, the election commission had given a clean chit to the Prime Minister for making a reference to a process during an election rally. This also went contrary to the opinion expressed by the District Election Officer.

-Commissions' belated decision to ban election campaigns in midst of the Covid pandemic.

Further, the **Madras High court accused EC** of spreading the 2nd wave of pandemic and stated that its officers should be booked for murder charges. A similar opinion was held by Media also.

Apart from that,

-There have been allegations of EVMs malfunctioning and not registering votes.

-The EC is also not able to contain money power and muscle power in Elections. Today, those who come to Parliament and Legislatures are mostly moneyed candidates.

What are the challenges associated with the functioning of the Election Commission?

Selection Procedure: The Chief Election Commissioner and other ECs are appointed by the President on recommendations of the central government. This raises the question of the partisan behaviour of officials towards the ruling party.

Security of Tenure: CEC enjoys a secure tenure like an SC judge. However, the other two ECs can be easily removed by the President on the recommendation of the CEC.

Post Retirement Jobs: The Constitution has not debarred the retiring election commissioners from any further appointment by the government. The government uses this loophole for compromising the independence of members.

Lack of powers hindering independent functioning: It has no power to derecognize a political party or control the extent of party expenditure. Further, the model code of conduct is not legally enforceable.

Inadequate Political Will: In the last 70 years numerous political leaders and parties became part of the government. However, very few were willing and able to bestow sufficient powers to EC for ensuring independent functioning.

What should be done to improve the functioning of the Election Commission?

With respect to meetings

According to T.S. Krishnamurthy, a former CEC, the CEC and other Election Commissioners should refrain from attending any meeting convened by any official or Minister as it lowers public confidence in the Election Commission as a fair and neutral arbiter of elections.

According to S.Y. Quraishi, a former CEC, instead of inviting CEC to the PMO, the Principal Secretary or the Law Minister should visit the Election Commission and discuss the matters. Further, such a meeting should be considered as a public event, not an informal one.

With respect to other functions

The EC must be **appointed by a collegium** as recommended by the Second Administrative Reforms Commission. It should comprise the Prime Minister, Speaker of the Lok Sabha, the Leader of Opposition in the Lok Sabha, the Law Minister, and the Deputy Chairman of the Rajya Sabha.

The government should expeditiously accept the 50 reform recommendations sent by the EC. These include 1. Rules on decriminalizing politics, transparent party funding, paid news, 2. Empowering the EC to countermand an election in cases of bribery, etc.

There must be a prudent **cooling-off period** for election commissioners post-retirement.

The **expenditure of EC should be charged** upon the Consolidated Fund of India similar to other constitutional bodies such as the UPSC.

The Election Commission and CEC should refrain from any political or official or Ministerial meeting to ensure their non-partisan behaviour. This will not only ensure free and fair elections, but also enhance people's trust and the organisation's credibility.

Multistate cooperatives: Govt plans to amend the Law – Explained, pointwise

Introduction

The central government has decided to **amend the Multi State Cooperative Societies (MSCS) Act, 2002** to plug the loopholes in the Act.

Further, it has also begun the process of formulating **a new cooperative policy**, with the newly created Ministry of Cooperation writing to key stakeholders for suggestions.

What is the rationale behind the move?

– To have an effective regulatory mechanism for the multi State cooperative societies.
– To keep the legislation in tune with the changing economic policies.
– To make the management accountable to the members of the societies.
– To protect the interests of the depositors and the shareholders of the societies.

What is the MSCS Act?

Cooperatives are a **state subject**, but there are many societies such as those for sugar and milk, banks, milk unions etc whose members and areas of operation are spread across more than one state.

For example, most sugar mills along the districts on the Karnataka-Maharashtra border procure cane from both states.

The MSCS Act, 2002 was passed to govern such cooperatives.

What are the Multi-state Cooperative Societies?

Multi-state cooperatives draw their membership from more than one states, and they are thus registered under the MSCS Act.

Their board of directors has representation from all states they operate in. Administrative and financial control of these societies is with the **central registrar,** with the law making it clear that no state government official can wield any control on them.

Maharashtra has the highest number of multistate cooperative societies at 567, followed by Uttar Pradesh (147) and New Delhi (133).

Credit societies constitute the bulk of the registered societies, followed by **agro-based ones** (which include sugar mills, spinning mills etc).

What are the issues/concerns with the current MSCS Act?

The exclusive control of the central registrar, who is also the Central Cooperative Commissioner, was meant to allow smooth functioning of multistate cooperatives. The central Act cushions them from the interference of state authorities so that these societies are able to function in multiple states. However, this has created obstacles as the societies have to seek approvals for new proposals (like expansion of capacity) from officials of all states they are operating in.

No checks and balances: For state-registered societies, financial and administrative control rests with state registrars, who exercise it through district- and tehsil-level officers. There are enough checks and balances to ensure transparency in their functioning. But, in case of multistate cooperatives, these layers do not exist. Instead, the **board of directors** has control of all finances and administration.

Lack of day-to-day control: There is an apparent lack of day-to-day government control on multistate cooperatives.

– **Reports**: State cooperatives have to submit multiple reports to the state registrar. However there is no such requirement for the multistate cooperatives.

– **Inspections**: The central registrar can only allow inspection of the societies under special conditions. A written request has to be sent to the office of the registrar by not less than 1/3rd of the members of the board, or not less than 1/5th of the number of members of the society. Inspections can happen only after prior intimation to societies.

Lack of proper infrastructure: Central Registrar doesn't have enough on-ground infrastructure.

– **Officers**: There are no officers or offices at the state level, with most work being carried out either online or through correspondence. Further, in cases of complaints of Ponzi schemes run by many credit societies, there is a **lack of ground staff** necessary for verifying their antecedents.

– For members of the multistate cooperative societies, **the only office where they can seek justice is in Delhi.** The State authorities are unable to do much apart from forwarding complaints to the central registrar.

Privatisation of cooperative mills: Sugar cooperative mills registered under the central Act are being privatised in some states like Maharashtra. **For instance**: A mill in Sangli was privatised after the then board of directors passed a resolution. This mill was among the 68 sold off by the Maharashtra State Cooperative Bank for defaulting on loans. Taking advantage of the multi-state status, the mill declared itself as a sick unit before it was auctioned off.

What is the way forward?

The Government is holding extensive consultations with experts from various fields: bankers, sugar commissioners, cooperative commissioners, housing societies federations etc. The proposed amendments to the Act should include the following reforms:

– Increase in manpower, both in Delhi and as well as the states, to ensure better governance of the societies.

– Technology should be used to bring in transparency.

– For implementing day to day control, the administrative control of multistate cooperatives could be vested in the state commissioners.

Linking Aadhaar with electoral rolls – Explained, pointwise

Introduction

Recently, Lok Sabha and Rajya Sabha have passed the **Election Laws (Amendment) Bill, 2021**. The Bill seeks to amend certain sections of the Representation of the People Act, 1950 and 1951. One of the key provisions of the Bill is linking **Aadhaar** with the electoral rolls. The Bill fundamentally alter the citizen-State relationship.

The government says the Bill incorporates various electoral reforms that have been discussed for a long time. The government held **"many meetings" with the Election Commission** before the Bill was brought. But the Opposition walked out in protest due to linking Aadhaar with electoral rolls.

What are the key provisions in the Election Laws (Amendment) Bill, 2021 that facilitate linking Aadhaar with electoral rolls?

Linking Aadhaar Card to Voter ID: The 1950 Act provides that a person may apply to the electoral registration officer for inclusion of their name in the electoral roll of a constituency. After verification, if the officer is satisfied that the applicant is entitled to registration, s/he will direct the applicant's name to be included in the electoral roll.

The Bill adds that the electoral registration officer may require a person to furnish their Aadhaar number for establishing their identity. If their name is already in the electoral roll, then the Aadhaar number may be required for authentication of entries in the roll.

Allowed to furnish other documents: No application for inclusion of name in the electoral roll shall be denied and no entries in the electoral roll shall be deleted for the inability of an individual to furnish Aadhaar number. Such people will be allowed to furnish other alternative documents as may be prescribed.

The government will define sufficient cause for not linking: The reasons on the basis of which one can choose not to link the Aadhaar will be prescribed by the government for 'sufficient cause'.

Must read: Other provisions of the Election Laws (Amendment) Bill, 2021

What has led to the decision for linking Aadhaar with electoral rolls?

National Electoral Roll Purification and Authentication Programme (NERPAP), 2015: It is the programme of the **Election Commission** to link Aadhaar and voter IDs, in a bid to delete duplicated names. Apart from that, the programme also links and authenticates the Electoral Photo Identity Card (EPIC) data of electors with Aadhaar data.

Prior to the launch of the NERPAP, In 2014, the Election Commission of India (ECI) conducted two pilot programmes on linking the voter ID with Aadhaar in the districts of Nizamabad and Hyderabad.

The Supreme Court later held that "the Aadhaar card scheme is purely voluntary, and it cannot be made mandatory till the matter is finally decided by this Court one way or the other" and asked the Election Commission to suspend the linking of Aadhaar with electoral rolls. Later, the Election Commission made the process voluntary.

Earlier this year, the ECI wrote to the Law Ministry seeking "expeditious consideration" of pending electoral reforms, including the linkage of Aadhar and voter ID cards.

Recommendation of Parliamentary Standing Committee: In the 105th report of the Department-Related Parliamentary Standing Committee on Personnel, Public Grievances and

Law and Justice, suggested linking Aadhaar with electoral rolls to **purify electoral rolls** and consequently **reduce electoral malpractices**.

What are the benefits of linking Aadhaar with electoral rolls?

The government says linking Aadhaar with electoral rolls will solve multiple problems.

1. **Ensure authentication** of entries in the electoral roll, 2. **Avoid duplication**: People have changed residence many times. So, same names or have got enrolled in new places without deleting/cancelling the previous enrolment. After linking with Aadhaar, the electoral roll data system will instantly identify the registration of the same person in more than one constituency, or more than once in the same constituency, 3. **Facilitate elector registration in the location** at which they are 'ordinarily resident', 4. **Eliminate proxies casting their votes using multiple voter IDs**, 5. Unlike EPIC, Aadhaar captures biometric data, which is useful in **validating uniqueness**. 6. All **revisions for changes** in residence, etc, **can be easily done and verified** in future. Thereby allowing all citizens to vote freely.

According to government data, most citizens above 18 have Aadhaar numbers, with over 1,260 million cards issued until 31 October 2021. Hence, linking Aadhar with electoral rolls will ease the entire process of registration, verification, changes in residence, rectification in case of errors and omission from the rolls. In future, it will allow voting from anywhere (hopefully electronic voting too), so that people can cast their vote from home or a location of their choice.

Read more: The proposal to link Aadhaar with Voter ID is unconstitutional

What are the concerns associated with linking Aadhaar with electoral rolls?

Challenges with the Aadhaar database: 1. There are instances where fingerprints and even the iris did not match with the Aadhaar database. 2. The Aadhaar data has data quality issues and instances of data breaches. 3. There is **no verification of the authenticity** of the demographic information on the Aadhaar database. For instance, both the **Calcutta High Court** and the **Allahabad High Court** have refused to rely on the authenticity of Aadhaar data. 4. There is no publicly available audit report on Aadhaar data efficiency.

National Economic Survey 2016-17 mentions that the exclusion rates based on Aadhar authentication errors are as high as 49% to as low as 5%. So, linking it with electoral rolls might dilute the sanctity of records in the voter ID database.

Violates fundamental right to privacy: The bill violates the definition of Privacy held by the Supreme Court in **Puttaswamy case**.

A shift in the burden of proof: Earlier, the government proactively ensured the registration on the electoral rolls (such as through house-to-house verification) to achieve the universal adult franchise. But the burden now shifts to individuals who may be unable/unwilling to link their Aadhaar to justify their retention on the rolls.

Inability to check non-citizens from voting: As mentioned in the Aadhaar Act, Aadhaar is not proof of citizenship. But voting can only be done by citizens. So, demanding Aadhaar for Voter ID will not prevent non-citizens from voting.

Issues with demographic information: Any attempts to link Aadhaar to the voter IDs would lead to demographic information. Critics argue that the government can use voter identity details for "disenfranchising some people and profile the citizens". Further, It could lay the foundation of **targeted political propaganda** and **commercial exploitation of private sensitive data,** which is against the **model code of conduct**.

For example, In 2018, the chief electoral officer of Telangana and Andhra Pradesh linked Aadhaar data with voter identity cards. According to activists, people found out that at least 5.5 million voters had been disenfranchised. The government later rolled it back.

Note: *State Resident Data Hub (SRDH) application of the Government of Telangana and Andhra Pradesh was used to curate electoral rolls. It was supplied by the Unique Identification Authority of India (UIDAI) or collected further by the State governments. Now, Private parties maintain the SRDH.*

Without making it mandatory, the linking will not yield any results: The foresaid government benefits will only happen if furnishing of Aadhaar is mandatory.
Voters might lose their franchise: The government does not define "sufficient cause" for not linking Aadhaar. If an individual's refusal to submit the detail is deemed "unacceptable", it may result in loss of franchise.
Conflict of Interest: Maintenance of the voters' lists is a primary responsibility of the ECI, which is an independent constitutional body. Whereas Aadhaar is a government instrument and UIDAI is under government control. Since the ECI has no control over either enrolment or deduplication in Aadhaar there might be a conflict of interest.
Other issues: The proposal fails to specify the extent of data sharing between the ECI and UIDAI databases, the methods through which consent will be obtained, and does not specify whether the consent can be revoked or not.

What needs to be done?

-There are indeed complaints that some electors may be registered in more than one constituency and that non-citizens have been enrolled, but these issues can be **addressed by other identification processes**.
-The bill was passed in two days in both the Houses. This undermines the fundamental premise of parliamentary democracy. So, the government must **invite public opinion and allow deeper Parliamentary scrutiny** before implementing the new provisions. The concerns ought to be considered and suitably addressed by a Parliamentary Committee.

Read more: Parliamentary debates: Significance, issues and the way forward – Explained, pointwise

-The ECI has not shown why traditional verification mechanisms won't work, or how they can be fixed through technology. So the ECI should first explore alternatives rather than proposing a restrictive law.
If the commission decided to implement the provisions, then the Commission must ensure every electoral roll entry **struck off through** this new process is **independently verified by booth level officers** on the ground.
-The govt needs to pass and implement the Data Protection Bill. This could ensure better protection of citizens' data, addressing privacy concerns associated with linking Aadhaar with electoral rolls.
-The Judiciary must ensure that the right to privacy and a **test of proportionality** has been fulfilled by the new legislation, especially the provision that links Aadhaar with electoral rolls.
The **right to vote is a Constitutional right,** and it mustn't be denied to citizens without rigorous due process and just cause. So, the impending big change to our electoral rolls should be foolproof and abuse-proof.

India – Central Asia Relations – Explained, pointwise

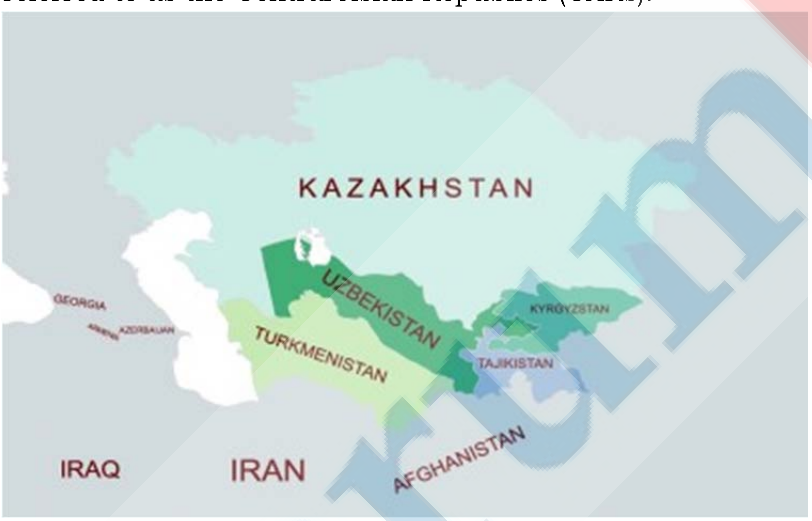
Introduction

India has increased its outreach to Central Asia in recent times to improve India-Central Asia relations. The leaders of the 5 Central Asian nations (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan) have been invited to the 2022 Republic Day Celebrations. Recently, India also hosted the **ministerial-level meeting of the Foreign Ministers of these 5 countries**.

An NSA level summit held in New Delhi in November 2021 to discuss the security implications of the prevalent situation in Afghanistan included the NSAs of these 5 countries (also included Iran and Russia). The region has gained more importance ever since the takeover of Afghanistan by the Taliban in August 2021.

What is the extent of the Central Asian Region?

Central Asia Region stretches from the Caspian Sea in the west to China in the east, and from Afghanistan in the south to Russia in the north. It includes five countries namely Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan which are collectively referred to as the Central Asian Republics (CARs).



How did the India-Central Asia relations evolve over time?

India has had a long history of cultural and commercial relations with Central Asia, facilitated by its geographical proximity to India and the passage of the Silk Route through them. Buddhism was central to this connection in Ancient times. Many rulers of medieval India had their roots in Central Asia, including the Mughals.

The present Central Asian Countries came into existence after the disintegration of the USSR in 1991. India was one of the first countries to establish diplomatic relationships with the CARs in 1991-92; however, there was a lack of rigour in the ties in the 1990s. The situation began to improve in the 2000s and has gained pace since then.

What is the importance of the Central Asian region for India?

Central Asia's location at the heart of Eurasia, its geographical proximity, and historic linkages, makes the region highly relevant to India's strategic interests.

Mineral and Energy Security: Central Asian is **rich in energy resources, including, oil, coal, and natural gas.** Kazakhstan is the **largest producer of uranium.** Uzbekistan also has large uranium reserves.

India being an import-dependent nation for its energy requirements needs to have a strong relationship with these countries for strengthening its energy security.

Security: Terrorism, drug trafficking and radicalization have been a matter of concern for India and Central Asian countries alike. This has especially become a major concern in the context of the **Taliban taking over control of Afghanistan**.

Geopolitical significance: Unstable Central Asia has the potential to affect Russia and China, which have border connectivity to these countries. Also, as China is increasing its influence in India's neighbourhood, healthy relationship with Central Asian Countries can help India to counter China's strategy (Mandal theory – Your neighbour is your natural enemy and neighbour's neighbour is your friend).

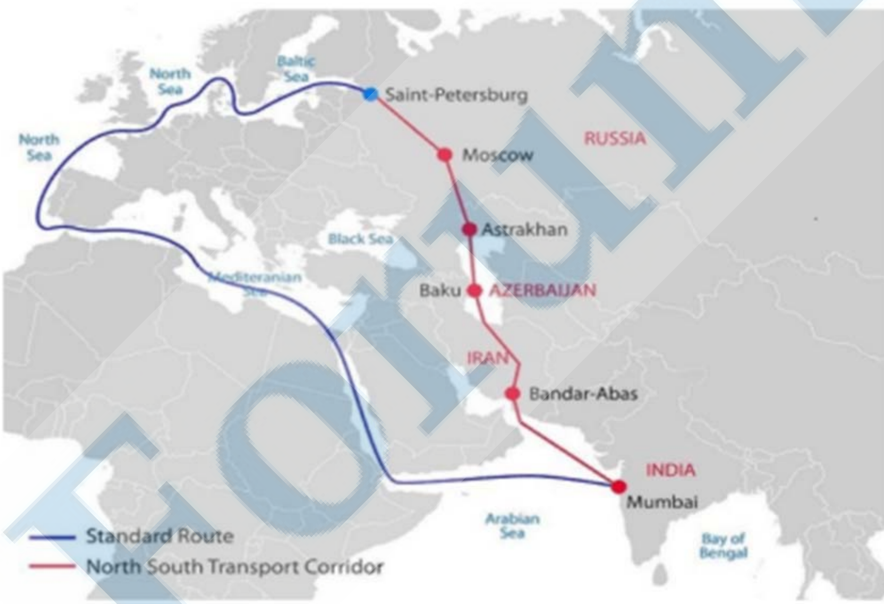
Trade and Investment: The Central Asian countries provide trade and investment opportunities in multiple sectors like IT, Pharmaceuticals, Tourism etc.

This bolsters the importance of improving India-Central Asia relations.

What are the initiatives undertaken to boost India-Central Asia relations?

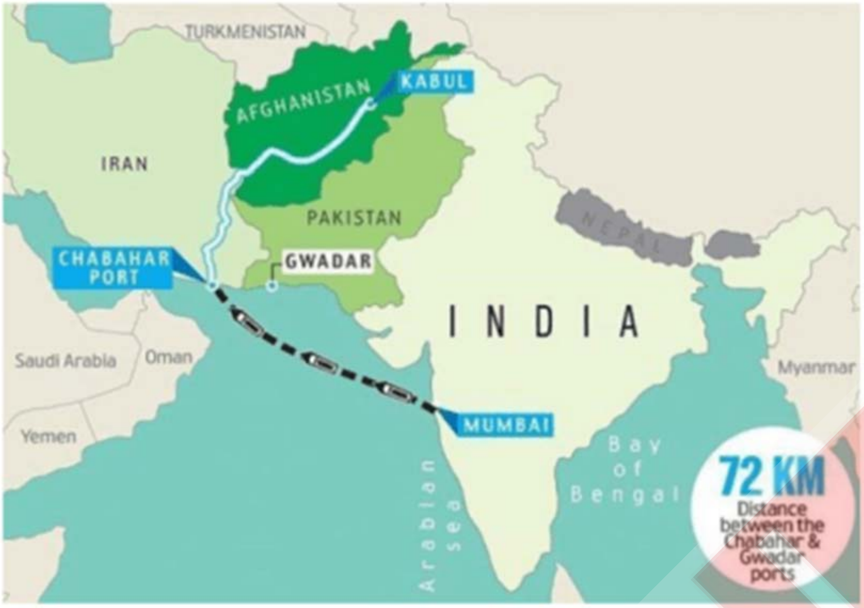
Connectivity

International North South Transport Corridor(INSTC): India, Iran and Russia in 2000 launched INSTC to develop a new trade route that would help in cutting the costs and time in moving cargo between Russia and India.



It is a 7,200-kilometre multi-modal project with thousands of kilometres of all-weather highways. Many countries have now come on board which include Afghanistan, Azerbaijan, Central Asia, and several European countries.

Chabahar port initiative: In 2003, India and Iran announced the development of the Chabahar port. This was launched to serve as an alternate route to Central Asia.



But repeated US sanctions on Iran for its suspected nuclear programme meant that Indian firms were reluctant to participate in the projects, leading to cost and time overruns.

Ashgabat Agreement: The pact was signed in 2011 by Uzbekistan, Turkmenistan, Iran, Oman and Qatar and aimed at developing the shortest trade route between the Central Asian republics and Iranian and Omani ports. India joined the Ashgabat agreement in 2018 to diversify its connectivity options with Central Asia.

Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline: It was launched to transport natural gas from Turkmenistan to India with transit through Afghanistan and Pakistan. However, it has been stalled since 2006 due to a lack of support from Pakistan.

Technological and Human resources

Indian Technical and Economic Cooperation(ITEC): India launched ITEC programme to provide assistance to the CARs countries in the area of IT, Management, journalism, diplomacy, entrepreneurship, and banking.

Connect Central Asia policy: It was launched in 2012 and aimed to enhance India's political, economic, historical and cultural connections with Central Asia.

Defence

Strategic Partnership Agreements (SPA): India signed the SPA with three of the five CARs—Kazakhstan, Tajikistan and Uzbekistan—to stimulate defence cooperation and deepen trade relations.

Multilateral and bilateral forums/organisations: Initiatives like **Shanghai Cooperation Organisation (SCO)** and **Conference on Interaction and Confidence-Building Measures in India (CICA)** have helped India to maintain regular channels of communication with the CARs.

Read more: Can the Shanghai Cooperation Organisation be the regional body that stabilises Afghanistan?

Military exercises: New Delhi has engaged with Central Asian Republics in the defence sphere through military exercises. Indian Air force also operates Ayni Airbase in Tajikistan in cooperation with the Tajik Air Force.

Read more: Recent developments in India-Central Asia relations

What are the factors hindering India-Central Asia relations from reaching their true potential?

Landlocked region: CARs are landlocked countries and India lacks direct connectivity with them which makes the realisation of the true potential of India-Central Asia relations difficult.

The progress on the connectivity initiatives has been quite slow because of geopolitical, financial, and security constraints.

Connectivity– Although India has launched projects in the area of Land and Maritime connectivity, there are fewer initiatives in air and digital connectivity.

Read More: India's quest for connectivity to Central Asia

Chinese presence in the region: In the past 20 years, Beijing has made considerable inroads into the region, boosting trade and investment. The CAR is also an enthusiastic supporter of China's Belt and Road Initiative.

Taliban's presence in Afghanistan: Taliban's presence in Afghanistan and its proximity to Pakistan may become a cause of concern for India's outreach program in Central Asia. India has reached out to CARs to secure its interests in Afghanistan.

Read More: India's Central Asian Outreach

India's Foreign policy: India's foreign policy has been more focused on the bigger powers such as Russia and the United States (US) and in dealing with challenges from China and Pakistan. Thus, CARs got less attention in the past.

But recent development like the shifting of power centre from the West to Asia and turnaround in Afghanistan has increased CAR's significance in India's foreign policy.

Trade and commercial bonds: Trade between India and Central Asia is very low (US $2 billion) compared to Chinese trade with the CARs, which amounts to approx. US $100 billion.

What measures can be undertaken to enhance India-Central Asia relations?

Reap the benefits from low-hanging fruits: India can undertake steps to enhance connectivity through the air and digital modes. Both of these are easily implementable, unlike land and maritime projects that require convergence of interests of several countries.

Countering Chinese Presence: Although China has the largest regional presence in Central Asia, India's outreach may provide an alternative to CARs. Also, India's commitment to "principles of transparency, local priorities and respect for sovereignty and territorial integrity" makes it a preferred alternative to China in the long run.

Read more: Courting the stans: India's outreach to central Asia is vital to counter the China-Pakistan axis

Leveraging India's Soft power: India has a **lot of goodwill in the CAR countries,** which could be utilised to expand its influence. Emphasis should be laid on maintaining **cultural and people to people contacts**.

The Connect Central Asia Policy must be implemented speedily with high-level visits, strategic partnerships, comprehensive economic engagement, partnership in the development of energy and natural resources to ensure India's strategic interests.

More cooperation in trade and commerce: India must improve trade in both goods and services. Cooperation can be enhanced in areas such as FDI, technology, Human resources.

Increased access to India's huge markets would undoubtedly be highly beneficial for Central Asian countries that are constantly on the lookout to boost their struggling economies.

While India would get a chance to diversify its import dependency by investing in this energy and mineral-rich region.

Conclusion

There is certainly a long way to go before India could be designated as one of the most consequential actors in Central Asia. However, the recent initiatives show it is on the right track. India must ensure that the current momentum is maintained.

[Yojana December Summary] Self-reliance in Energy Sector – Explained, pointwise

Introduction

India has made tremendous progress in providing energy services to its citizens. About 900 million people have already gained access to electricity in the last two decades. But, the per capita electricity consumption in India is only one-third of the global average, even though the demand for energy has doubled. So to catch up with the increasing demand for energy, there is a need to make arrangements for a secure and sustainable form of self-reliance in energy sector.

Why does India require Self-reliance in Energy Sector?

India's energy mix is **skewed towards fossil fuels**. 75% of India's energy in 2020 was supplied by Coal (44%), Oil (25%) and Natural Gas (6%). With limited reserves of Oil and Natural Gas, securing long term supply of Oil and Natural Gas remain a challenge. At present **75% of India's Oil and Gas needs are met through imports**. This might **rise to 90% by 2040** according to IEA's Energy Outlook 2021. **Import dependence has associated Geopolitical risks** which exposes the economy to **external shocks** (e.g., Political instability in the Middle East, or threat to global oil supply chain makes India's energy security vulnerable).

Self-reliance through green energy initiatives is the **foundation of a green and sustainable economy**. Green energy initiatives focus on clean energy and its availability to all individuals and businesses.

India can achieve Sustainable Development Goals (SDGs) only when **Social, Economic, and Environmental** (SEE) dimensions are addressed in a balanced and sustainable manner.

Out of 17 SDGs, five SDGs are highly linked, and three SDGs are moderately associated with Renewable Energy. So, by achieving self-reliance in the energy sector, India can achieve many SDGs.

Read more: [Yojana October Summary] Energy Security: Nuclear Power – Explained, pointwise

What are the initiatives taken by the government to achieve Self-reliance in Energy Sector?

The Government of India along with the State governments is focusing on making India a global leader in the green and clean economy. The government has initiated various schemes that focus on goals based on the five principles. These include 5Is ('Intent, Inclusion, Investment, Infrastructure & Innovation').

Renewable Energy Initiatives

Globally, India is one of the leaders in the production of renewable energy and is playing a valuable role in contributing to a global green economy. Renewables including solar, wind, hydro, biofuels, and green hydrogen are the major sources of energy that lead to a low-carbon economy.

Recently, the Government of India has set up the Ministry of New and Renewable Energy (MNRE) to promote renewable energy and set a target to attain the capacity of 227 GW by 2022. This includes 114 GW from solar, 67 GW from wind, and the rest from others like bio and hydro energy.

Read more: India announces new climate targets at COP26 – Explained, pointwise

Solar: The government is providing subsidies and other incentives to enhance the capacity of 'Rooftop Solar Energy'. '**PM-KUSUM**' and 'Atal Jyoti Yojana(AJAY)' aim to provide solar pumps and grid-connected solar and Solar LED Lights respectively.

Due to these initiatives, India has witnessed a significant rise in the production of electricity from solar energy i.e. 50.10 billion units in 2019-20 from 1.65 billion units in 2012-13.

Read more: Revitalising PM-KUSUM

Wind: Coastal regions provide ample opportunities to harness wind energy. Due to the intervention of government as well as private players, wind power production capacity has increased from 10.9 GW in 2009 to 30.37 GW in 2020.

Read more: Offshore wind energy in India – Explained, pointwise

Bio-energy: The Government is promoting various schemes for biogas production, including the '**New National Biogas and Organic Manure Programme**' (NNBOMP) and '**Biogasbased Power Generation and Thermal Energy Application Programme**' (BPGTP).

Apart from these, the Government has also proposed to set up 5,000 compressed biogas plants across India by 2023.

Hydro energy: It is economically exploitable and has a high potential for additional benefits such as irrigation, acting as a flood barrier and drought saviour, providing recreation and tourism-related activities. It has higher efficiency (over 90%) than other renewable sources.

National Hydrogen Mission

It was announced in August 2021 to produce carbon-free fuels from renewable resources and to make India a global hub of production as well as export of green hydrogen.

The ultimate aim of this mission is to attain self-reliance in energy production and to achieve the set target by 2047 so as to celebrate the 100 years of independence. The National Hydrogen Energy Mission will bring drastic changes in the energy sector and will contribute to a gas-based cleaner economy.

Read more: National Hydrogen Energy Mission (NHEM)

The government has decided to produce green hydrogen through renewable electricity and electrolysis which is expected to be achieved by 2050.

Others

Natural gas: A roadmap has been set for making India self-reliant in the energy sector which includes increasing usage of natural gas in the economy, setting up a network for supply of CNG and piped natural gas across the country, blending 20 per cent ethanol in petrol and electric mobility.

The Government has proposed to extract ethanol from sugarcane and other bio-elements in helping the production of cleaner energy.

The **new energy of map of India** directly focuses on sustainable sources of energy in meeting the growing demand. It is expected that 25% of the world's energy needs will be met by India by 2050 and that will help India in becoming a 10 trillion dollar addressable market.

Read more: Green Hydrogen: Potential, Issues and Solutions – Explained, pointwise

What is the potential of the renewable energy sector in achieving Self-reliance in Energy Sector?

The renewable sector is projected to attract investment worth USD 80 billion in the next couple of years. Further, it is estimated that 49% of total electricity will be generated by renewable energy by 2040.

Considering the scarcity of fossil fuels and resultant carbon emissions, renewable energy is the future energy and will mitigate the energy crisis of India and will provide sustainable and affordable energy to its citizens.

Read more: Coal crisis in India – Explained, pointwise

What are the benefits associated with renewable energy-based Self-reliance in Energy Sector?

-The increasing importance of renewable capacity will **shift India's power system from the dominance of coal** to renewables and thereby open up the window for a green and clean gas-based economy.

-Increasing the use of renewable energies will lead to low dependency on fossil fuels, which will in turn **help in decarbonisation**. This will help in **creating a better environment** with less pollution.

-Usage of renewables will help in producing eco-friendly energy which will **make India energy secure and energy independent**.

-It will **help in export that will increase countries' foreign exchange earnings** and strengthen India's global positioning.

Read more: Green Energy Initiatives in Budget 2021- Explained

What are the challenges associated with renewable energy-based Self-reliance in Energy Sector?

The major challenges are 1. Affordability for consumers, 2. Financial stability of DISCOMS (Distribution Companies), 3. Integration issues, 4. Gaps or barriers in regulatory and market frameworks, 4. Uncertain cost-benefit outcomes, 5. Issues in power system flexibility, etc.

Apart from that, the share of penetration of renewable energy is highly variable and skewed. For instance, States like Tamil Nadu, Rajasthan, Gujarat, Karnataka, Andhra Pradesh, Madhya Pradesh, Maharashtra, Telangana, Punjab, and Kerala contribute 97% of total solar and wind energy. They also have advanced power sector development compared to the rest of the country.

Read more: Phasing Out Coal in India – Explained, Pointwise

What should be done?

India **must exploit solar and wind energy**, and especially **green hydrogen** energy, in its electricity system to meet the ever-increasing energy demand. It will be possible primarily by **addressing the demand flexibility, plants flexibility, and storage & grid flexibility** along with the **market and regulatory support**.

The aspects like **investment, infrastructure development, private-public partnership, green financing, policy framework need to be strengthened** both at the national level and regional level to cater to inclusiveness in the development process.

Green energy has tremendous potential in contributing to income, employment, and entrepreneurship and undoubtedly fosters sustainable development. In addition to job and income generation, it opens up opportunities/avenues for investment and markets for new products and services. So, India should focus on achieving green energy and self-reliance in Energy Sector together.

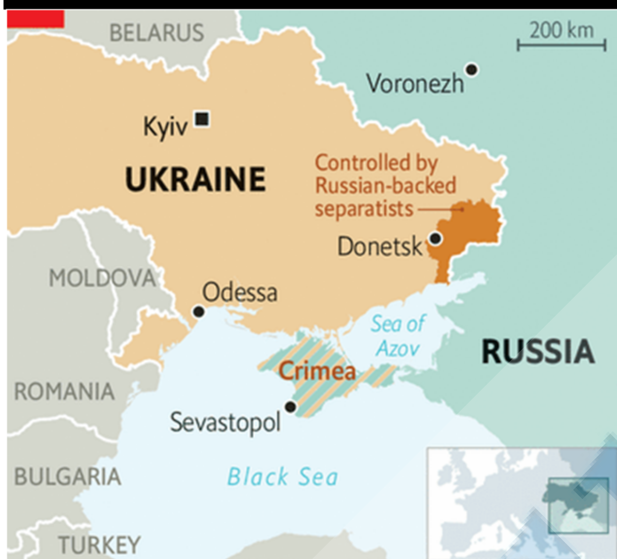
Ukraine conflict and its implications for India – Explained, pointwise

Introduction

The Russia-Ukraine conflict is a major security crisis in the Eurasian region, with the potential to escalate into a much broader conflict. Geopolitically, it might lead to further deterioration of Russian relations with the US and Europe.

The Ukraine conflict in the heart of Europe may look distant to India. But it has far-reaching consequences not only for India's relations with the US, the European Union, Russia, and China but also the larger dynamic of Asian geopolitics.

About the historic Russia Ukraine conflict



The Economist

Source: The Economist

Ukraine was a part of the Russian Empire for centuries before becoming a Soviet republic. Russia and Ukraine share hundreds of years of cultural, linguistic and familial links. It gained independence with the disintegration of the USSR in 1991. Since then, Ukraine has tried to shed the Russian legacy and improve its relationship with the West.

Their shared heritage has been exploited for electoral and military purposes. In 2014, the then Russian-leaning Ukrainian President decided to join the Russia-led Eurasian Economic Union instead of the EU. Later, mass protests (**Euromaidan movement**) in Ukraine led to his ouster.

In response, **Russia annexed Crimea** in 2014. It was the first time a European country annexed territory from another country since the World War II. After the Crimean annexation, both nations signed ceasefire agreements at Minsk.

Apart from that, Russia also began fomenting a separatist movement in eastern Ukraine (The Donbas region), which is home to many people who are ethnically Russian.

Must read: **Explained: What are the Minsk agreements on the Ukraine conflict?**

The present status of the Russia-Ukraine conflict

For the United States and the European Union, Ukraine is a crucial buffer between Russia and the West. So, they are determined to keep Ukraine away from the Russian control. They have made persistent efforts to induct Ukraine into NATO for many years, and this has picked up pace recently.

Earlier this year, a spike in cease-fire violations in the east and a Russian troop concentration near Ukraine stimulated fears of war. Further, Russia positioned a large number of troops towards the Russia-Ukraine border.

Ukraine says that Russia has amassed around 90,000 troops at the border, and US intelligence reports say that a Russian invasion of Ukraine is highly likely.

Read more: Dire strait: on Russia-Ukraine sea clash

What is India's stand on the present Russia-Ukraine conflict?

India did not join the Western powers' in condemning Russian intervention in Crimea and kept a low profile on the issue. In November 2020, India voted against an Ukraine-sponsored resolution in the United Nations (UN) that condemned alleged human rights violations in Crimea.

India advocates "sincere and sustained diplomatic efforts to ensure that issues between Ukraine and its neighboring countries are resolved through constructive dialogue."

The draft security treaty between Russia and the West

Recently, Russia published a **draft security treaty** that it wanted to sign with the West to immediately withdraw the troops. Significant provisions of the treaty include,

1. Assurance from the US that Ukraine and Georgia — two former Soviet Republics — should not be inducted into NATO, 2. The US led alliance should reduce its deployments in Central and Eastern Europe.

Apart from that, Russia is also proposing an agreement on reducing provocative military activity on its borders.

But the US, Belgium and other border countries of Russia see the Russian framework as a gambit of tough negotiations on European security.

In the present scenario, one can expect either a Russian invasion or a US-Russian deal. The West has agreed to start talks with Russia and raise their own concerns. Either way, it has major implications for India.

What would be the implications of a Russian invasion for India?

Pressure on India to choose sides: A Russian invasion and a rupture with the US and its allies would lead to pressure on India to choose between the Western alliance and Russia.

Immediately, it could result in **CAATSA sanctions** on India on account of the **S-400 purchase**.

Impact on India's defence Sector: There could be a demand for India to cut defence ties with Russia across the board. But, this will not be not easy for India to contemplate since its armed forces are heavily dependent on Russian spares and equipment.

If India fails to cut down defence ties, then US and western countries might reduce their defence and other relations with India. Or, Russia might ask India to cut down its defence ties with the western countries. For instance, Russia might not allow India to purchase any western fighter planes such as F-21, Gripen, F-35 etc.

Impacts on the stability in Asia: Any rupture with the West would push Russia towards even closer ties with China and growth in Russia-Pakistan relations. This will accelerate Chinese influence in Asia and create hardships for India to negotiate peace with China on border issues.

Read more: Recent developments in India-Russia Relations – Explained, pointwise

What would be the implications of the US-Russian deal for India?

Apart from mitigating the above implications, the US-Russia deal will also create the following positive developments for India.

Slow down in Russia-China Relations: This could give India the opportunity to build on its recent efforts to reset its Russian ties.

Read more: For an honest broker: On Russia and India-China ties

Enhance India's connectivity: Along with the US-Iran relationship, the US-Russian deal could pave the way for India, Russia and Iran to work on the **International North-South Transportation (INSTC) project** that has been hobbled by the sanctions imposed by the US on Iran and Russia.

Read more: Why the Russia-West equation matters to India

What needs to be done to limit the Russia-Ukraine conflict?

1. Revive the Minsk peace process,
2. Ukraine should have a more decentralised and federalist internal polity. Neither Russia nor the West should influence the decisions of Ukraine.
3. The US and the other western Countries should push both sides to resume talks and live up to their commitments,
4. Russia must cease interference in eastern Ukraine.

What can India do in Ukraine Conflict?

India has advocated political and diplomatic solutions that protect the legitimate interests of all countries in the region and ensure long term peace and stability in Europe and beyond. Thus, India **should push Russia and Ukraine to work for political and diplomatic solutions**.

India knows that Russia's international policies have been driven more by national interest and geopolitics, not by their past ideologies. Reconciliation of Russia-West relations will make it a lot easier for India to manage its own security challenges. So, India should welcome and **support any mutually acceptable security order** in Europe.

Farmers Producer Organizations (FPOs) in India- Explained, pointwise

Introduction

Recently, the **State of India's Livelihood (SOIL) Report 2021** has been released by Access Development Services, a national livelihoods support organisation. The report analysed **Farmers Producer Organizations (FPOs)** registered under The Companies Act, 2013. FPOs make up a large majority of the organisations started in recent years.

The aggregation of small, marginal, and landless farmers in the FPOs has helped to enhance farmers' economic strength and market linkages for improving their income. But, the report found that just 1-5% of FPOs have received funding under central government schemes introduced to promote them in the last seven years.

What is a Farmers Producer Organization (FPO)?

It is a type of Producer Organization (PO) where the members are farmers.

Note: *A Producer Organization (PO) is a legal entity formed by primary producers, viz. farmers, milk producers, fishermen, weavers, rural artisans, craftsmen. A PO can be a producer company, a cooperative society or any other legal form which provides for sharing of profits/benefits among the members. In some forms like producer companies, institutions of primary producers can also become members of PO.*

A few key features of the FPO's are

– The ownership of the organization is with its members. It is an **organization of the producers, by the producers and for the producers**.

-One or more institutions and/or individuals may promote the FPO by way of assisting in mobilization, registration, business planning and operations. However, ownership control is always with members and management is through the representatives of the members.

What are the benefits emanating from FPOs?

FPOs can yield a variety of benefits, especially for marginal and small farmers. These include,

Provide greater bargaining power: Since FPOs allow its members to negotiate as a group, it will provide greater bargaining power in the purchase of inputs, obtaining credit, and selling the produce.

With the FPOs, small and marginal farmers can get **low-cost and quality inputs** to members. Hence, they were able to **realize higher returns** for their produce, in turn, **help India to double its farmer's income**.

For example, tribal women in the Pali district of Rajasthan formed a producer company, and they are getting higher prices for custard apples. Similarly, FPOs in Gujarat, Maharashtra and Madhya Pradesh, Rajasthan and some other states have realised higher returns for their produce.

The International Food Policy Research Institute's comparative study of FPOs in Maharashtra and Bihar has revealed that FPO farmers are doing better than non-FPO farmers. Also, within FPOs, **Organically evolved FPOs (OFPOs)** are more beneficial than pushed or **Promoted FPOs (PFPOs)**.

According to the survey, OFPOs resulted in an increase in gross income while only 2% indicate a decline in the same. On the other hand, only 32% of the non-members indicate an increase in gross income.

Engage farmers in collective farming: The average farm size declined from 2.3 hectares (ha) in 1970-71 to 1.08 ha in 2015-16. So, promoting FPOs can result in farmers engaging in collective farming and addressing productivity issues emanating from small farm sizes. Further, they may also **generate additional employment** due to the increased intensity of farming under FPOs.

Development of Social capital: FPOs can lead to 1. Improved gender relations and decision-making of women farmers, 2. Enhance members' health and nutritional outcomes as they are realising higher returns, 3. Realise the power of working in cooperation instead of an individual level. All these will improve the social capital of farmers.

Read more: FPO's Can Revitalize Indian Agriculture Using New Agri Reforms

What are the government initiatives to promote FPOs and its performance?

Equity Grant Scheme

The Scheme is operated by the Small Farmers' Agri-Business Consortium (SFAC). It aims to extend support to the equity base of Farmer Producer Companies (FPCs) by providing matching equity grants up to a maximum of Rs 15 lakh in two tranches.

Performance: Over the past seven years, only 735 organisations have been given grants which is just 5% of the total FPCs currently registered in the country. Maharashtra has received the highest number of grants sanctioned, followed by Tamil Nadu and Uttar Pradesh.

Credit Guarantee Scheme

The scheme provides risk cover to banks that advance collateral-free loans to FPCs up to Rs 1 crore. Only about 1% of registered producer companies have been able to avail the benefits.

Central Sector Scheme of Formation and Promotion of 10,000 FPOs

The scheme was launched by the Ministry of Agriculture & Farmers Welfare to form and promote 10,000 new FPOs till 2027-28. The scheme is being implemented by the SFAC, National Cooperative Development Corporation (NCDC), NABARD, NAFED among others.

Under the scheme, the formation and promotion of FPOs are based on the **Produce Cluster Area approach** and **specialized commodity-based approach**. While adopting a cluster-based approach, the formation of FPOs will be focussed on "One District One Product" for the development of product specialization.

Read more: Reforming Agriculture sector through FPOs

What are the challenges faced by FPOs?

FPOs face the following challenges,

1. **Structural issues**: These include issues such as inadequate professional management, lack of technical skills, weak financial status, lack of risk mitigation mechanism, and inadequate access to market and infrastructure,
2. **Getting institutional credit** is another big problem for FPOs,
3. **Fragmented land holding in India**,
4. **Poor women participation**,
5. **Isolation of FPOs with various service providers**, etc.

What needs to be done to improve the FPOs?

Implement the recommendations of State of India's Livelihood (SOIL) Report 2021: The report recommends, 1. **Make it easier for FPOs to avail government programmes and schemes** for providing equity grants and loans. This can be achieved either by reducing the threshold for eligibility or by supporting FPOs to reach the eligibility criteria, 2. **Enhance Capacity building** of FPO members to establish relations with customers, establish internal governance processes among other things.

Apart from that, the following steps can be undertaken,
1. **Address the Structural Issues**: The Government should address working capital, marketing, infrastructure issues while scaling them, 2. **Land consolidation of FPO members** can overcome the constraint of small farm size, 3. **Encourage Women farmers** to group cultivate for getting better returns. 4. Banks must frame **structured products for lending to FPOs**, 5. **Link FPOs with various essential service providers** like technical service providers, input companies, marketing companies, retailers, etc. This will enable them to access data on markets and prices and other information and competency in information technology.
Some studies show that a large country like India needs more than one lakh FPOs, but currently, India has less than 10,000. So, India should take active steps to not only promote them but also take steps to reap their full potential.

Foreign Contribution (Regulation) Act and NGOs – Explained, pointwise

Introduction

The Union Ministry of Home Affairs (MHA) refused the application for renewal of FCRA registration of Missionaries of Charity (MoC). MoC was established in 1950 by Bharat Ratna Mother Teresa. Last year, during the pandemic, the Foreign Contribution (Regulation) Act (FCRA), 2010 was amended to put fresh restrictions on both NGO's funding and functioning.

FCRA registration is mandatory for any NGO or association to receive foreign funds or donations. The amendment restricted the operations of NGOs due to the stringent conditions imposed on them by the **Foreign Contribution Regulation (Amendment) Act 2020** and **Foreign Contribution Regulation (Amendment) Rules 2020**.

Why did the Center refuse to renew the registration of FCRA for MoC?

'Audit irregularities' in MoC: The NGO registered in Kolkata has more than 250 bank accounts across the country to utilise the foreign funds. MoC stated that it had inadvertently received ₹3,50,000 domestic contributions in its FCRA account. According to MHA, there were also adverse inputs related to land purchase and ownership of vehicles.

Alleged child trafficking: The NCPCR had approached the Supreme Court in 2020 seeking a court-monitored special investigation team probe into alleged child trafficking by staff of MoC in Jharkhand. A case had been registered by Jharkhand Police in 2018.

Alleged religious conversions: Earlier this month, an FIR has been filed against one of MoC's children's homes in Vadodara following allegations of religious conversions by the National Commission for Protection of Child Rights (NCPCR). However the MHA has denied this assertion observing that conversion allegations were not part of their records.

The Ministry of Home Affairs said it has refused to renew the Foreigners Contribution Regulation Act (FCRA) registration of Missionaries of Charity (MoC) as "some adverse inputs were noticed."

What are the previous such instances?

The registration of the international NGO Greenpeace was cancelled 5 years ago. Earlier the government has moved to restrict the funding for a group of **10 American, Australian and European NGOs** dealing with issues related to the environment, climate change and child labour. Last year, Amnesty International exited India as its finances were suspended.

According to the MHA, between 2016 and 2020, the government cancelled the FCRA licences of more than 6,600 NGOs and suspended those of about 264. Further, 179 had either been rejected or were under scrutiny on Jan 1st, 2022.

What is the Foreigners Contribution Regulation Act (FCRA)?

It is an act of Parliament enacted in 1976 and amended in 2010. The objective is to regulate foreign donations and to ensure that such contributions do not adversely affect internal security.

Coverage*: It is applicable to* ***all associations, groups, and NGOs*** *which intend to receive foreign donations.*

Registration*: It is* ***mandatory for all such NGOs*** *to register themselves under the FCRA. The registration is initially valid for five years. The registration can be renewed subsequently if they comply with all norms.*

Registered NGOs can receive ***foreign contributions for five purposes*** *— social, educational, religious, economic, and cultural.*

About the Foreign Contribution Regulation (Amendment), Act 2020

The salient features of the amendment include,

Transfer of foreign contribution: Under the Act, foreign contribution cannot be transferred to any other person unless such person is also registered for that purpose. The amendment also **forbids sub-granting** by NGOs to smaller NGOs who work at the grassroots.

Single FCRA account: The act states that foreign contributions must be received only in an FCRA account opened in the State Bank of India, New Delhi Branch. No funds other than the foreign contribution should be received or deposited in this account.

Regulation: The Act states that a person may accept foreign contributions if 1. They have obtained a certificate of registration from the central government or 2. They have taken prior permission from the government to accept foreign contributions.

Aadhaar usage: The act makes it compulsory for all trustees to register their Aadhaar card with the FCRA account.

Reduction in use of foreign contribution for administrative purposes: The Act decreases administrative expenses through foreign funds by an organisation to 20% from 50% earlier.

Read more: Gauhati High Court Questions FCRA Amendment Act

What are the challenges associated with the recent amendment?

Over-regulation of NGOs: New regulations put excessive conditions on civil society organisations, and educational and research institutions that have partnerships with foreign entities.

Against Constitutional rights: According to the International Commission of Jurists, the new law is incompatible with international obligations and India's own constitutional provisions on rights.

Discourage social work: Thousands of NGOs serve extremely disadvantaged sections. Presumption of guilt against all of them and excessive control, restricts their scope of voluntary actions.

Incompatible with international laws: The United Nations Human Rights Council resolution on protecting human rights defenders says that no law should criminalize or delegitimize activities in defence of human rights on account of the origin of funding.

Against Indian cultural ethos: The Prime Minister has often cited the ancient Indian ethos of Vasudhaiva Kutumbakam as the framework for its global engagement. New rules do not go well with India's legitimate ambitions to be a global player.

An additional cost of compliance: Every FCRA-registered NGO will have to open an FCRA-marked bank account with a designated branch of the State Bank of India in New Delhi. Around **93% of FCRA NGOs are registered outside Delhi**, and they now have to open a bank account in the capital.

Read more: FCRA Amendments are Crippling Work of NGOs

Why is the rationale behind the government's strict actions on NGOs?

Unnecessary International Criticism: The Majority of the NGOs which faced government actions belong to areas such as climate change, environmental projects, child rights and slavery projects. These are the subjects where the government has been sensitive to international criticism.

Threat to Internal Security: For instance, 3 US non-governmental organisations were found to be fuelling protests at the Kudankulam Nuclear Project Site after strained Indo-US relations. Hence, the government amended the FCRA in 2010.

Biased data and poor ranking on several Indices: Recently, the government questioned the **credibility of the Global Hunger Index** published by 'Concern Worldwide' and 'Welthungerhilfe'.

What are the concerns associated with revoking the FCRA registration?

1. **Non-Achievement of SDGs and reduction in Foreign Aid/ Donations** for India, 2. An increase in compliance cost will result in a **reduction in entire Social Sector activities** in India, 3. **Impact on the livelihood of workers** associated with NGOs, 4. **Violation of Art 19 (1)** which respect and protect the rights to freedom of association, expression, and freedom of assembly.

Read more: New FCRA Norms might result in fund crunch for philanthropy and CSR

What should be done?

The government should adopt a **liberal stance towards NGOs**. The NGOs can be provided with 1. **Additional grace periods to file papers or other documents,** 2. The concerns can be **independently debated and litigated** and outright cancellation of their registration for non-compliance can be avoided, 3. The **nature of misuse must be completely clear**. "Adverse inputs" do not constitute activities "detrimental to the national interest".

The **state governments should set up an NGO coordination center** at the local level as recommended by **National Disaster Management Authority (NDMA)**.

Increase transparency in FCRA: Like the foreign direct investment norms, the government has to come out with a clear policy that articulates the dos and don'ts and marks out the sectors in which foreign funding would be accepted and on what terms.

The government must **commit itself to the ancient Indian ethos** of '***Vasudhaiva Kutumbakam'*** as the framework for its global engagement and **should not turn hostile against the NGOs** who criticize the government.

NGOs are helpful in implementing government schemes at the grassroots. They fill the gaps, where the governments are unable to do their jobs. From food to education, the service of NGOs remains invaluable in a country where the state isn't always there for everyone. The government should be mindful before restricting the funds for important services or axing a global supply chain when they serve the most needy.

Online gaming and its regulations in India – Explained, pointwise

Introduction

Online gaming has flourished during the pandemic due to lockdowns. The average time spent on online gaming has gone up almost 65% from pre-Covid levels. More than 43 crore people have spent time on virtual gaming.

The online gaming industry in India is home to over 275 gaming companies, more than 15,000 game developers, and around 300 million gamers. Recently, a Member of Parliament urged the government to come up with a comprehensive framework to regulate online gaming.

About online games in India

According to the **All India Gaming Federation**, India's online gaming industry is expected to be worth ₹15,500 crores by 2023.

A 2019 survey by the U.S.-based Limelight Networks found that **India** had the **second-largest** number of gamers after **South Korea**. In **India**, while time spent online is still not as high as in other countries, the survey found that almost a quarter of adult Indian gamers had missed work while playing games.

Read more: Gaming disorder increases during pandemic

What are the types of online gaming?

The types of online gaming include **e-sports** (well organised electronic sports which include professional players), **fantasy sports** (choosing real life sports players and win points based on players' performance) and **skill based** (mental skill) and **chance based** (based on random activity like roll of a dice) **online games**.

Must Read: What are various types of online gaming?

What is the present legal framework with respect to online gaming in India?

Presently, online gaming falls in a **regulatory grey area** and there is no comprehensive legislation with respect to its legality.

Games based on skills are allowed in most parts of the country, while **games of chance are categorised under gambling**, treated as immoral and prohibited in most parts of the country.

As **betting and gambling is a state subject**, different states have their own legislation.

– Every state **except Goa, Sikkim,** and the **UT of Daman** prohibits any sort of gambling, betting or wagering on games of chance.

– Assam, Andhra Pradesh, Nagaland, Odisha, Tamil Nadu and Telangana have placed restrictions on games of skill as well.

But, recently, The Kerala High Court accepted the stance of Industry that games of skill should not trigger bans on gambling.

Debate on the game of skill versus chance in Online gaming

Various High courts have legitimized gaming formats like fantasy sports etc as online games of skill.

Rulings like ***Varun Gumber vs Chandigarh (Punjab & Haryana High Court), Gurdeep Singh Sachar vs Union of India (Bombay High Court) and Avinash Mehrotra vs Rajasthan (Supreme Court)*** – have found fantasy sports of a predominant format to be games of skill.

In the ***Junglee Games case***, the Madras High Court ruled that games like Poker and Rummy are games of skill.

Why did India need to regulate online gaming?

Various health issues associated with online gaming

Gaming addiction: Numerous people are developing an addiction for online gaming. This is destroying lives and devastating families. Compulsive gaming by children is affecting their performance in schools and impacting their social lives & relationships with family members.

The Union Government has issued an advisory to parents and teachers on the threats posed by online gaming, observing that the closure of schools due to the lockdown has caused an increase in children using cell phones and the internet.

Impact on health: Gaming addictions cause physical, social and emotional damage, impairing sleep, appetites, careers and social lives. The addiction can also cause insomnia, cause near-sightedness, withdrawal from social contacts, academic failure, and extreme anger and irritability.

For instance, Online games like PUBG and the **Blue Whale Challenge** were banned after incidents of violence and suicide.

For these reasons only, the **World Health Organization** categorised **gaming disorder as a mental health condition** in 2018.

Read more: WHO to classify 'gaming disorder' as mental health condition

Other reasons to regulate online gaming

Economic benefits: 1. The online gaming industry is expected to generate **revenues in excess of Rs 29,000 crore in 2025** with over 65.7 crore users. It is estimated that **more than 15,000 direct and indirect jobs** will be created, 2. The **GST and Income Tax** generated from this industry will add to the Government's revenue, 3. **Potential to attract significant global investments;** e.g.,current investments in gaming companies like Dream11 are good indicators.

Offshore gambling websites: Most of the betting in India is done on cricket matches, through **websites like Betaway, Bet365 and DafaBet.** These websites are headquartered in tax havens like Malta, Cyprus and Gibraltar but are accessible to Indian users.

Third-party wallets: In India, third-party wallets like Skrill and Neteller are used to funnel money into gambling sites. Users deposit money from their bank accounts into these prepaid wallets, which can be used to make payments anonymously.

Threat to Data privacy: Inadvertent sharing of personal information can lead to cases of cheating, privacy violations, abuse, and bullying.

Betting and gambling: Online games based on the traditional ludo, arguably the most popular online game in India, have run into controversy, and allegations of betting and gambling.

What can be done by the government to regulate online gaming?

Firstly, the centre can take steps **to block sites under Section 69A of the Information Technology (IT) Act**. Stringent measures are also required to **prevent illegal services from being advertised or promoted** through direct or surrogate means online.

Second, A **Gaming Authority at the central level** should be created. It could be made responsible for the online gaming industry, monitoring its operations, preventing societal issues, suitably classifying games of skill or chance, overseeing consumer protection, and combatting illegality and crime.

Third, since the blocking of illegal websites lies in the Centre's jurisdiction, states may follow the **Maharashtra Police's model** to deal with digital piracy.

Note: *The Maharashtra Cyber Digital Crime United (MCDCU), formed in 2017, works with media and entertainment businesses to identify and take down websites engaged in the dissemination of pirated content.*

***Fourth*, consumer interest groups** should be brought into anti-gambling efforts, to spread awareness and provide forums to **report illegal platforms.**

Fifth, the Centre should formulate an overarching **regulatory framework for online games of skill.** India must move beyond skill-versus-chance debates to keep up with the global gaming industry.

Sixth, India can follow a **hands-off approach** like advanced jurisdictions. The **UK exempts skill games** from licensing requirements that apply to games of chance. Likewise, the **US's Unlawful Internet Gambling Enforcement Act** carves out a **safe harbour** for fantasy sports.

Last, the government can **regulate the online gaming hours for Children**. For instance, recently, China limited **gamers under 18 years** to **just three hours of online games per week**. The limit is also during specified times. China made the industry responsible for enforcing the restriction.

Read more: **Delink the good, bad and ugly of online gaming for apt regulation**

What can be done by gaming platforms to regulate online gaming?

The online gaming platforms can 1. Strengthen the **KYC norms,** 2. Implement an **age-rating mechanism** wherein minors are allowed to proceed only with the **consent of their parents** — OTP verification on Aadhaar could resolve this, 3. **No in-game purchases** to be allowed without adult consent and wherever possible, the **in-game chat option should be disabled** 4. Gaming companies should proactively **educate users about potential risks** and how to identify likely situations of cheating and abuse. 5. **Anonymity of participants** should be removed and a robust **grievance handling mechanism** needs to be built, 6. **Encourage various forms of self-regulation** should also be encouraged for the industry.

More and more youngsters are getting hooked to online games. In light of this, the Online gaming industry needs to be regulated in India. Moreover, regulation of online gaming will not only open up economic opportunities but also address its social costs.

[Yojana December Summary] Direct-to-Consumer Model – Explained, pointwise

Introduction

Before the advent of large modern economies and consequently, globalisation, individuals around the world preferred buying locally (and directly), and in fact, that was the only channel of economic activity known to man. This activity was characterized by low development status of transportation and communication platforms. However, the 'Direct to Customer Model' (D2C) is now a full fledged modern economic business model with much advanced technology, specialized firms and a wide consumer base.

What is the Direct-to-Consumer Model?

Direct-to-Consumer Model (D2C) is an economic model in which manufacturers/producers sell their products online directly to the end-consumers.

With the help of a radical supply chain, the D2C model eliminates unnecessary middlemen. They generally rely on a higher reach of smartphones and increasing internet connectivity.

For example, An Indian tea startup, Vahdam Teas, founded in 2014, has reached the doorstep of consumers without a single brick and mortar setup.

What are the major features of the Direct-to-Consumer Model?

First, The D2C model **allows businesses to experiment with distribution models** and change them according to the fast-changing needs of society and the economy.

Second, **Product differentiation** is another feature that the D2C model facilitates when sellers have the power to make immediate changes in the consumer interaction setup.

Third, The D2C model **facilitates easy liquidation of business** in a situation of failure, offering a relatively **convenient exit to entrepreneurs** who can then move their capabilities to other, more productive businesses, causing minimum loss to the individual and economy.

Fourth, Success, when measured purely on profit parameters, can now be achieved sooner by an entrepreneur owing to the reduced non-monetary investment, time. Hence, the D2C model has **reduced the cost side of the equation** for business and enables business owners to **make quick profits.**

Read more: **[Yojana December Summary] GI Tagging of Rural Products – Explained, pointwise**

What is the potential of the Direct-to-Consumer Model?

The manner in which direct-to-consumer models function now is vastly different from how they functioned before modern economies. The dot-com bubble of the late 90s and early 2000s gave people internet and facilitated retailers to sell products and services to consumers directly without any extensive physical setup.

The new-age consumer is becoming increasingly aware and demands end-to-end attention from producers or sellers. Direct-to-consumer is preferred by sellers and also enjoys popularity among investors.

Hence, the D2C model will perhaps **become some sort of a revolution in the near future** if consumer demands continue to rise.

Read more: **India's consumer map is rapidly being redrawn by major trends**

How Direct-to-Consumer Model developed in India?

While the world was introduced to the modern-day direct-to-consumer model almost two decades back, the model has become a part of Indian vocabulary only recently. The growth of the direct-to-consumer model in the Indian economy has happened through the recent **Atmanirbhar Bharat**.

Mass digitisation has contributed to the success of D2C firms. Digital India, an integral part of Atmanirbhar Bharat, has enabled and continues to facilitate the Indian direct-to-consumer market.

As of 2021, D2C startups of India have been able to raise USD 783 million in the first 7 months of the year. The most popular and successful consumer brand startups of India have followed the direct-to-consumer model beyond marketing and production strategies.

Read more: **Prime minister launches 'Aatmanirbhar Bharat App Innovation Challenge'**

What are the benefits of the Direct-to-Consumer Model for India?

First, **Entrepreneurship is leaving the elite circles** of the country **and reaching the grassroots** minds of India. Now, D2C models provide grassroots entrepreneurship with the power to create their own terms of business and reach consumers without using extensive capital for building physical infrastructure.

Second, even if individuals created great products and ideas; the end goal, **reaching consumers, remained a challenge for most entrepreneurs** before the advent of mass digitisation and the D2C. Now with the D2C model, that challenge has reduced considerably in many sectors.

Third, **more young entrepreneurs** feel empowered to take up entrepreneurship in India, because the time input does not contradict with responsibilities of these young founders towards their families.

Fourth, along with digital payments, the D2C has had a tremendous impact on the success of online retail. Digital payments system empowered entrepreneurs to distribute the risk in an economic contract by imposing monetary liability on buyers as well. (Earlier, online retail favoured the buyers unfairly over the sellers).

Fifth, the D2C market has **created additional business segments** in the economy, like **logistics startups** that go beyond wholesale deliveries to reach the doorstep of the consumer. The **producers directly become retailers, bypassing the wholesale market** altogether.

Sixth, with rising profits, businesses are now moving towards a **hybrid model** by **establishing flagship stores** while **continuing a dominant online presence**. Here the stores not just capture offline consumers but allow the better function of the online model by allowing for physical pick-up of products purchased online.

The digital D2C model allows new businesses to first establish and flourish with low capital requirements over online platforms, and then reinvest those earnings into building physical capital. This type of model is called the **clicks and mortar model**.

Read more: **An opportunity for Digital India**

How Indian D2C revolution is happening?

India is not witnessing a mass movement of the consumers, but there is a gradual and sustainable individual shift towards digital channels that has been facilitated by Digital India entrepreneurs. The **economy is changing,** and it is being **led by** an individual with a **smartphone** in one hand **and rising income** in the other.

Atmanirbhar Bharat has created a more individual-level change in the Indian economy, with consumer and producer preferences changing one at a time and leading to a larger economic phenomenon which can be termed the **Indian D2C revolution**.

In conclusion, the D2C model is flexible, low cost, and easy to reconsider in case of failure. D2C will be a USD 100 billion market in India by 2025. Further digitisation across the country and India's significant population, make India a potential hub for the global D2C industry in the near future, with plenty of opportunities for sellers, buyers, and investors. The '**clicks and mortar**' is gaining popularity and is soon to become the next big thing.