

**9pm**  
**Compilation**

**December 2021, (Fifth Week)**

## 9 PM Compilation for the Month of December (Fifth Week) 2021

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# General Studies Paper - 2

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### General Studies - 2

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#### 1. A chance to tap India's high equity in Myanmar

**Source:** This post is based on the article "A chance to tap India's high equity in Myanmar" published in **The Hindu** on 27<sup>th</sup> Dec 2021.

**Syllabus:** GS2 – India and its neighbourhood.

**Relevance:** India's post-coup bilateral relations with Myanmar

**News:** Indian Foreign Secretary's recent visit to Myanmar was intended to deepen cooperation between the two countries. His mission succeeded to a large extent, as substantive discussions were held with the top State Administrative Council (SAC) leadership and political parties. But, despite this success, challenges still remain.

**Must Read:** [Ways to restore democracy in Myanmar](#)

#### What was the approach taken by the Indian delegation during this visit?

India took on a **calibrated middle-path position**, unlike the West's policy of condemnation, threats and sanctions against the military regime. India's approach is similar to ASEAN's and based on following points: – Release of political prisoners – Resolution of issues through dialogue – Cessation of all violence; and full cooperation with ASEAN. It has to be remembered that India has no intention to act as a mediator in the military-NLD (National League for Democracy) conflict. That role is to be played by ASEAN.

**Must Read:** [Coup in Myanmar and India-Myanmar relations – Explained](#)

#### How has the world handled relations with Myanmar post-coup?

- **Russia** has looked to strengthen ties with the new rulers.
- **China** regretted the loss of Daw Suu Kyi as a valuable ally but took urgent steps to stabilise and expand cooperation with the military regime.
- **The Association of Southeast Asian Nations (ASEAN)** first gave its **'Five-Point Consensus'** formula, but Myanmar's top leader Senior General Min Aung Hlaing refused to cooperate in the formula's implementation.

#### What is the Myanmar military regime's view regarding India?

Military leadership's following actions show that it's desirous of cooperation with India:

- **Handing over five cadres** of the Manipur People's Liberation Army to Indian authorities before the foreign secretary's visit – It also **renewed the previous pledge** that its nation's territory would not be allowed to be used for any activities detrimental to India's interests.
- **Special gesture** made by Senior General Min Aung Hlaing (*who is Chairman of the SAC and Prime Minister*) to receive India's foreign secretary and hold detailed discussions in Yangon. This protocol departure of a highly protocol-conscious Myanmar leadership reflects the weight that India commands in Myanmar.

**Must Read:** [India's strategy for Myanmar](#)

What are some bilateral concerns b/w India and Myanmar?

- **Border security and stability in its neighbourhood:** There has been a noticeable escalation of activities of anti-India insurgent groups.
- **Refugee issue:** Several thousands of Myanmar people have sought shelter in Mizoram. This will only be reversed by a political settlement in Myanmar, through dialogue.

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– **Economic cooperation:** The usual emphasis wrt economic sphere is on people-centric socio-economic developmental projects. Central to this is India's long-delayed commitment to "expeditious implementation" of mega initiatives such as the Trilateral Highway and **Kaladan** projects. Unfortunately, no revised deadlines were announced. These projects continue to be the Achilles heel of the relationship.

**Must Read:** [India cannot take a black and white approach to Myanmar](#)

### What is the way forward?

India should keep up the momentum by inviting Myanmar's Foreign Minister & other important stakeholders such as leaders of political parties, civil society and think tanks to India for deliberations with their counterparts here. The single goal should be to put Myanmar back on the path of becoming "a stable, democratic and federal union".

## 2. Explained | Right to be forgotten: govt position, court rulings, and laws elsewhere

**Source:** This post is based on the article "**Explained | Right to be forgotten: govt position, court rulings, and laws elsewhere**" published in **The Indian Express** on 27<sup>th</sup> Dec 2021.

**Syllabus:** GS2 – Fundamental Rights

**Relevance:** Understanding the debate around the Right to be Forgotten (RTBF)

**News:** Recently, the Centre told the Delhi High Court that the "right to be forgotten" is part of the fundamental right to privacy, but added it has no significant role to play in the matter. While the right is not recognised by law in India, courts in recent months have held it to be **an intrinsic part of the right to privacy**. Petitions across courts have been seeking enforcement of this right, but it is **not yet backed by statute** in India.

**Must Read:** [Right to be Forgotten – Explained, pointwise](#)

### Do other countries have such laws?

The **European Union** in 2018 adopted the [General Data Protection Regulation](#) (GDPR), **Article 17** of which provides for the right to erasure of certain categories of personal data.

**Russia** in 2015 enacted a law that allows users to force a search engine to remove links to personal information on grounds of irrelevancy, inaccuracy and violation of law. The right to be forgotten is also recognised to some extent in **Turkey and Siberia**, while courts in **Spain and England** have ruled on the subject.

### What is the position in India?

In a brief reply to one of the petitions recently, the Centre told the Delhi High Court that the right to privacy has been recognised as a fundamental right in the K S Puttaswamy judgment (2017) and that the '**right to be forgotten**' is **evolving in India**. The government said the Personal Data Protection Bill (*a Joint Parliamentary Committee's report on which was tabled on December 16*), contains provisions to the doctrine of the 'right to be forgotten'.

### What is the opinion of the courts on this issue?

In May 2019, Justice Pratibha M Singh of the Delhi High Court, dealing with a case said that: *The **right to be forgotten** and **right to be left alone** are inherent aspects of the right to privacy, and restrained republication of these news reports.* In April 2021, the Delhi High Court directed **removal of a judgment from search results**; the order is now being opposed by Google. In January 2017, the **Karnataka High Court** ordered its registry to ensure that any Internet search engine does not reflect a woman's name in an order passed in 2015. In



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November 2020, the **Orissa High Court**, ruling in a case relating to videos uploaded on Facebook by a rape accused, stated that: *Allowing such objectionable photos and videos to remain on a social media platform, without the consent of a woman, is a direct affront (offence) on a woman's modesty and, more importantly, her right to privacy. It did not, however, pass an order on removal of the videos.*

### 3. How a universal constitution can save democracy across the world

**Source:** This post is based on the article "**How a universal constitution can save democracy across the world**" published in **Livemint** on **26<sup>th</sup> Dec 2021**

**Syllabus:** GS2- Effect of policies and politics of developed and developing countries on India's interests, Indian Diaspora.

**Relevance:** Democracy and its sustenance

**News:** US President Biden recently conducted a **Summit for democracy** which focused on the question that how any threat to democracy can pose an existential crisis for the human civilization.

#### Why it is important to protect democratic norms and institutions?

Civilizations depend on twin pillars of **norms and conventions**. If one of the pillars becomes weak, a civilization will collapse. As has been seen across history, **Culture and institutions** have a huge influence on economy. Humans mostly learn through **social learning** which in turn shape norms (*socially acceptable rules*) which then sustain society. Since the pandemic, several such factors have emerged which have amplified the threat to democratic institutions.

**For example:** Strain due to rapid advance of digital technology, increased outsourcing leading to hyper-nationalism which is in turn is fuelling the rise of anti-democratic leaders.

#### What can be done to sustain and protect democracy?

**Pro social preferences** can be instilled through **education**. We can do this through education, and by deliberating and deciding as citizens to promote certain kinds of collective behaviour. Strategy drawn from **game theory** involving a global guarantee of human rights can also work against authoritarian regimes.

*Game theory is the science of strategy. It attempts to determine mathematically and logically the actions that "players" should take to secure the best outcomes for themselves in a wide array of "games."*

The outcome for each participant depends on the choices (strategies) of all. It works on zero-sum games and the interests of the players conflict totally, so that one person's gain always is another's loss.

There is need for a **minimal global constitution** that provides a set of guarantees, like basic human rights and press freedom, and authorizes countries to intervene when a government violates them. Drafting such a universal constitution cannot be left to any particular country, because it will invariably focus on self-interest first. Hence, an **autonomous group** to draft a strategy and then an **autonomous multilateral authority** needs to be created to help achieve it.

### 4. Iran nuclear talks reverberate in the Gulf

**Source:** This post is based on the article "**Iran nuclear talks reverberate in the Gulf**" published in **The Hindu** on **27th December 2021**.

**Subject:** GS2 – International relations

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**Relevance:** Understanding Iran in nuclear deal and peace in West Asia.

**News:** Ongoing Vienna summit is exploring the possibility of the USA's re-entry into a **Joint Comprehensive Plan Of Action (JCPOA)**. Two parties that are not present, but will be most impacted, are Israel and the six states of the Gulf Cooperation Council (GCC).

**Read more:** [Talks on Iran Nuclear Deal Resumes](#)

### **What is the stand of various countries and groupings?**

**Israel:** It is focused on Iran's progress towards nuclear enrichment and nuclear weapons programmes of Iran. It has mobilized many serving and retired security officials for pressing harsh military actions on Iran.

**GCC:** It is pursuing a low-key but constructive approach to regional challenges – that of diplomatic engagement with Iran.

### **What factors are driving GCC's diplomatic engagement with Iran?**

USA's credibility as GCC's security partner was dented when the US failed to protect their interest in wake of Iranians attacks on their assets in 2019. American credibility further degraded with its chaotic withdrawal from Afghanistan. This is further aided by Joe Biden's disengagement from the region in favor of containing China in Indo-Pacific. The maximum pressure approach or use of sanctions on Iran has failed to bring Iran to the negotiating table. USA and Israel have also highlighted difficulties in attacking Iran's nuclear facilities.

### **What steps have been taken by Gulf countries?**

**UAE:** It reached out to Iran in July 2019 for discussing maritime security. Following the assassination of Irani General Qassem Soleimani, UAE and Saudi Arabia called on the USA to reduce regional tensions. They seek to focus on crisis management and contract resolution. Trade ties between the UAE and Iran's imports from the UAE are expected to reach \$12 billion. UAE is also mending ties with Israel. UAE-Israel trade reaching \$875 mn clearly demonstrates this. **Saudi Arabia** and Iran have had five meetings in Baghdad – to rebuild confidence and re-establish diplomatic ties and address areas of conflict like Yemen and Syria.

**Iran:** It is seeking to revive JCPOA and seeking guarantees that the USA will not withdraw from the agreement in the future. Iran's chief negotiator has visited Abu Dhabi to facilitate an agreement with the USA. To keep escalation levels lower, Iran said that it will not enrich uranium beyond 60% even if talks fail.

**Also Read:** [Testing the red lines in the Iran nuclear talks](#)

### **What are the models of regional security in West Asia?**

There are two possible scenarios for regional security.

**First,** In the absence of a nuclear deal, Israel will push for the normalization of ties with Arab states to build a coalition of regional states against Iran. However, Gulf states will worry about regional instability due to this move.

**Second,** creating an **inclusive security arrangement** that will include Iran as a stakeholder. Steps for this have been taken through Saudi-Iran dialogue, UAE – Iran engagements, Baghdad conference and Riyadh summit of GCC states.



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### What will be the way forward?

The GCC states have taken matters into their own hands and are pursuing an inclusive regional security agenda aimed at normalizing ties and reducing conflict in the region. So, USA's return to JCPOA has the potential of bringing peace to the region.

### 5. Outpatient care: Prevention is better than cure

**Source:** This post is based on the article “Prevention is better than cure” published in **The Hindu** on **27th December 2021**.

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

**Relevance:** Understanding the need to extend coverage to outpatient care.

**News:** Outpatient healthcare is not getting the required attention.

### What is outpatient (OP) healthcare and how do OP expenses affect people?

It comprises doctor consultations, drugs, and tests. OP expenses have the majority share in total out-of-pocket (OOP) expenditure on health. As per the government and various representative surveys, OP expenses have a major impact on Indian households compared to IP expenditure.

### Why OP care insurance has not been in India yet?

1) Lack of standards 2) Under-regulated OP practices 3) Difficulty to monitor OP clinical and prescribing behaviours 4) Higher chances of malpractices 5) Low public awareness of insurance products 6) Low ability to recognize entitlements and exclusions.

**Read more:** [Inside the unfolding healthtech revolution](#)

### Why there is a need for extending OP care coverage?

**First**, Inpatient care (IP) consists of high impact and unavoidable episodes, which are costly and urgent. Thus, the majority of insurance coverage is for IP care. Whenever there is a health emergency, OP care suffers the first blow. Thus, the mantra of prevention is better than cure is lost.

**Second**, it goes against economic sense to prioritize IP care over OP care for public funds. Preventive and primary care services experience low demand and must therefore be incentivized.

**Third**, positive feedback would mean that greater investment in OP today would translate to even greater investment in IP care in the future. This would further lead to less money investment in OP care.

### Why it is important to make note of a few challenges?

**First**, significant improvements in healthcare are not possible without sufficient finances and time.

**Second**, there is no perfect model for expanding healthcare. So, emphasis must be on innovation to find the best fit.

**Third**, implementing even the best fit could involve some drawbacks.

### What lessons could India learn from the world?

India could learn lessons from countries like Thailand, which are closer to its socioeconomic fabric than from the USA. The decline in Out Of Pocket expenditure in Thailand was achieved through a Universal, tax-financed, public sector-dominated model of OP care. This calls for

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systematic, judicious and tiered payment models for OP services. Private players can be contracted with centralized supervision to deter any corruption.

**Read more: [Ayushman Bharat Digital Health Mission – Explained, pointwise](#)**

### 6. Vaccination: Central control of health care

**Source:** This post is based on the article “**Central control of health care**” published in **Business Standard** on **27th December 2021**.

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

**Relevance:** Understanding vaccination and market response.

**News:** India, in its vaccination process, obtained complete control and power over the doctor-patient relationships. This impacted the vaccination process and also the response of the market. The state should have allowed greater decentralization as the vaccination needs of people are different.

#### What are the different vaccination needs?

Some people have higher public exposure, have a higher need for vaccination. Choice of the vaccine varies with the person. The precise history of vaccination of each person shapes the optimal choices on boosters.

#### What were the challenges posed by the centralization of the vaccination process?

Union government obtained complete control of every action. So, other organizations could not make strategies, import vaccines, or determine prices. Therefore, prior to the second wave, a large number of people could not be vaccinated.

**Read more: [Vaccine policy: Need and Concerns – Explained, Pointwise](#)**

#### What are the benefits of private vaccination?

There is the presence of positive externality, in terms of benefit to society.

**First**, there is no harm to anyone when a person goes to a private provider and gets the vaccine. This imposes a benefit upon society, by reducing the impact of the virus.

**Second**, the difficulties are about the people who choose not to buy the vaccine. Here, the state can nudge by **providing Vaccine vouchers**.

**Third**, It can result in an undistorted market.

**Must read: [One billion Covid Vaccines and beyond – Explained, pointwise](#)**

#### What is the way forward?

Wisdom in public policy lay in respecting the market process as the best part to organize the production side of the economy. The price system would have automatically resulted in better wholesale vaccine availability in India.

### 7. Collaborative approach: Tackling a public health challenge is a team effort

**Source:** This post is based on the article “**Tackling a public health challenge is a team effort**” published in **Indian Express** on **27th December 2021**.

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

**Relevance:** understanding collaborative policy-making and implementation

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**News:** All major public health problems need combined technical, bureaucratic and political efforts. As the friction between the different wings affects the health policies in India.

### **What different wings involves in health profiling?**

The three important branches, technical, politicians and administration need to work together for achieving better policy formulation and implementation.

**Technical people** have the benefit of training and expertise in specific areas. They regularly update and provide advice based on evidence.

**Policymakers** or elected representatives choose the final set of points for making policy.

**Bureaucrats** or the administration work through a hierarchical system to implement these interventions. All are expected to work to maximize the public good without any personal agenda.

### **What are the contributions of various agents?**

Technical groups like the National Technical Advisory Group on immunization provided acceptance and recommendations by policymakers for the allocation of sufficient resources. Bureaucracy worked by arranging logistics and ensuring supply through administration.

### **What are the challenges in this collaborative approach?**

There are challenges of **overstepping the boundaries**. During the current pandemic, many scientists took positions on different pandemic responses, including lockdowns and school closures, which are beyond science.

### **What are the challenges posed by bureaucratization?**

Here the process becomes more important than the end. The best example is when targets are fixed for everything, and they become the end in itself. Often such targets are politically driven. For example, data from sterilisation drives shows that fixing targets creates problems such as fake entries or non-entries.

### **How can the problem be resolved?**

In general, the thinking is that science is right or has the right answers. Politicians and bureaucrats are often in the lower pecking order. But this thinking is not valid as Knowledge is useless if it is not applied for public benefit, and it is the politicians and administrators who enable this to happen. According to German physician Rudolf Virchow, medicine is a social science and politics is nothing else but medicine on a large scale. Thus, there is a need to clear the boundaries between these three wings so that they don't overstep each other. The problem of overstepping boundaries can further be minimised by aligning public health, administrative and political goals by mutual dialogue.

## **8. The elderly are assets, not dependents**

**Source:** This post is based on the article "The elderly are assets, not dependents" published in **The Hindu** on **27th December 2021**.

**Syllabus:** GS 2 Welfare schemes for vulnerable sections of the population by the Centre and States and the performance of these scheme.

**Relevance:** Understanding issues of elderly healthcare.

**News:** India's demographic dividend implies that there is a larger pool of young population. This implies lower dependency and can boost the economy of a country, like was experienced

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by East Asian tigers and even in China. But in the future, India is likely to experience an increasingly elderly population.

### **Must Read: Elderly population in India**

Instead of looking at them as a drag on the economy, they should be seen as a potential asset – a massive resource of experienced, knowledgeable people. This can be realized by focusing on their health and their capabilities.

### **What are the healthcare needs of the elderly?**

The elder population suffers from familial neglect, low education levels, socio-cultural beliefs and stigma and low trust in institutionalized healthcare services. As per the first-ever **Longitudinal Ageing Survey in India (LASI)**, 11% of the elderly suffer from at least one form of impairment (locomotor, mental, visual and hearing). Non-communicable diseases claim the lives of 58 lakh Indians. Cardiovascular diseases are estimated to be 34% amongst 60-74 years old. They require an array of specialized medical services at home, including tele or home consultations, physiotherapy and rehabilitation services including mental health counselling and treatment.

### **Read more:” Quality of Life for Elderly Index assesses well-being of India’s ageing population**

### **Why existing schemes are inadequate?**

As per the Healthcare Access Quality Index (HAQ), India improved its score from 24.7 in 1990 to 41.2 in 2016. But India is still below the global average of 54 points. The government provides insurance, but as per the Niti Aayog report, 400 million Indians do not have financial cover for health expenses. The pension schemes for the elderly provide very low-income support. A 2007 law (**Maintenance and Welfare of Parents and Senior Citizens Act**) required the state to provide geriatric care services in every district hospital. But as per a report filed in Supreme Court in 2019, 16 states and union territories did not have a single bed dedicated to elders. A large proportion of elders are from lower socio-economic strata. They are unable to afford the cost of healthcare and slip into poverty. Poor health implies poor earning capacity. So they are economically unproductive and also dependent on support from family. This adds to their mental stress. So, the net result is poor physical and mental health.

### **What steps should be taken by India?**

**Infrastructure:** Presently, India has a major deficit in infrastructure and skilled medical care resources, with 1.3 hospital beds, 0.65 physicians, and 1.3 nurses for every 1,000 people. India should prioritize elderly health care over the next few years and decades.

**Increase public healthcare spending:** Apart from legislating pro-elderly healthcare and insurance policies, India needs to increase its public healthcare spending and invest heavily in the creation of well-equipped medical healthcare, home healthcare facilities and rehabilitation services.

**Programmes:** India should accelerate the implementation of programmes such as the National program for health care of the elderly. The Ayushman Bharat and PM-JAY ecosystems should be further expanded to cover senior citizens from lower economic strata. National Digital Health Mission has the potential to expand medical consultations into the interiors of the country.



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These steps will help convert the elderly into a massive resource for social-cultural and economic development, giving a totally new perspective to the demographic dividend.

### 9. How PMO letter to EC challenged institutional balance

**Source**– This post is based on the article “**How PMO letter to EC challenged institutional balance**” published in **Indian Express** on **17<sup>th</sup> Dec 2021**.

**Syllabus**: GS2 – Separation of powers between various organs

**Relevance**– Separation of power, Independence of Election commission

**News**: Earlier, a letter written by the Law Ministry to the Election Commission (EC) on November 15, has come under criticism. This letter created debates regarding India’s institutional structure and its traditions and conventions. The recent press communiqué of the Law Ministry offer certain logical conclusions and clarifications.

**Must read**: **Functioning of the Election Commission – Explained, pointwise**

#### **What are the clarifications given by the communiqué of the Law Ministry?**

The PMO had only addressed its communication to convening the meeting to the cabinet secretary, law secretary and secretary, legislative department. It was the secretary, legislative department (SLD) who “thought it appropriate” to “invite officials of the Election Commission to this meeting”. The text of the legislative department’s letter has not been released. However, It is inconceivable for even a nodal department to take such an initiative on its own.

**Read more**: **Summoning CEC, EC to PMO is outrageous**

#### **What needs to be done?**

**Follow constitutional and legal mandates**: The national good requires that the three organs of the state and independent constitutional bodies function harmoniously in accordance with their constitutional and legal mandates. It also needs that their inter-relations should maintain each other’s dignity.

**Follow the conventions and traditions**: Like Kanhaiya Lal Misra said that the muscles, connective tissue and the coursing blood have given the institution like the High Court its strength, its resilience and even its glory. What Misra said about high courts applies generally to the polity as a whole. Conventions and traditions strengthened the foundations of Indian democracy in all its manifestations.

**The political class should show respect for independent institutions**: The historical experience of the ages shows that all political power is inherently expansive. They use notions such as “committed bureaucracy and judiciary” and stick and carrot approach So, the consultations between independent institutions and the executive should occur, but the political class should show respect. In conclusion, It is time for the head of the organs of state and the institutions and the public to scrutinise the entire corpus of the Indian state’s conventions to strengthen India’s democratic polity.

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

### 10. Has India turned into a barricade nation

**Source**: This post is based on the article “**Has India turned into a barricade nation**” published in **Times of India** on **27<sup>th</sup> Dec 2021**.

**Syllabus**: GS2- Important aspects of governance.

**Relevance**: Barricading and impact on civil rights.



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**News:** A division bench of the Delhi high court has sought an explanation from the police regarding the deployment of barricades. Petition also seeks the removal of “unnecessary and hazardous” mobile barricades.

### **How barricading affects the civil liberties?**

Round the year a lot of commuters lose their lives by crashing into barricades placed on the common public route. Sometimes, it is also used by the state to prevent citizens from exercising their right to peaceful protest.

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

It is important that the states don't resort to **Orwellian methods** and help their masses to enjoy their civil rights to the fullest.

**Note** – “Orwellian” is an adjective describing a situation, idea, or societal condition that George Orwell identified as being destructive to the welfare of a free and open society.

### **11. Protection from data protection authority**

Source: This post is based on the article “**Protection from data protection authority**” published in **Business Standard** on **27<sup>th</sup> Dec 2021**.

**Syllabus:** GS2- Statutory, regulatory and various quasi-judicial bodies.

**Relevance:** Data protection and regulatory authority

**News:** The **Personal data protection** bill was introduced in the parliament in 2019 and then referred to a joint parliamentary committee (JPC) which has recently submitted its report. Read the JPC's recommendation [here](#).

### **What is Data protection authority (DPA)?**

The bill recommends setting up of a **statutory regulatory authority (SRA)** called Data protection authority.

It is empowered to take steps to protect the interests of individuals, prevent the misuse of personal data, and ensure compliance with the Bill.

Given that data is an integral part of our lives now, **probably every Indian and every commercial activity would be in the DPA's ambit.**

### **What are the powers given to DPA?**

DPA can **draft regulations** to carry out the provisions of the Bill. These will have force of law. This also means that most of the obligation and rights related to data protection will be based on these regulations and not on the parliamentary law.

It has the power and the duty to promote **good data protection practices** and also facilitate their **compliance**

Some chapters of the bill also have an all encompassing omnibus general clause which give **wide powers to DPA.**

**Judicial or quasi-judicial powers:** DPA will have the **powers of a civil court** to call for information, as well as conduct inquiries on data fiduciaries. It can under extreme cases even deny the right of any entity to carry out the business of a **data fiduciary.**

Note-Data fiduciary is the **entity that controls the storage of the data and defines the permitted ways it can be processed.**

This can violate the Fundamental Right to do commerce through internet (Article 19).

It can impose **penalties for non-compliance.**

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### What are the apprehensions regarding its powers?

Compromises the **separation of power (part of basic structure of constitution)**- It is empowered to legislate, implement the legislation(executive function), as well as adjudicate on disputes on the very legislation that it writes and enforces.

**The Supreme Court (in 2004) stated, in the context of the SEBI Act**, that '*Integration of powers by vesting legislative, executive & judicial powers in the same body, in future, may raise several public law concerns*'.

It will have **full time permanent members** who will have power to **draft directions** which are not subjected to the scrutiny which is applicable to regulations.

### What is the way forward?

Public policy should strive to make a **balance between regulation and fundamental principles of the Constitution**.

**Example:** India Bankruptcy Code, 2016 has a clause that requires the Insolvency and Bankruptcy Board of India (IBBI) to "specify mechanisms for issuing regulations, including the conduct of public consultation processes before notification of any regulations".

**Financial Sector Legislative Reforms Commission (FSLRC)** had recommended that there is need for **internal and external checks and balances**.

### 12. India Israel ties no longer just a close friendship

Source: This post is based on the article "**India Israel ties no longer just a close friendship**" published in **Times of India** on **27<sup>th</sup> Dec 2021**.

**Syllabus:** GS2 – Effect of policies and politics of developed and developing countries on India's interests.

**Relevance:** India Israel ties and their current status

**News:** India and Israel are going to celebrate **30 years of diplomatic relations** in the year 2022. India has described its relationship with Israel as a **multifaceted strategic partnership**, which now includes negotiations on a **free trade agreement** as well.

### What are the various areas of cooperation b/w India and Israel?

**Technology:** Israel is the **Start-Up Nation** and India is one of the **world leader in technology** so both the nations have a lot to gain from technological cooperation.

Israel has also opened a **consulate in Bengaluru**, the hi-tech capital of India.

**Cooperation in green energy** can further strengthen India and Israel's positions as leaders in the global fight against climate change. To further cooperation in green energy Israel has also **joined ISA** (International solar alliance)

**Health:** During the COVID pandemic, both the countries cooperated in research, and exchanged both assistance and medical equipment. Both countries also reached an agreement for mutual recognition of vaccine certificates.

**Geopolitical:** India is one of Israel's major partners in the **Indo-Pacific** region.

It has many important interests in the Indo-Pacific, which include overcoming the global pandemic, fighting terrorism, expanding trade and addressing the threat posed by climate change.

**Human resources:** There are a lot of **Indian students** who choose Israel for higher studies, they also influence relationship by being a bridge in the form of **diaspora**.

**Agriculture:** Israel has been a leader in sustainable agriculture practices, India can learn a lot of from cooperating with Israel on **agriculture and water resources management**.

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**Defence:** Israel has been one of the India's **top four arms supplier** apart from US, Russia, France.

The relation has been further strengthened by the **launch of new QUAD economic forum between India, Israel, US, UAE.**

### 13. Opec+ should expect plenty of turbulence in the years ahead

**Source:** This post is based on the article "**Opec+ should expect plenty of turbulence in the years ahead**" published in **Live Mint** on **28<sup>th</sup> Dec** 2021.

**Syllabus:** GS 2 – Important International Institutions, agencies and fora – their Structure, Mandate.

**Relevance:** OPEC+

**News:** The OPEC+ group of oil producers celebrated their fifth birthday in early December. They first came together to face the threat posed by the US shale boom back in 2016. However, their future wasn't much easier.

The group was on the verge of collapse in 2020, but it was saved by the covid pandemic. The pandemic forced the need for a coordinated response to oil-supply management in the face of an unprecedented slump in demand.

They need to continue to stick together, as the world's need for oil will require changes in their production limits.

#### **What are the current challenges before the OPEC+ countries?**

**First**, the disastrous effect of the Pandemic has not eased yet. Further, there is a concern over the emergence of another new Coronavirus variant.

**Second**, the producer group faces the return of oversupply and a growing need to cut output once again. At the same time, it faces pressure from consumer countries, worried by soaring inflation, to keep the supply open.

**Third**, several OPEC+ members are already unable to meet their output targets, and a few other producers including Russia rapidly approaching full capacity. The group is struggling to add the output it would need to balance the market.

### 14. The problem of verbose policy documents – on National Electricity Policy

**Source:** This post is based on the article "**The problem of verbose policy documents**" published in **Indian Express** on **28<sup>th</sup> Dec** 2021.

**Syllabus:** GS 2 – Issues related to policy making

**Relevance:** National Electricity Policy (NEP) and the Electricity Act 2003.

**News:** Recently, the government had indicated its intention to amend the EA 2003 and also the tariff policy.

Policy documents should be crisp and should be able to convey the direction we intend on taking. However, some of our policy documents are not in line with the above-said parameters. For instance, the documents of National Electricity Policy (NEP) and the Electricity Act 2003/ Tariff policy.

Both these documents run into pages and, on several occasions, speak of issues that strictly do not lie within their respective domains. Thus, depriving themselves of clarity and sharpness. This is the appropriate time to revise various sections of the EA 2003 for having an integrated electricity policy that will have tariff as one of its constituents.

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**What are the issues pointed out by the author with respect to the EA 2003 Policy document?**

**First**, there are unnecessary warnings and provisions related to competitive procurement of power by distribution companies. This distorts the policy statement and dilutes the basic intent of the EA 2003 competition.

**Second**, the policy makes the entire process very cumbersome, and it makes implementation difficult. Further, it is prone to litigation. For instance, the problematic provisions for the determination of hydro tariffs.

**Thirdly**, many sections in the act actually do not add any substance but aim at only educating the consumer. Though educating the consumer is important, but a different forum should be used for this purpose.

**Fourthly**, portions of the document speak of issues that have nothing to do with tariffs but relate to standards of performance, such as quality, continuity, and reliability of power supply.

**What are the issues pointed out by the author with respect to the NEP Policy document?**

The issue is, should the NTP and NEP continue as two separate policies? The answer is no because there is inter-mingling of objectives in both policy statements.

For instance, both policies speak of providing power at reasonable rates, ensuring the commercial viability of the sector, and protecting consumer interests.

Thus, it would be appropriate to subsume the TP into the NEP since tariff is one of the several issues which is a matter of electricity policy.

### 15. E-com competition as a worthy policy response

**Source:** This post is based on the article “**E-com competition as a worthy policy response**” published in **Livemint** on **29<sup>th</sup> Dec 2021**.

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

**Relevance:** Regarding the Open Network for Digital Commerce (ONDC) project

**News:** The commerce ministry’s Open Network for Digital Commerce (ONDC) project is reportedly getting final touches for an online debut within a few months.

While India’s experience of state market ventures is bad, this project is indeed a worthy move.

**Must Read:** **How ONDC seeks to democratize digital commerce?**

**Why state’s interference in the e-com market via ONDC project is needed and why it’s the right move?**

In general, the state must not interfere in a functional market. The role of a government should be to frame policies that allow for market forces to operate freely, and it should refrain from pursuits better left to private enterprise.

But, due to the following factors, the state’s interference in the present case is justified:

– **Network effects and the internet’s low-cost reach** have given e-com majors a major hold over a growing sector. This clearly requires the Centre to intervene **against potential abuses of dominance**.

– **Unfair practices by big players:** Shopkeeper lobbies and seller collectives have accused big e-com businesses of unfair practices that threaten their survival.

**Why ONDC is the right move?:** Moreover, as the biggest platforms (websites) are privately run, they deserve the liberty to operate without being stifled by over-regulation.



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Hence, the ideal policy response, therefore, would be to set up an optional platform that can challenge private players. As the principal aim is to counter a concentration of market power, the creation of a competitor is the best way out.

### How ONDC can achieve its objective?

**Brand name:** It will need a brand name that signals what differentiates it. As ONDC draws inspiration from the UPI, the **value of openness** could be pitched at people by a mass campaign.

**Platform design, operational efficiency** and other factors need to be taken care of.

ONDC must not drain investor funds on **loss-leader discounts**.

**Govt's policy must not be abused** to tip the e-com market's scales in this initiative's favour. An open network should attract customers like any other venture.

### 16. Centre's push to merge film archive and other film bodies will ill serve their original mandates

**Source:** This post is based on the article "**Centre's push to merge film archive and other film bodies will ill serve their original mandates**" published in **The Indian Express** on **29<sup>th</sup> Dec 2021**.

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

**Relevance:** Merging of public-funded institutions with NFDC

**News:** The Centre has set a January deadline to merge four public-funded institutions, the *Films Division (FD)*, *National Film Archive of India (NFAI)*, *Directorate of Film Festivals (DFF)*, and *Children's Films Society of India (CFSI)*, with the National Film Development Corporation (NFDC).

This is an ill-conceived move.

### What is the rationale behind this move?

The primary reason behind the push for restructuring these institutions seems to be that **they are loss-making entities**.

The NFDC is expected to turn around its finances once the merger takes place. This is a flawed assumption premised on comparing these cultural bodies with industrial units in the red.

### Why these institutions should not be merged?

**Contributions to nation-building process:** The NFAI, FD, DFF, CFSI are institutions with a history. They have been a part of independent India's nation-building process and have made **stellar contributions** to producing, disseminating and preserving the labour and creativity of diverse film cultures in the country.

**For instance:** NFAI was set up in 1964 to archive Indian cinema history. Despite its delayed birth, the NFAI has done a commendable job of preserving Indian cinema history. Like any national archive, it is involved in the task of protecting national heritage. Countries such as the US and France allot public funds for their film archives precisely for this reason.

Even regional archives are necessary so that justice can be done to diverse, vibrant cinema cultures in numerous languages in India.

**Production of art-house cinema:** All these years, India's public-funded cinema bodies have focussed mostly on making of art house cinema and documentaries that would not find support from the market. This resulted in the production of works that boldly questioned the very systems and processes that enabled their existence. This fine balance b/w a film industry



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that defines itself in market terms & a cinema focussed on the politics and aesthetics of art production, should not be disturbed.

**Must Read: Draft Cinematograph Bill – Explained, pointwise**

### 17. An opportunity for Digital India

**Source:** This post is based on the article “**An opportunity for Digital India**” published in **Indian Express** on **29<sup>th</sup> Dec** 2021.

**Syllabus:** GS 2- issue related to e-governance

**Relevance:** Digital public goods, e-governance, External security

**News:** India is pioneering the concept of digital public goods. This provides India an opportunity to take its made-in-India digital public goods to hundreds of emerging economies across the world.

Further, owing to the advantage of digital goods over physical goods, the supply of digital public goods to other countries will act as a strategic counter to China’s Belt and Road Initiative.

#### **How India is pioneering in digital public goods?**

**Children** have access to QR-coded textbooks across state boards and languages

**Economically disadvantaged** have access to the public distribution system

**Beneficiaries of government schemes:** Direct money transfer into their bank accounts.

**Further,** it is transforming the way we make payments, for example, withdrawing our PF, getting our passport and driving license and checking land records, etc.,

#### **What are the advantages of digital goods over physical goods?**

The digital codes are highly reusable, so the **cost for setting up the digital infrastructure** is very less.

The investments required for **transporting digital public goods** are minuscule, and there is no chance of a debt trap.

Digital public goods have short gestation periods and immediate, and visible impact and benefits.

Finally, the continuous growth of technology, the network effect, and the rapid creation of new layers of technology ensures that the digital public goods infrastructure intensifies the growth aspects. For example, the surge in UPI-based payments in India and the use of Diksha, the school education platform.

Since building digital public good infrastructure is more effective than building physical infrastructure, it will help India to **counter China’s Belt and Road Initiative**.

#### **How made in India digital tools can help other emerging economies?**

Emerging economies are characterized by gross inefficiencies in the delivery of government services and a consequent trust deficit.

In this background, the use of digital goods will make governance more inclusive, transparent, and effective.

Some advantages of using digital tools in governance are:

Digital infrastructure can plug leaks.

- It **eliminates ghost beneficiaries** of government services.
- It makes the individual-government-market interface transparent
- Processes get streamlined and wait times for any service come down dramatically.
- Productivity goes up and services can be scaled quickly.

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Benefits can be rapidly extended to cover a much larger portion of the population.

### How India will benefit?

It will provide India, with a chance to create digital diplomacy. It will take made-in-India digital public goods across the world and boost India's brand positioning as a leading technology player in the digital age.

Furthermore, It will benefit India's partner countries and earn India immense goodwill.

### 18. Edtech's teachable moment

**Source:** This post is based on the article "**Edtech's teachable moment**" published in Business standard on **28th Dec 2021**.

**Syllabus:** GS2 – Issues relating to the development and management of Social Sector/Services relating to Health, Education.

**Relevance:** Edtech sector, need for its regulation.

**News:** Government has issued an **advisory to citizens** that caution should be exercised while using the services of companies that offer **online and remote learning courses**.

These companies have been accused of **delaying refunds, suppressing information** about auto-debit facilities and luring subscribers to sign up for tuitions without explaining the financial implications.

### What is the need for such an advisory?

Sector has seen **very high growth**, specially with the closure of schools during the pandemic. The **K-12 (kindergarten to class 12)** segment operates **largely unregulated** and has seen the most unfettered growth.

**China** has put a lot of **restrictions on the Edtech companies**, one of which is that they can't raise foreign capital. This has **redirected investor interest** towards India.

**Example:** Sector attracted \$4 billion in funding since 2020 compared with around \$500 million in 2019. Moreover, India now boasts **five edtech unicorns** against just one in the pre-pandemic era.

### What are the challenges in regulating Edtech sector?

Edtech has a wide presence and has been **growing exponentially** which makes **regulating** it a **complex task**.

The **business model** in Edtech sector is more conducive to **delivering revenues** rather than quality education, with **investors typically seeking an exit in five years**.

### What is the way forward?

Government should plan for **standards-setting and certification process** for online schooling

Need for introducing **long lock-in** for investors.

There is need for a more extensive **campaign that spreads awareness** regarding this advisory to more and more people. This will save many parents in lower-income families from financial ruin.

Govt should introduce **public distance learning education modules**, as this will increase access to education specially for the disadvantaged.

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### **19. Step Motherly? Is the denial of FCRA renewal for the Mother Teresa founded NGO at all justified?**

**Source:** This post is based on the article “**Step Motherly? Is the denial of FCRA renewal for the Mother Teresa founded NGO at all justified?**” published in **Times of India** on **28<sup>th</sup> Dec 2021**.

**Syllabus:** GS2- Development processes and the development industry-the role of NGOs.

**Relevance:** NGOs and their functioning

**News:** Missionaries of Charity (MoC), an NGO founded by Mother Teresa has been denied the renewal of its FCRA registration by the home ministry.

It should be noted that the FCRA registration is mandatory for any NGO or association to receive foreign funds or donations. MHA is the controlling authority of FCRA, and it conducts inspections and audits of NGOs to establish if their books are in order.

**Must Read:** **Impact of new FCRA rules on relief work of NGOs – Explained, pointwise**

#### **Why is this refusal under criticism?**

The government has given the reason for refusal as the **presence of adverse inputs**, while the FCRA rules only allows this refusal in case NGOs are involved in activities detrimental to the national interest.

#### **What are the allegations faced by MoC?**

A key suspicion it faces today can be seen in the **FIR filed against one of MoC’s children’s homes in Vadodara** earlier this month.

This followed **allegations of religious conversions**.

#### **What have been previous instances of NGO facing charges under this law?**

Amnesty International exited the country last year as a result of facing issues regarding flow of its finances.

#### **Why are the challenges posed by these restrictions?**

Services of NGOs are invaluable in a country where the state isn’t always there for everyone. NGOs serve the most needy, so it should be ensured that they don’t have to face administrative bottlenecks.

### **20. In Tamil Nadu, a lack of political will to end the Palk Bay conflict**

**Source:** This post is based on the article “**In Tamil Nadu, a lack of political will to end the Palk Bay conflict**” published in **The Hindu** on **29<sup>th</sup> Dec 2021**.

**Syllabus:** GS2- India and its neighbourhood relations.

**Relevance:** Bilateral disputes, Fishing industry

**News:** Palk Bay (*an important marine zone between south-eastern India and northern Sri Lanka*) has been a source of dispute for long.

It has come under news once again due to arrest of 68 Indian fishermen by the Sri Lankan authorities.

More on this arrest **here**.

#### **What has been the history of the issue?**

Efforts for delimitation of the Palk strait and **Gulf of Mannar** had started since 1921, but the agreements were finally signed in 1970 only.

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The concept of **International Maritime Boundary Line (IMBL)** for Palk strait came into being through these agreements.

The IMBL made some former parts of India, a part of Sri Lanka.

So even these agreements were not free from disputes and thus could not settle the issue boundary and fishing jurisdictions permanently.

These loopholes in the pacts gave way to new problems, including the recurring incidents of Tamil Nadu fishermen crossing the IMBL and getting caught by the Sri Lankan authorities.

### **What are the other causes of the problem?**

**Asymmetric nature of fishing practices in Tamil Nadu and the Northern Province of Sri Lanka:** While the fishing community of Tamil Nadu uses mechanised bottom trawlers, its counterpart uses conventional forms of fishing, as trawling is banned in Sri Lanka.

The **Sri Lankan side** of the Bay is considered to have **more fishery resources** than the Indian side which makes Indian fisherman to take the risk of crossing over to the Lankan side.

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

All stakeholders can decide to establish an **international institution of stakeholders** for regulating the fishing sector in the Bay.

Efforts to shift fishermen of Tamil Nadu away from **bottom trawling**: Government had launched the scheme by the name **Deep sea fishing project** for this, but it has not yielded the desired results.

There is need to **incentivise deep sea fishing through subsidies and awareness** as it has higher recurring cost per voyage and also is more time-consuming.

Government can promote **seaweed cultivation, open sea cage cultivation, seaweed cultivation, and sea/ocean ranching.**



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**Fish farmer producer organisations** will encourage fisherfolk to adopt sustainable fishing practices.

### 21. **Judiciary is Indian democracy's only flicker of hope**

**Source:** This post is based on the article “**Judiciary is Indian democracy's only flicker of hope**” published in **Indian Express** on **29<sup>th</sup> Dec 2021**.

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

**Relevance:** To understand the present challenges faced by Judiciary.

**News:** Even when other powerful institutions appear to be faltering and floundering, people continue to have faith in the judiciary as the last post of justice. But two issues that need immediate attention in Judiciary. These are 1. Lack of diversity, 2. The secrecy around the appointment of judges.

**Must read:** **The Collegium System – Explained Pointwise**

#### **Why do these issues require immediate attention?**

The appointment of judges requires attention because of inherent issues. Such as the selection is **individual-centric** rather than system-centric apparatus.

**Particular caste domination:** There is a massive under-representation of Dalits, OBCs, minorities and women in the Judiciary. Irrespective of who is in power, the Brahmin community hardly accounts for 4% of the population, occupying 30-40% of posts in the higher judiciary constantly. The Supreme Court didn't have a judge from the OBC, SC or ST communities until 1980.

**Read more:** **Issue of Gender Gap in Judiciary – Explained, Pointwise**

#### **What should be done to strengthen the Judiciary?**

The **executive, legislature, judiciary, the bar, the public** must be represented in the judicial appointments commission. The general **public should have a crystal-clear view** of the people who are going to be the judges of our top courts.

Indian democracy requires a vibrant judiciary to guide the other organs of states.

**Read more:** **Pendency of Cases and Rising Vacancies in the Judiciary – Explained, Pointwise**

#### **What should be done to strengthen Indian Democracy?**

The legislature, judiciary and the media are crucial to ensure checks and balances in a democratic system.

-As per the words of CJI, the “sorry state of affairs” on law-making and parliamentary debate has to be addressed.

-The Chief Justice also rued the demise of investigative journalism in the country. Courageous journalism makes democracy robust, So it has to be revived.

A judge of Bombay High Court said “Governments will come and go but the idea of India, the constitutional idea of India, parliamentary democracy must be protected. In the constitutional scheme of things, there is no such thing as too much noise or too much dissent.”

### 22. **Medical postgraduates: Omicron's Here, Doctors Aren't**

**Source:** This post is based on the article “**Omicron's Here, Doctors Aren't**” published in **TOI** on **29<sup>th</sup> Dec 2021**.

**Syllabus:** GS2- Issues relating to development and management of Social Sector/Services relating to Health.



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**Relevance:** To understand the present challenges faced by India's health system.

**News:** Omicron is spreading faster than any virus in history. Latest reports from the UK show that patients with Omicron are 50-70% less likely to be admitted to hospital for treatment. However, observations in Europe and the US show that this milder virus could still put pressure on hospitals because of the speed of spread, overwhelming the medical infrastructure, especially the Medical postgraduates.

**Read more:** [Omicron slow to infect lungs, says Hong Kong study](#)

### **Why India should worry about Omicron?**

Recently, the US recorded more than 2 lakh cases in a day, which stressed its critical care capacity. Since the US is a populous country, America's nurses and doctors are tired and exhausted, and several US states have called on the National Guard to provide extra support. This is the trailer of a movie about to be released in India.

### **How did India's health system evolve during the pandemic?**

At the start of the pandemic, India started with no PPE, N95 masks, less than 30,000 ventilators and very few critical care beds. With active intervention by the government, in no time we became self-sufficient in every requirement to face the Covid battle.

India has 542 medical colleges, 64 standalone postgraduate institutions under the National Medical Commission and over 1,000 postgraduate institutions under the National Board of Examinations. They together manage approximately 6 lakh beds. With the rigid regulations of the Medical Council of India, medical college hospitals have excellent infrastructure, adequate staff and expensive equipment.

But, India's only weakness is the perpetual shortage of junior doctors in both public and private hospitals.

**Read more:** [Brain drain in the health sector – Explained, Pointwise](#)

### **Why does the shortage of Medical postgraduates important for the battle against Omicron?**

When patients became very sick, they were invariably transferred to one of the medical college hospitals or postgraduate institutions for critical care. Sick Covid patients in the ICU are managed predominantly by young postgraduate students and nurses. Currently, over 2 lakh young doctors undergoing internship or postgraduate training programmes in various specialities.

Counselling of the NEET-PG 2021 batch has already been delayed by nearly eight months. Due to the delay, 1. Medical colleges and postgraduate institutions facing a shortfall of nearly 60,000 junior doctors, 2. Second and third-year postgraduate student doctors are being made to compensate for absent first-year postgraduate student doctors. Overworked and tired, resident doctors are protesting across the country.

### **What should be done to increase Medical postgraduates?**

1. NEET-PG counselling should be conducted without any further delay by Medical Counselling Committee, 2. Ensure fresh resident doctors are posted in the ICU for a month to familiarise them with protocols and equipment.

If India tackled these challenges, India can emerge once again as able interdependent warriors in the battle against Covid waves.

**Read more:** [On Omicron: Before the third wave](#)

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### 23. How to protect India's film heritage

**Source:** This post is based on the article “How to protect India's film heritage” published in **The Indian Express** on 30<sup>th</sup> Dec 2021.

**Syllabus:** GS2 – Government Policies and Interventions for Development in various sectors and Issues arising out of their Design and Implementation

**Relevance:** The importance of publicly-funded cultural institutions in India

**News:** The Govt has decided to merge four publicly-funded institutions with National Film Development Corporation (NFDC). Scholars are questioning this treatment, which is based on a misconception that cinema is either an object of information or broadcasting.

These cultural institutions have been known to perform better without the shackles of centralised power or unnecessary bureaucratic hurdles.

Their **ROCE (Return on the Capital Employed)** is the intangibility of their artistic creations.

In this context, it would be interesting to try and understand the history of the four so-called media units of the central government — Films Division, Children's Film Society of India, National Film Archive of India and Directorate of Film Festivals.

**Must Read:** [Centre's push to merge film archive and other film bodies will serve their Original mandates](#)

#### **What is the contribution and importance of these publicly-funded cultural institutions?**

##### **National Film Archive of India (NFAI)**

It was established in 1964. Had the NFAI been established a decade earlier, perhaps its vaults would have possessed the prints of India's first talkie film (Alam Ara) and much more.

Moreover, NFAI **organises regular screenings** of rare films from its collection in its campus auditorium in Pune (open to the public on nominal membership basis).

This only indicates **how important it is to empower the archiving exercises** at the national level.

##### **Films Division**

Films Division was established in 1948. It is not only a **production unit** but also a **repository of India's history** on analogue and digital media since independence.

Most of India's leading filmmakers, besides many younger filmmakers and artists, have made films for the FD, making the nation's cultural and audio-visual heritage rich. These need to be freely disseminated among people by preserving them carefully and compassionately.

**Mumbai International Film Festival (MIFF)**, organized by FD, for documentary, short and animation films, has groomed many young filmmakers in India.

##### **Children's Film Society of India**

There are a number of national and international award-winners, providing **engagement to young minds** in CFSI's library.

Over half a century ago, FD and CFSI made a wonderful range of fiction and non-fiction animation and puppet films for inculcating good civic sense, too.

##### **Directorate of Film Festivals (DFF)**

It was founded in 1973. Besides organising the **International Film Festival of India (IFFI)** and events abroad, it also takes care of several other films-related events, including the **Dadasaheb Phalke Awards**.

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

All these bodies under the Ministry of Information and Broadcasting function individually as well as in coordination, each carrying its own history, recording the many national ups and downs as public services with no monetary or profit objective.

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- Federally, archival activities need to be prioritised, empowering the film archiving body as an independent, less bureaucratically burdened body without over-centralisation.
- India should have as **many archival facilities** as the number of states and Union Territories. This will ensure that poor students from far-off villages who wish to pursue research can have easier access to NFAI's collection of films, & its books and viewing materials.
- **An umbrella Chalachitra Academy:** The only state that has one is Kerala which effectively and efficiently manages all film-related activities under the Kerala State Chalachitra Academy. Such an umbrella academy would help retain the cultural ethos of a nation under an over-centralised framework.

### 24. Great Power Politics is back with a twist

**Source:** This post is based on the article "**Great power politics is back with a twist**" published in **Business Standard** on 30<sup>th</sup> Dec 2021.

**Syllabus:** GS 2 – Effect of Policies and Politics of Developed and Developing Countries on India's interests, Indian Diaspora.

**Relevance:** Changing global order

**News:** Great power politics between US and China is shaping every dimension of the global order

China's rise has shaken the status quo in the global political order. As a rising power, it is challenging the foundation of the US-led global order. This has led to the US-China strategic competition.

Covid-19 has merely accelerated the trends that were already visible. As a result, the stage is set for a period of unrest.

#### How US-China strategic competition is shaping global politics?

**First**, the range of issues across which this competition is likely to be played out has expanded. From human rights to technology, from supply chains to defense. This contestation is now putting pressure not only on the other nations but also on the important institutions that shaped the present global order.

**Second**, the **Indo-Pacific has become the center of contestation**. The absence of any regional institutional architecture has led to the development of institutions such as the Quad and the Aukus.

**Third**, the **middle powers**, too, are actively engaging in this, by shaping the normative and institutional space as well as by pushing back against the Chinese aggression.

**Fourthly**, the call to strengthen democracy has become more pronounced, in the wake of the rise of authoritarian systems like China and Russia. The US President's "**Summit for Democracy**" was aimed at generating a greater sense of solidarity among fellow democracies and preventing their "backward slide" around the globe.

#### What is the way forward for India?

The US-China competition is shaping every dimension of the global order, for instance, climate change and sustainable development, infrastructure and connectivity, trade partnerships, technological developments.

Indian foreign and security policies will have to contend with these shifts much like other nations.

Also, if India could make the right choices, this inflection point in global politics offers India an opportunity to emerge as a "leading power".

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### 25. Joint development of oil tank farm by India, Lanka could alter dynamic of Delhi-Beijing rivalry

**Source:** This post is based on the article “Joint development of oil tank farm by India, Lanka could alter dynamic of Delhi-Beijing rivalry” published in Indian Express on 30<sup>th</sup> Dec 2021.

**Syllabus:** GS 2 – India and its Neighborhood- Relations.

**Relevance:** India – Srilanka relation

**News:** Sri Lanka’s energy minister has said the India-Lanka development of the strategic Trincomalee oil tank farm will be finalised in January.

#### What are the reasons for the recent economic crisis in Srilanka?

**The Easter killings of 2019:** it dealt a hammer blow to the country’s tourism industry, its main economic activity and source of revenue.

**Dwindling foreign exchange earnings:** it has led to restriction on imports, which in turn has led to shortages of food essentials.

**High Retail inflation:** it has led to skyrocketing of food prices.

**An overnight switch to organic farming by government:** it has threatened Sri Lanka’s main export, the paddy and tea.

**High External debt.** In 2022, the country reportedly had to pay some \$4.5 bn to service its sovereign bonds. Nearly half of Sri Lanka’s external debt is owed to international capital markets, and slightly below a quarter to international banks.

**Lack of support from IMF:** Sri Lanka has exited the IMF programme in 2019 because of the tough conditions, and is reluctant to approach the Fund again.

**How India is supporting Srilanka ? : Read here : <https://blog.forumias.com/india-finalises-cooperation-plan-to-revive-covid-hit-sri-lanka-economy/>**

### 26. A whiff of trouble in the Nord Stream pipeline

**Source:** This post is based on the article “A whiff of trouble in the Nord Stream pipeline” published in The Hindu on 30<sup>th</sup> Dec 2021.

**Syllabus:** GS 2 – Effect of Policies and Politics of Developed and Developing Countries on India’s interests

**Relevance:** Nord Stream 2 project

**News:** The Ukrainian authority has called the Nord Stream 2 project a ‘dangerous geopolitical weapon’.

There is also strong opposition from the United States and most of the European countries (except for Austria, Germany, Hungary, and the Netherlands).

What was meant to be an ordinary energy project has transformed itself into a powerful geopolitical tool, available to every stakeholder involved.

#### Why the Nord Stream 2 project is important for Germany?

##### It provides energy security for Germany

According to data from 2015, Germany has only around 10% of its natural gas resources from its own gas fields.

Moreover, Germany has set out a plan to shut down its nuclear and coal power plants, with the objective of gradually moving towards renewable sources of energy.

Furthermore, there is an energy crisis in Europe, whereby wholesale energy prices have more than doubled in 2021, and there is a limited supply of fossil fuels altogether



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**Diversify the sources:** Apart from Nord Stream 2 project, Germany has plans to build its first LNG terminal to receive gas from Qatar, the U.S., and others.

### **What are the concerns raised w.r.t the Nord Stream 2 project?**

#### **US's concern**

Once operational, the project would render more leverage and bargaining power to Russia while dealing with Europe and its energy market.

The Trump administration feared that the pipeline would give Russia more influence over Europe's energy supply and reduce its own share in the European market for American liquefied natural gas (LNG).

**Some political experts view:** They opine that Russia is trying to use Nord Stream 2 as a political weapon to put pressure on European security and undermine the democratic resilience of European institutions.

**Europe's Concern:** Russia has been blamed for the EU's energy crisis. They opine that Russia had intentionally decreased its gas supplies to Europe, aiming to speed up the controversial Nord Stream 2 gas pipeline by European Union (EU) market regulators.

However, Russian President Vladimir Putin dismissed these concerns, saying that Nordstream 2 is purely a commercial project.

### **Why the development of Nord Stream 2 project got delayed?**

The project has undergone a series of sanctions and controversies. For instance, at the end of 2019, U.S. President Donald Trump imposed sanctions on any EU company that was involved in completing the Nord Stream 2 pipeline.

However, In July 2021, the U.S. and Germany reached an agreement to allow the completion of the Nord Stream 2 pipeline.

Earlier in May 2021, the Joe Biden administration decided to issue a national security waiver for the Nord Stream 2 AG. The main reason was apparently to restore trust and close cooperation between the U.S. and Germany.

### **What are the latest challenges hampering the development of Nord Stream 2 project?**

**Bureaucratic hurdle:** Recently, Germany's network regulator suspended the certification procedure for Nord Stream 2. It reasoned that it would only be possible to certify an operator of the Nord Stream 2 pipeline if that operator was organised in a legal form under German law.

**Geopolitical:** Amidst fears of Russia's invasion into Ukrainian territories, some EU leaders have called for stronger actions toward the controversial pipeline from Germany, in the event of further military escalation.

### **27. Questions still on how far labour codes will change gig workers' lot**

**Source:** This post is based on the article "Questions still on how far labour codes will change gig workers' lot" published in **Business Standard** on 30<sup>th</sup> Dec 2021.

**Syllabus:** GS2- Welfare schemes for vulnerable sections of the population by the Centre and States.

**Relevance:** Social security, Gig workers.

**News:** Although companies claim that they take care of the social security needs of their workforce, but the various surveys suggest a different trend.

**For example** – Uber, incidentally, has scored a zero in the Fairwork India Ratings 2021 on the working conditions of app-based gig workers, as have Ola and Porter.

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Covid-19 disrupted earnings, cab aggregators extended no help to the drivers – not even the bare minimum to pay their vehicle loan EMIs.

### What are the challenges faced by gig workers?

Almost every Gig worker faces the twin issue of **tough working conditions and absence of social security**.

From the four new labour codes, only one (Code on Social Security) includes gig workers. More on the code [here](#).

**Note:** *Gig workers are people who perform work or participate in a work arrangement and earn from such activities “outside the traditional employer-employee relationship”*

Companies or aggregators are making use of legal means (Example-different wordings in contracts that would change nature of the clause) to stay away from the responsibility of providing social security to gig workers.

Lack of suitable insurance products and early pay loan/credit specifically customised for the gig economy.

**Must Read: [Protecting the gig workers](#) | [The tug of war within the gig economy](#) | [Our expanding gig economy must treat workers fairly](#)**

### What are the implementation bottlenecks for the code?

**Absence of data:** Government has, till now, no idea about the number of gig workers. It has very recently operationalised **the e-shram portal** to register all unorganised sector workers, including gig/platform workers.

Although not the perfect solution, but Code on social security may help a lot in providing gig workers better social security benefits.

### 28. The efficiency myth of Aadhaar linking

**Source:** This post is based on the article “**The efficiency myth of Aadhaar linking**” published in **The Hindu** on **30th December 2021**.

**Syllabus:** GS 2 Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

**Relevance:** To understand the challenges in the Aadhaar project.

**News:** Recently, Lok Sabha and Rajya Sabha have passed the Election Laws (Amendment) Bill, 2021. One of the key provisions of the Bill is linking Aadhaar with the electoral rolls.

Cash transfers in many welfare programmes, such as payment of MGNREGA wages, are done using the **Aadhaar Payment Bridge System (APBS)**.

**Read more: [Linking Aadhaar with electoral rolls – Explained, pointwise](#)**

### What are the claims made by the central government on the Aadhaar system?

The Union Government has repeatedly made claims on savings in welfare programmes due to Aadhaar. For instance, the Government continues to claim that “the estimated cumulative savings/benefits due to Aadhaar in MGNREGA till March 2021 is Rs 33,475 crores”.

The government claims that the “Savings are in terms of increasing the efficiency and reducing the delay in payments etc.”

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### What are the challenges associated with the Aadhaar project?

**No clear methodology:** A Right to Information has been filed seeking the methodology used to arrive at such savings. The government replied, for DBT Mission, “**on the assumption** that 10% of the wages in the year could be saved.”

**Wage payment delays are persistent:** An analysis of more than 18 lakh wage invoices for the first half of 2021-22 by LibTech India demonstrated that 71% of the payments were delayed (called stage 2 delays) beyond the mandated period by the Union Government.

**Inefficiency in the Aadhaar system:** A recently completed study of nearly 3,000 MGNREGA workers by Anjor Bhaskar and Preeti Singh shows that 57% of job cards of genuine workers were deleted in a quest to show 100% linking of Aadhaar with job cards.

**Opacity surrounding APBS:** The most common reason for payment failures through the APBS is called “Inactive Aadhaar.” This happens due to an error in software mapping failure with the centralised National Payments Corporation of India, the clearinghouse for APBS.

**Miscredited funds:** There are several cases of misdirected payments in APBS when the Aadhaar number of one person gets linked to somebody else’s bank account. These are very hard to detect, as these will appear as successful transactions on the dashboard.

**Challenges in grievance redressal:** As per UIDAI, its functions include “setting up of facilitation centres and grievance redressal mechanism for redressal of grievances of individuals.” However, no such mechanisms exist.

**Read more: Inefficiencies in the Aadhaar project**

### What can be done?

1. The government has to emphasise the **need for a push towards constitutional propriety and accountability for technologies**,
2. It is time to **overhaul the nomenclature** for recipients of welfare measures. Instead of calling them “beneficiaries” **people should be referred to as “rights holders”**,
3. **Conducting pilot or independent cost-benefit analysis** along with user experience of the recipients or from field-level bureaucrats.

### 29. Wrong medicine-Quota case delayed PG intake in medical institutes. Courts intervene too much

**Source:** This post is based on the article “**Wrong medicine-Quota case delayed PG intake in medical institutes. Courts intervene too much**” published in **Business standard** on **30<sup>th</sup> Dec 2021**.

**Syllabus:** GS2- Issues relating to the development and management of Social Sector/Services relating to Health.

**Relevance:** Legal and administrative proceedings causing delay in NEET-PG counselling.

**News:** Widespread protests by resident doctors over delayed NEET-PG counselling come just when healthcare defences need to be strengthened against a feared Omicron surge.

The current fiasco is an example as to how legal disputes can trigger disruptions elsewhere.

It would be better if issues like income ceiling for EWS/OBC categories are policy decisions best left to governments.

### Why the NEET PG counselling got delayed?

After the Centre introduced of OBC and EWS reservation in all-India quota seats and fixed a Rs 8 lakh creamy layer limit for both categories, the Supreme Court took up petitions challenging these policies.

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**Judicial and administrative proceedings have caused the inordinate delay** in counselling over and above the pandemic.

### **What are the implications of the delay?**

This delay is **overburdening the resident doctors** and leading to other challenges related to career, academic progression and work-life balance.

Further, coming March, the next NEET-PG examinations are due, leading to a situation where PG institutes will have to admit two batches in quick succession. This will put an **unwarranted strain on medical education too**.

### **30. J&K delimitation exercise sets a dangerous precedent**

**Source:** This post is based on the article “**J&K delimitation exercise sets a dangerous precedent**” published in **The Indian express** on **31<sup>st</sup> Dec 2021**

**Syllabus:** GS2- Structure, organization and functioning of the Executive

**Relevance:** Issues related to Delimitation of J&K

**News:** Delimitation Commission headed by Justice Ranjana Desai has completed the task of **delimitation of Jammu and Kashmir**, but there have been some concerns regarding its mandate.

### **What are the issues associated with the recently concluded delimitation of J&K?**

**Population base:** This delimitation commission has taken the **2011 Census as the basis for delimitation** for J&K, however, in all other states, delimitation has been done on the basis of the **2001 census** in accordance with the Delimitation Act of 2002.

**Increase in the number of seats:** Circumventing the Delimitation Act of 2002, the Union government increased the number of seats in the legislative assembly of J&K from 107 to 114 through the J&K Reorganisation Act, 2019.

Problem is that **only the Delimitation Commission** has the sole prerogative to **decide on both these matters**.

**Note-**Clause 8(b) of the Delimitation Act of 2002, mandates and empowers the Delimitation Commission to decide on the “the total number of seats to be assigned to the Legislative Assembly of each State and determine on the basis of the census figures”.

According to some, **the commission has introduced an imbalance in the regional representation** by increasing the assembly constituencies in Jammu. In the allocation proposed by the Commission, it **gives 47% of the seats to Jammu which accounts for 44% of the population** and **56% of the population living in Kashmir will have only a 52% share** in the assembly.

**Considerations given primacy than criterion:** In all the four previous delimitation commissions, the basis for the creation of constituencies was the **criteria of population**. In addition to this, some considerations, such as topography, geographical continuity and physical features were used for drawing the constituency boundaries.

But commission this time seems to have given primacy to “considerations” over the “criteria.”

### **31. On FCRA & NGOs: Killing the license**

**Source:** This post is based on the article “**Killing the license**” published in **The Hindu** on **31<sup>st</sup> Dec 2021**.

**Syllabus:** GS2- Development processes and the development industry-the role of NGOs

**Relevance:** NGOs, foreign funding, FCRA.



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**News:** After 2020 amendment to the FCRA act 2010, NGOs are required to renew their FCRA (Foreign Contribution (Regulation) Act) license in order to be able to receive foreign funding. Ministry of home affairs (MHA), which looks into these renewals recently **denied Missionaries of Charity group** (an NGO founded by Mother Teresa) renewal of its FCRA license.

It has also not yet scrutinised more than four-fifths of the applications of the 22,000-plus NGOs that have sought renewal of their FCRA license.

### **What are the issues associated with this present situation?**

If government does not extend deadline by midnight, all NGOs whose application is yet to be scrutinised stand to **lose their ability to access international funding** in the coming year.

NGOs have to prove that their work does not qualify as **harmful to “public interest” or “national security”**. The 2020 amendment of FCRA act of 2010 has left these terms **undefined and ambiguous**. This may lead to **subjective interpretations** on the part of MHA officials.

Many **prominent NGOs** like Amnesty International, Greenpeace India, etc. have **lost** their FCRA licenses in the past few years.

Many of these NGOs work in **very critical fields and most often where state helps fails to reach, like** pollution and climate change issues, human rights, child labour and human slavery. They, therefore, have a strong **impact on the progress of the nation and welfare of the poor**.

**Political parties** are able to access foreign funds for their campaigns under FCRA while NGOs are denied the same.

### **32. Asia faces many regional security threats**

**Source:** This post is based on the article “Asia faces many regional security threats” published in **Livemint** on **31<sup>st</sup> Dec 2021**.

**Syllabus:** GS 2 – Effect of Policies and Politics of Developed and Developing Countries on India’s interests

**Relevance:** To understand the regional security threats in Asia.

**News:** In Asia today, the economy is global, politics are local, and security is local, regional and transnational. Asia is now the epicentre of security risks. More worrying is the international and regional system’s inability to address these issues.

### **What are the present regional security threats in Asia?**

The region is facing

1. Intensified **Sino-American tensions**,
2. Standoff on the **India-China border**,
3. The tensions over **Taiwan** and the **South China Sea**, the **Senkaku/Diaoyu Islands**,
4. The uncertain trajectory of **Iran’s nuclear programme**,
5. The **Taliban’s** rapid return to power in Afghanistan,
6. **Offensive arms acquisitions:** Asia now has a belt of nuclear-weapon states stretching from the Mediterranean to the Pacific, **from Israel to North Korea**.
7. Many members of the **Association of Southeast Asian Nations** seek **security from the US while relying economically on China**. They are forming local coalitions wherever it is possible, but they avoid choosing between China and the US,
8. Newer transnational risks like **cyberattacks, climate change, energy crises and pandemics**.

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### What are the initiatives taken to address the regional security threats in Asia?

China, Pakistan, Russia and the Central Asian countries all expect that **home-grown separatists and extremists** will find safe haven, weapons and support in the new Taliban-controlled Afghanistan. They collectively reinvigorate counterterrorism cooperation in the **Shanghai Cooperation Organization (SCO)**.

In September, the US hosted the first in-person summit of the **Quad** (Australia, India, Japan and the US) and unveiled the **AUKUS agreement** to supply nuclear-attack submarines to Australia.

**Response to China's rise and the shifting balance of power in the Indo-Pacific:** To counter China, the Asian countries engage in regional and maritime security, bilateral, trilateral and plurilateral cooperation arrangements and interoperability exercises such as the Malabar naval war games.

### What should be done to avert the regional security threats in Asia?

1. **Nuclear deterrence should be promoted** and keep the peace between the major powers,
2. **Strengthen the global governance institutions,**
3. Try to **establish an effective regional security institution.**

The countries in Asia should address regional security issues or pursue multilateral solutions without relying more on nationalism and populism.

### 33. Judges & journos: CJI is partly right on the media mixing news and views. But judges should be less prickly too

**Source:** This post is based on the article “**Judges & journos: CJI is partly right on the media mixing news and views. But judges should be less prickly too**” published Times of India on **31<sup>st</sup> Dec 2021**.

**Syllabus:** GS2- Structure, organization and functioning of the Executive and the Judiciary

**Relevance:** Judiciary, Independence

**News:** Chief Justice of India NV Ramana, in a recent event, expressed worry about how news and views are being mixed together in today's time. He also talked about the “recent trend to sermonise about judgments, and villainise judges”

The article urges the judiciary to be less prickly (*irritable*) about criticism, including when not just judgments but judges too are criticised.

### Why the judiciary should take constructive criticism sportingly?

Separation of news and views is very essential for effective functioning of a democracy, but **constructive criticism is also equally important.**

**Part of the media's job** is to report on and analyse and, in its opinion columns, criticise not just political leaders but all powerful players in the system – from the police to armed forces and judges to corporates.

As these institutes take decisions of great public significance, they should be **encouraging of these criticisms** which also reflect the **plurality of voices** in a democracy.

In the same spirit, the Supreme court can also give a thought to **decriminalise what is termed as ‘scandalising the court’**. This provision doesn't sit well in a democracy.

# General Studies Paper - 3

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### General Studies - 3

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#### 1. What to look at before investing in ESG funds

**Source:** This post is based on the article “What to look at before investing in ESG funds” published in **Indian Express** on 27<sup>th</sup> Dec 2021.

**Syllabus:** GS3 – Investment Models.

**Relevance:** ESG funds, NSE prime.

**News:** Earlier this week, the National Stock Exchange (NSE) launched NSE Prime. Environment, social responsibility, and corporate governance have of late emerged as key themes for investors in India. The asset size of ESG funds has increased nearly five times to Rs 12,300 crore over the last couple of years. In this context, recently NSE has launched NSE Prime, to strengthen corporate governance in India. Experts say that companies that are part of the ESG or NSE Prime will not only benefit in the long term but will also have a better reputation and potentially command a premium on valuation in the long run. However, despite their potential benefits, there are some concerns associated with ESG investments.

#### What is ESG investing?

It is synonymous with sustainable and socially responsible investing. While selecting a stock for investment, an ESG fund shortlists companies that score high on environment, social responsibility, and corporate governance, and then looks at financial factors.

#### What are the criteria's used for ESG investment?

ESG funds use parameters such as **greenhouse gas and carbon emissions**, and employment generated to assess the ESG impact of the companies. Thus, companies with higher carbon outputs such as tobacco manufacturers, coal miners, oil and gas companies, and fossil fuel-based power generators typically do not feature in ESG fund portfolios. On the other hand, companies in the technology, renewable energy, healthcare, and FMCG space feature heavily in these portfolios.

#### What is NSE prime?

NSE Prime allows companies to submit to higher standards of corporate governance compared to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations. Some key requirements for companies to qualify for NSE Prime are, A minimum 40% public shareholding Mandatory segregation of the posts of chairman and ceo Independent directors as chairpersons of the risk management Stakeholder relationship Nomination remuneration, and audit committees.

#### Why it is needed?

The idea is to nudge companies to raise levels of corporate governance practice on their own. The creation of such a group of companies will result in better decision-making and protection of shareholder interest.

#### What are the implications?

**Firstly**, companies will be forced to improve governance and ethical practices, and act with greater social and environmental responsibility.

**Secondly**, it will lead to loss of revenue and profits in the long term for the companies that do not alter business models or become more environmentally sustainable. For instance, Globally,



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many pension funds and sovereign wealth funds do not invest in companies that are seen as polluting or socially not responsible.

**Thirdly**, encourages public investment in social development and environmentally sensitive sectors of the economy. For instance, cleanliness, skill development, expanded healthcare coverage, and education.

**Fourthly**, it will facilitate greater attention on issues such as climate risk, emissions, supply chains, labour rights, anti-corruption, etc.

### What are the concerns?

**First, the issue of “greenwashing”** – It is an act of providing misleading information about how a company’s products are more environmentally sound.

**For instance**, the **World Economic Forum** noted that greenwashing is a top concern among global institutional investors while selecting sustainable investments.

**Second**, Investment experts have also pointed to the tendency of fund managers to over-weigh certain stocks and companies. Notably, when most large investment-friendly companies have fallen short of the qualitative and quantitative parameters used for ESG investing.

### 2. Let’s re-emphasize the ‘social’ aspect of our ESG investments

**Source:** This post is based on the article “**Let’s re-emphasize the ‘social’ aspect of our ESG investments**” published in **Livemint** on **27<sup>th</sup> Dec 2021**.

**Syllabus:** GS3 – issues related to resource mobilisation

**Relevance:** Biomedical research.

**News:** Need to start a new ‘bio bond’ asset class to support Biomedical research. In Environment, social and governance investing, while many of the investments goes to environment and governance aspect, Social-welfare investments are often neglected. But there is an urgent need to change this, especially in biomedical research, to make it more sustainable, and affordable.

### What are the issues/concerns associated with the funding of Bio medical research in the US?

When a treatment or cure shows promise, it then needs to be tested in clinical trials of increasing **size, complexity and cost**. At the start of these trials, they get funding mostly from university tech-transfer operations, philanthropy and outside investors. When a trial shows promise, the next step is another clinical trial and the **expense for advancing the proposed cure goes up**. Likewise, it takes a **lot of expensive trials** before finding third-party investors willing to carry promising research for the end-stage trials essential for drug or medical-device approval. However, there is a concern, the equity investors on which biomedical research now depends **demand major stakes** in high-profile projects with high drug prices to meet their own market imperatives. Many nations bypass this equity-based, high-cost, high-risk business model with public investment. But the US has never done it, due to its historic aversion to direct federal investment in for-profit firms. **Translational valley of death** – The gap between promising early-stage clinical research and the end stage at which big money is needed.

### What can be done?

The best way to bridge the translational valley of death is to **change the biomedical-funding model** that is currently dependent on equity investments. The proven way to create safe, sound, sustainable, and affordable financing is via a **limited federal guarantee**. This can be done by **creating a new ‘bio bond’ asset class**. This will reduce risks dramatically via the

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government guarantee and eligibility and diversification requirements. These requirements also ensure that **guaranteed debt funding isn't misused by big biopharma** in the form of a new subsidy or as a back-door backstop for venture capital.

### 3. Avoid policy adventurism

**Source:** This post is based on the article published in Business Standard 27th Dec 2021.

**Syllabus:** GS3 – issues related to fiscal policy of government

**Relevance:** Goods and services tax

**News:** Goods and services tax (GST), one of the biggest reforms in recent decades, will complete five years in July next year. It was expected that after some initial implementation difficulties, the system would stabilise and boost revenue collection along with output. But that doesn't seem to be happening. While **revenue collection** has improved, partly because of better compliance, it is **still considerably below potential**. In this regard, government has taken some measures to boost GST revenue. However, there are some concerns associated with this. So, Experts warns that government should avoid not policy adventurism

#### Why there is a need to enhance GST revenue collection?

**First**, from next year, states will not receive their guaranteed compensation for the shortfall in revenue collection.

**Second**, Enhancing GST revenue would also be critical in addressing the overall fiscal stress in the country, which has significantly been exacerbated because of the pandemic.

#### What are the concerns associated with the recent changes in GST policy?

Some new provisions that will come into force on January 1 could further affect the GST system.

**Issue of retrospective enforcement:** According to one provision, the members of clubs, associations, and societies would be liable to pay GST on fees from July 1, 2017. Experts believe this will lead to litigation, particularly because of its retrospective enforcement. There are court orders from the pre-GST period that exempted such associations from service tax on the principle of mutuality.

**Issues that may arise due to discontinuation of issuing notices:** Another provision that will come into force on January 1, empowers tax officials to visit the premises of businesses to collect tax in the case of a discrepancy in filings. The provision has been introduced to curb fake billing. Earlier, **notices were issued** to firms that had not cleared their dues. If a company was unable to explain the discrepancy in filings even after giving a specific time period, then the tax authority proceeds with penal action. However, now, in the case of a discrepancy, the **government will now make the recovery directly** without issuing any notice. Giving tax officials the powers to make direct recovery will inevitably result in harassment. This will also go against the stated objective of the government to increase the ease of doing business in the country and will **bring back the fears of inspector raj**. This is also inconsistent with the direction in which the government is moving in the case of direct tax.

#### What is the way forward?

The GST Council should expedite addressing the issue of revenue-neutral rates and the inverted duty structure. GST rates were reduced prematurely and need to be corrected to make government finances more stable in the medium to long run. The Council's recent move on correcting the inverted duty structure for man-made fibres is welcome.

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### 4. Goodbye shadow banking

Source: This post is based on the article "Goodbye shadow banking" published in Business Standard on 27 Dec

**Syllabus:** GS3 – issues related to banking sector

**Relevance:** PCA framework for NBFCs

**News:** Recently RBI passed a string of new norms to strengthen the regulations for NBFC sector

#### What is a shadow bank?

A shadow bank is into the business of lending but is not subject to any regulatory oversight. The shadow banking system also refers to unregulated activities by regulated institutions.

#### What is the significance of NBFCs?

As of January 2021, there were 9,507 NBFCs registered with the RBI. Of these, just 64 were deposit-taking NBFCs, six of them have been barred from taking fresh deposits. Collectively, deposit-taking NBFCs and non-deposit-taking NBFCs have lent around Rs **29.04 trillion** till March 2021.

#### Why there is a need to strengthen the regulations for NBFC sector?

Infrastructure Finance and Leasing Services Ltd and Dewan Housing Finance Corp Ltd had collapsed in 2018. Bankruptcy proceedings have recently started against Srei Infrastructure Finance Ltd, Srei Equipment Finance Ltd and Reliance Capital Ltd. All these firms collected money from the public. Such NBFCs need to be tightly regulated as they pose systemic risk. Particularly those that are interconnected, with exposure to mutual fund and insurance businesses, should not be left unregulated.

#### What are the new rules for NBFCs?

– Read [here](#)

#### What is scale-based regulation?

The scale-based regulation divides the NBFCs into four layers in accordance with their size, activity and perceived risks.

**The base layer** consists of **a)** NBFCs with an asset size of under Rs 1,000 crore, **b)** Peer-to-peer lending platforms, **c)** Account aggregators, **d)** Non-operative financial holding companies, **e)** NBFCs not accessing public funds belong to this category.

**The middle layer** consists of **a)** All deposit-taking and non-deposit-taking NBFCs with an asset size of Rs 1,000 crore and above, **b)** The primary dealers who buy and sell government securities, **c)** Core investment companies, **d)** Housing finance companies and Infrastructure finance companies.

**The upper layer:** it consists of ten largest NBFCs by asset. According to RBI, they warrant close scrutiny based on a set of parameters and scoring methodology.

**The top layer:** it remains empty for now, but any NBFC in the upper layer may migrate to the top layer if t

he RBI senses it can become a risk for the system.

#### How the PCA framework impacts the NBFCs now?

**First**, according to rating agencies, Rater Crisil Ltd, most of the medium and large NBFCs rated by it should not face any challenge, either on capital adequacy or asset quality.

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**Second**, according to Icra Ltd, some NBFCs could breach the net bad loan criterion (more than 6 per cent) if the asset quality does not improve. At least three large NBFCs with assets of Rs 25,000 crore or more have already breached the non-performing asset (NPA) criterion.

**Third**, the uniform income recognition, asset classification and provisioning norms for lenders across segments that are already in place could impact the balance sheets of many NBFCs.

**Fourth**, Bad loans in certain segments will definitely rise following the new norms. Because, now the RBI wants NDFC's to treat loan as a standard asset only when the entire arrears of interest and principal are cleared by the borrower.

### 5. Agriculture needs a booster dose

**Source:** This post is based on the article “Agriculture needs a booster dose” published in **Business Standard** on **27<sup>th</sup> Dec 2021**.

**Syllabus:** GS3 – issues related to Agriculture sector

**Relevance:** Erosion of profitability in agriculture

**News:** The cure for the farm sector's ills lies primarily in making agriculture remunerative.

#### Why are farmers discontented and uneasy?

**Income from crop farming has become insufficient for the livelihood of an average farm family:** The “Situation Assessment of Agricultural Households” survey, carried out by the National Sample Survey Organisation in 2018-19, clearly indicates that an average farm family now earns more from wages than from farming.

**Must Read:** **The state of agriculture in India is only going from bad to worse**

If farmers rely solely on growing crops, they would earn less than what an unskilled labourer does. This is the reason why numerous farmers are giving up this occupation. The **count of non-cultivator rural households has increased** from around 66 million in 2013 to nearly 80 million in 2019. It needs to be supplemented with earnings from other sources, notably wage employment and agriculture's allied activities.

**Increase in the indebtedness of farm families:** Most farmers need to borrow even to meet their household expenses. The average outstanding loan per household has risen from around Rs 47,000 in 2012-13 to as much as Rs 74,121 in 2018-19. Thus, while the farmers' income (nominal) has increased by around 60% during this period, their average debt has also simultaneously shot up nearly by the same proportion. Since a sizable part of these loans is generally taken from informal sources, notably moneylenders, the **debt-servicing cost** is usually far higher than normally presumed.

**The terms of trade for agriculture (the ratio of agricultural versus non-agricultural prices) are also turning unfavourable to farming:** The data compiled by the agriculture ministry, shows a decline from 99.07 in 2016-17 to 96.43 in 2018-19.

**Productive assets of farmers, such as land and water, are decreasing in terms of both magnitude and quality:** The size of an average landholding has shrunk from 0.8 hectare at the beginning of 2000s to 0.5 hectare in 2019.

**Increasing landlessness in rural areas:** Some of the lands have become too tiny to cultivate. As a consequence, many farmers opt not to till these uneconomic holdings and, instead, let them out, or sell them resulting in landlessness.

#### What needs to be done to make the farming sector remunerative?

**Firstly, there is a need to facilitate increase in the size of farm holdings to make them economically viable:** Consolidation of holdings, as was done during the post-Independence land reforms, can be one way of doing so. The success of that exercise in some states had

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created the base for the green revolution. But its replication does not seem feasible today. The practical option now is to **legalise land leasing**. This would let farmers lease in or lease out land without fear of losing its ownership, resulting in an expansion of operational holdings.

**Secondly, there is a need to shift focus from maximising output to optimising profits:** Solo crop farming should give way to integrated farming systems. It should use judicious blending of crop cultivation with agriculture's allied activities like animal husbandry, poultry, fisheries, beekeeping, horticulture, agro-forestry, and similar others. The by-products and wastes of some of these activities can serve as inputs for the others, thereby reducing production costs and elevating productivity.

**Thirdly,** In the case of agricultural marketing, **the growers can be compensated for lower returns through mechanisms like** the Madhya Pradesh's price deficiency payment system. Farmers can also be assisted in deferring the disposal of their produce until the off-season, when the prices are usually high.

**Fourthly,** processing farm produce into value-added and shelf life-enhanced products, needs to be encouraged to ensure higher returns.

**Finally,** the direct income support, now fixed at Rs 6,000 a year, can be increased appropriately.

### 6. It's not too late for India to gain a global edge with high-end chips

**Source:** This post is based on the article "**It's not too late for India to gain a global edge with high-end chips**" published in **Livemint** on **27<sup>th</sup> Dec 2021**.

**Syllabus:** GS3 – Changes in Industrial Policy and their Effects on Industrial Growth.

**Relevance:** Semiconductor chip manufacturing

**News:** The opportunity in high-end semiconductor chip manufacturing is huge, but India must create an entire ecosystem that can deliver innovative products.

**Must Read:** **Semiconductor chip manufacturing in India – Explained, pointwise**

Moreover, India also needs to be wary of cheaper chip alternatives from Taiwan and China, especially considering the Chinese plans of controlling most of the world's semiconductor manufacturing capacity within 4 years under its 'Made in China 2025'.

### **How to counter Chinese plans of dominating world semiconductor manufacturing?**

A two-step transition can be planned:

First, **fund local fabless companies** to design substitute chips that reduce dependence on China in 2-3 years, and then migrate to next-gen products.

**Note:** *Fabless manufacturing is the design and sale of hardware devices and semiconductor chips while outsourcing their fabrication to a specialized manufacturer called a semiconductor foundry.*

### **What are the future growth estimates for the semiconductor industry?**

The industry is poised to touch \$53 billion by 2025, propelled by technologies like 3D printing, artificial intelligence, Internet of Things and blockchain, and with the rise of EVs, online games, cryptocurrencies and ever-increasing cloud use.

Considering this huge opportunity and the fact that this is a rapid obsolescence industry, it's still not late for India.

**Note:** *Semiconductor industry is a rapid obsolescence industry, as in whatever is produced gets obsolete in 4-5 y*

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### What is the way forward for India?

If India is eyeing the chips industry in view of future opportunities, then policy should focus more on creating a **sustainable ecosystem of collaborative innovation**, and not just on manufacturing. Following steps need to be taken:

**Building an ecosystem:** With economies short of supply and high on the demand, chip-makers will need to produce value-added offerings to be globally competitive. Building a robust ecosystem that aligns all stakeholders—from *policymakers, scientists, businesses and media to landowners, suppliers, customers and producers of complementary products and services*—will hold the key to that.

Here's what the government can do to **help create an innovation ecosystem:**

**One**, increase sharply the number of **high quality integrated-circuit (IC) software and system design engineers**, as opposed to the currently dominant IC design and testing engineers.

**Two**, aid **manufacturers** in adapting to new processes that can save three months to market (*the benchmark time is 19 months for a new design and 14 months for an upgrade*).

**Three**, create an open and collaborative environment where foundry and other suppliers can **share information** on production, future technology and expansion with manufacturers

**Four**, ensure that the ecosystem has a **vibrant group of complementors**, beyond just suppliers and manufacturers.

**Five**, attract more players for application-specific IC/ASIC/ASSPs microprocessors, graphics ICs, and also software players for applications, programming, etc. Energy conservation efforts, for example, could go a long way.

**Lastly**, India must **cultivate global media relationships** that could help it position its emerging industry as a producer of differentiated products of high quality and value. China mustn't get to corner the global market.

**Public Funding:** India needs to deploy public funds for tax incentives and to foster collaborative innovation among key stakeholders. The **Shakti project at IIT Chennai**, that resulted in the creation of India's first-ever indigenous RISC-V microprocessor, is a good example.

**Allocating funds to innovations**, even if these are in their trial phase, is critical. Developed nations provide grants to private researchers for projects that can generate value for society or ecosystems. In contrast, India exhibits impatience by offering no more than ₹10 lakh to a startup.

### 7. Our expanding gig economy must treat workers fairly

**Source:** This post is based on the article "**Our expanding gig economy must treat workers fairly**" published in **Livemint** on **28<sup>th</sup> Dec 2021**.

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

**Relevance:** Gig workers, Gig platforms and the Gig economy

**News:** 50 women partners of Urban Company's (UC) salon and spa vertical are protesting against policy changes that will come into effect from January 2022. These, they claim, will affect their ability to earn and are therefore unfair labour practices.

UC, India's largest home-services provider, has filed a lawsuit in Gurugram's district court against the protests. The judgement in this case could have an impact on the future of employment in India's gig economy.

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### **Must Read: Gig workers and their challenges – Explained, pointwise**

#### **What is the potential of India's Gig economy?**

A joint report by the Boston Consulting Group and Michael & Susan Dell Foundation in March 2021, pointed to the potential of India's gig economy.

Gig economy in India has the ability to **sustain up to 90 million jobs** in India's non-farm economy alone, besides adding **1.25% to the GDP**.

#### **What are some concerns/issues related to the Gig economy?**

– Platform businesses have to manage a workforce that they see as less committed, given its temporary engagement, and also consider it to be **'less productive'**.

– **Exploitative rating system:** Platform companies also appraise the performance of gig workers on a rating system based on customer feedback. While companies use this feedback to improve performance, gig employees often reject it. This is particularly true for service-dominated platform businesses, where close engagement between a service-provider and the recipient results in a high possibility of negative feedback from the customer.

– **Enculturation of workforce:** Sometimes the gig platforms expand into new cities and countries. This presents another challenge in terms of the enculturation of geographically-dispersed temporary workers.

– **Contractors, not full-time employees:** Platform companies like Uber and Amazon have frequently been questioned in the UK and European Union, wrt their stance on treating gig employees as 'contractors'. Being contractors, they are not given the attendant benefits such as minimum wages, holidays and pensions.

Recently, the **U. K's Supreme Court upheld** a previous ruling by the employment tribunal by stating that the 25 drivers who had brought a case against Uber are indeed employees and not contractors.

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

**Reforming the exploitative rating system:** A better way to rate them can be to **take the onus for any poor performance** and then work to improve ratings by training and motivating workers. This would also ensure the loyalty of the gig workforce.

**Tackling enculturation problems:** For this, the companies will need to 'imprint' its cultural norms, so that even temporary workers come to possess shared values.

### **8. The cold truth about India's income inequality**

**Source:** This post is based on the article **"The cold truth about India's income inequality"** published in The Hindu on **28<sup>th</sup> Dec 2021**

**Syllabus:** GS3- Inclusive growth and issues arising from it.

**Relevance:** Social and economic equality.

**News:** Recent the **World Inequality Report** has shown that India has very high levels of inequality. It also shows that the gap between the people at the top and bottom of income scale is higher in India than the USA, UK, China.

Read the detailed findings of the report **[here](#)**.

#### **What are the causes of this widely present inequality in India?**

**Deregulation and liberalisation** policies after 1980s have led to an increase in inequality, while the five-year plans which were inspired by the socialist principles reduced the same.

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While the top 1% has majorly profited from economic reforms, growth among low- and middle-income groups has been relatively slow due to which poverty has persisted.

### What has been the trajectory of inequality in India?

The income of the bottom 50% in India grew at the rate of 2.2% per year between 1951 and 1981, but the growth rate has remained exactly the same over the past 40 years.

This makes it clear that irrespective of the economic policy, the **state of the bottom half of India barely changed.**

This has been caused by the **social conditions and constraints in Indian society.**

### How can we ensure economic progress?

Global experience and studies by premier universities has shown that **old social structures need to be demolished** for economic progress.

**For example:** secularisation only predicts future economic development when it is accompanied by a respect and tolerance for individual rights.

Our neighbourhood is a good example where countries have suffered huge loss due to their support to archaic social structures.

States like Tamil Nadu ,Kerala , Karnataka which made efforts in breaking the old social structures or adapting them with the needs of today, have seen more mobility and well-being.

**B.R. Ambedkar** had issued a grim warning in 1949 that **if social and economic inequality persists then for long then political democracy will cease to exist.**

### 9. Panel to explore withdrawal of AFSPA in Nagaland is a step in the right direction. Centre must build on it

**Source:** This post is based on the following articles

**“Panel to explore withdrawal of AFSPA in Nagaland is a step in the right direction. Centre must build on it”** published in the **Indian Express** on **28th December 2021.**

**“A progressive step: On setting of panel for AFSPA by Nagaland”** published in **The Hindu** on **28th December 2021.**

**Syllabus:** GS 3 Role of external state and non-state actors in creating challenges to internal security

**Relevance:** Understanding the need of repealing AFSPA.

**News:** Recently, the Centre’s decided to constitute a panel to consider withdrawal of the Armed Forces Special Powers Act (AFSPA) from Nagaland. The panel will be headed by the Additional Secretary (Northeast) from the Ministry of Home Affairs (MHA).

The AFSPA panel has to submit a report in 45 days. Earlier, the Nagaland Assembly passed a unanimous resolution for repealing the Act.

### About the AFSPA

**Must read:** **Armed Forces Special Powers Act (AFSPA) – Explained, pointwise**

**What is the present status of AFSPA?**

**Read here:** **Before criticising AFSPA, a full probe is necessary**

### About the AFSPA and Nagaland

Insurgency in Nagaland is as old as Independent India. The Army was entrusted with the task of securing peace against insurgents with bases across the international border in Myanmar.

The AFSPA was imposed to entrust the Army with the legal protection to secure peace against insurgents who have bases across the international border in Myanmar.



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The 1997 ceasefire signed between the government and the NSCN-IM has enabled a conversation towards ending the insurgency. Subsequently, the 2015 Framework Agreement signed between the Centre and NSCN-IM raised hopes of a resolution, including on the question of Naga sovereignty.

**Read more: How has the Naga peace process evolved?**

### **What should be done?**

The Centre should revive the spirit of dialogue and peace, as the onus is on the Centre to win back the people's trust after the recent event. The government should take steps to end the vicious cycle of violence in the region.

**Read more: Repealing AFSPA will not weaken, only strengthen Constitution**

### **10. Transforming lives-The job creation potential of livestock transition**

**Source:** This post is based on the article “**Transforming lives-The job creation potential of livestock transition**” published in Down to earth on **27th Dec 2021**

**Syllabus:** GS3- Economics of animal-rearing

**Relevance:** Harmful effects of livestock rearing.

**News:** Around the world farmers are transitioning from livestock operations to plant-based operations.

### **Why are farmers all over the world transitioning from livestock to plant based production?**

Demand for plant-based products is growing.

**Farmer specific issues-**Animal farming usually has exploitative contracts, with poor working conditions, low income, high vulnerability to market forces and extreme stress.

**Industrialised livestock production is a dangerous business** that poses a serious threat to human health and psychological well-being. **For instance**, new strains of bird and swine flu, which have the potential to become zoonotic diseases, emerge each year posing a major threat to human health.

Many of the workers at these plants were from racialised communities and already **face multiple socio-economic challenges** that were exacerbated by the spread of the virus.

**Environmental concerns-**The livestock sector is projected to account for up to 81% of the 1.5°C emissions budget by 2050 if production continues unabated. To remain within environmental limits and planetary boundaries, researchers have shown that the global production of animal-sourced foods must be reduced by at least half.

### **What are the advantages of a just livestock transition?**

According to the International Labour Organisation (ILO), transitioning to environmentally and socially sustainable economies can **drive job creation, create better jobs, increase social justice and reduce poverty**.

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

**Farmers should be guided** to identify new market opportunities for plant-based operations and access guidance on making the transition away from livestock production financially viable.

These measures should also be **complemented by policies aimed at increasing plant-based food consumption** to prevent emissions leakage and to enable an overall transition.

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### 11. The gaps in the plan to tackle plastic waste

**Source:** This post is based on the article “**The gaps in the plan to tackle plastic waste**” published in **The Hindu** on **28<sup>th</sup> Dec** 2021.

**Syllabus:** GS3 – Issues related to Environmental protection

**Relevance:** Waste management

**News:** Recently, the Environment Ministry published draft regulations on Extended Producer Responsibility. It is set to come into effect by the end of this year.

#### **What is Extended Producer Responsibility?**

EPR requires the manufacturer of a product, or the party that introduces the product into the community, to take responsibility for its life cycle. It mandates the FMCG company to account for the costs of collection and recycling of the packet.

#### **What are the issues with the recently notified draft regulations on Extended Producer Responsibility?**

The guidelines fall short in three areas i.e., people, plastics and processing

**Disregards the contribution made by Waste pickers:** The guidelines fails to mention waste pickers or outlining mechanisms for their incorporation under EPR, despite their **significance**.

It **directs producers to set up a private, parallel plastic waste collection and recycling chain**. This amounts to dispossessing waste pickers of their means of livelihood.

**Issues in Plastic management norms:** The EPR guidelines are **limited to plastic packaging**. Multi-layered and multi-material that includes plastic items like sanitary pads, chappals, etc, pose a huge waste management challenge today, but have been left out of the scope of EPR.

**Issues in processing of waste:** Despite the harmful impacts of end-of-life processing technologies, the draft regulations legitimise them to justify the continued production of multi-layered plastics. **For instance**, a number of gasification, pyrolysis and other chemical recycling projects have figured in accidents such as fires, explosions and financial losses.

Further, recycling processes like waste-to-energy, co-processing and incineration have been proven to release carbon dioxide, particulate matter, harmful dioxins and furans that have negative climate and health impacts.

#### **How recycling of plastic packaging can be made more effective?**

Plastic packaging can be roughly grouped into three categories.

**First category plastics:** Recyclable and effectively handled by the informal sector. Ex – PET and HDPE

**Second category plastics:** Technologically recyclable but not economically viable to recycle. Ex- LDPE and PP bags.

**Third category plastics:** Technologically challenging to recycle. Ex – Multi-layered and multi-material plastics

**In the First category plastics**, the government need to support and strengthen the informal recycling chain by bridging gaps in adequate physical spaces, infrastructure, etc.

**In the Second category plastics**, the costs of recycling are prohibitively expensive relative to the market value of the output. So, there is a need to make it economically viable.

It can be done by increasing the market value for these plastics by increasing the demand for and use of recycled plastics in packaging.

**In the third category plastics**, the Plastic Waste Management Rules mandated the phase-out of these plastics. However, in 2018, this mandate was reversed which needs to be undone.

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### What is the way forward?

**First**, an effective EPR framework should address the issue of plastics and plastic waste management in tandem with the existing machinery. It should aim to minimise duplication and lead to a positive environmental impact, with monitoring mechanisms including penalties for non-compliance.

**Second**, the scope of plastics covered by the guidelines could be altered to exclude those plastics which are already efficiently recycled and to include other plastic and multi-material items.

**Third**, end-of-life processing technologies should be closely evaluated, based on their health and environmental impacts, and on the implications for continued production of low-quality and multi-layered plastics.

### 12. Why online gaming in India needs regulation

**Source:** This post is based on the article “**Why online gaming in India needs regulation**” published in **The Indian Express** on **29<sup>th</sup> Dec 2021**.

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

**Relevance:** Regulation of online gaming

**News:** Online gaming has flourished during the pandemic. 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.

In light of this, this 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.

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

### What is the present legal framework wrt 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.

**Must Read:** **What are various types of online gaming?**

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

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

**Centre, in a recent advisory to states**, has laid out useful dos and don'ts to educate parents and teachers.

*Chinese have announced rules to limit online video games for those under 18 to three hours a week. The Chinese state media has called online gaming the ‘**opium of the mind**’.*

### What are the 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.

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**Impact on psychological health:** Online games like PUBG and the Blue Whale Challenge were banned after incidents of violence and suicide. This addiction is also said to be causing near-sightedness in our youth.

**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 are the benefits of regulation?

#### Economic benefits

– This 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.

– The GST and Income Tax generated from this industry will add to the **economic multiplier**.

– Potential to attract significant **global investments** — current investments in gaming companies like Dream11 are good indicators.

### What is the way forward?

– Strengthening of **KYC norms**

– 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.

– **No in-game purchases** to be allowed without adult consent and wherever possible, the **in-game chat option should be disabled**.

– Gaming companies should proactively **educate users about potential risks** and how to identify likely situations of cheating and abuse. **Anonymity of participants** should be removed and a robust **grievance handling mechanism** needs to be built.

– A **Gaming Authority at the central government** 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.

– Moreover, **various forms of self-regulation** should also be encouraged for the industry.

### 13. Trade defence: On anti-dumping duty on Chinese goods

**Source:** This post is based on the article “**Trade defence: On anti-dumping duty on Chinese goods**” published in **The Hindu** on **29<sup>th</sup> Dec 2021**.

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

**Relevance:** Anti-dumping duty on Chinese goods

**News:** The Central Board of Indirect Taxes and Customs (CBIC) recently notified the imposition of **anti-dumping duty on five products manufactured in China**, including certain aluminium goods and some chemicals, for five years.

### What is the rationale behind this move?

The step was taken in order to **safeguard domestic producers from certain lower-priced imports**.

The move is based on the Directorate General of Trade Remedies (DGTR)’s findings that import of these items constituted ‘dumping’, and it was **causing injury to local producers**, thereby warranting a protective duty.



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### What is the anti-dumping duty?

It is a remedy **sanctioned by the WTO** to protect a member country's domestic industry from imports that have been priced at levels below those prevailing in the exporting nation's home market.

It has become one of **India's most widely used trade weapons**, especially against a flood of cheaper Chinese imports.

As of February 2020, India had imposed anti-dumping measures on 90 Chinese products, with another 24 China-specific anti-dumping investigations in progress at the time.

### What are some related concerns?

Imposition of anti-dumping duty, if the domestic applicant is a significantly large and relatively resilient manufacturer of the product, risks **tilting the market dynamics in the Indian company's favour**. Both downstream industries, in the case of intermediate goods, and consumers likely face the **consequences of reduced competition** on final prices.

**No impact on trade deficit:** Also, efforts to narrow the sizeable trade deficit with China by targeted use of the levy have made little progress in addressing the widening gap, as imports have continued to largely outpace India's exports.

**Lack of personnel:** The effectiveness of the measure in providing timely relief to smaller domestic manufacturers facing an existential crisis on account of suspected dumping has also been undermined in the past by shortage of personnel at DGTR.

### What is the way forward?

In the wake of the COVID pandemic, companies worldwide, are looking to de-risk their businesses from an over-reliance on China. This means there is an increased likelihood of more capacity in that country turning surplus and being used to produce goods for dumping overseas.

Hence, Indian policymakers should be ready with their strategy to boost India's trade defences.

## 14. Strengthening IBC

**Source:** This post is based on the article "**Strengthening IBC**" published in **Business Standard** on **28<sup>th</sup> Dec 2021**.

**Syllabus:** GS3 – Changes in Industrial Policy and their Effects on Industrial Growth

**Relevance:** Proposed changes to the Insolvency and Bankruptcy Code (IBC)

**News:** The need for quicker resolution of insolvencies cannot be overemphasised. It makes capital more efficient, improve credit culture, and help boost growth.

In this light, it is encouraging to see that the government is consistently working to strengthen the IBC by addressing the emerging gaps.

Recently, it proposed another set of changes that would help address insolvency issues more effectively by reducing delays.

**Must Read: IBC process needs a re-look – Explained, pointwise**

### What changes have been proposed by the Govt in the IBC?

**Fixed time for approval or rejection of a resolution plan:** the Code should provide a fixed time for approving or rejecting a resolution plan by the adjudicating authority (AA).

The Supreme Court has noted that the resolution plan approved by the committee of creditors should not be delayed.

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**Record reasons in writing:** If the resolution plan is not approved or rejected within 30 days, the AA will be expected to record reasons in writing. This proposal should reduce the time taken by the AA.

Also, written reasons for delays will enable the government to make targeted interventions in the future.

**Must Read: Has IBC delivered on its lofty promise?**

**Authentication of records by Information Utilities (IUs):** Further, the government has proposed that financial creditors may be required to submit records authenticated by information utilities (IUs) to establish default for admitting an application for insolvency resolution.

According to the Code, the AA is expected to decide within 14 days whether it should accept or reject the application, but in practice the time taken is much longer. Thus, it is envisaged that considering IU-authenticated records **will help make quick decisions.**

**Change in the look-back period:** The Code provides for a look-back period for avoidable transactions. The commencement of the insolvency process takes more time than the mandated 14 days. Hence, the Govt has proposed that the threshold for the look-back period be changed from the date of commencement of the insolvency process to the date of filing the application.

This would **reduce the incentive for debtors to delay the admission** and also help protect value for creditors. Besides, the government has proposed to make voluntary liquidation easier.

**What is the way forward?**

The changes proposed by the government are in the right direction and will help reduce the time taken to resolve insolvencies, which is critical to protect value.

However, the Govt should also **consider augmenting capacity at the National Company Law Tribunal (NCLT)**. The NCLT would require about 360 members, given the caseload, and two-member Benches.

At present, its strength is just 63 members. The government would be well advised to provide an **adequate level of human resources to the NCLT.**

**15. What the pandemic has taught us about the economics**

**Source:** This post is based on the article “**What the pandemic has taught us about the economics**” published in **Livemint** on **29<sup>th</sup> Dec 2021**.

**Syllabus:** GS3- Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

**Relevance:** Economic lessons from the pandemic

**News:** Economy is affected by **two types of shocks** exogenous and endogenous.

**Exogenous shocks** are those that come from outside the system, like the COVID-19 pandemic.

**Endogenous** are those which come from within the system, like the **2008 North Atlantic financial crisis.**

**What are the economic lessons that one can draw from the pandemic?**

The pandemic provides some economic lessons, as well as some lessons for economists

**Strengthening the supply side:** Pandemic has shown that broken supply chains can worsen both the economic cycle as well as inflation. Supply-side impacts growth over the long term. Strengthening of supply chain is not only important to tackle challenges of the pandemic, but also those posed by the climate change.

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**Human action matters:** Controlling the pandemic is extremely dependent upon the human actions like wearing of masks and following government guidelines. In essence, the behaviour of the people also matter, other than things like the number of susceptible, infected and recovered citizens etc. It is essential to understand and incorporate understanding about human behaviour (both rational and irrational) when deciding on policies or economic models.

**State capacity is important:** Public health has externalities. It is believed that Indian state has ample capacity at the top, but get increasingly weaker down the line, till it is almost broken at the street level. But, the reality is far more nuanced. Frontline workers like Asha workers, police personnel, etc did a commendable job in the pandemic. They were the first line of contact that citizens had with the system. Thus, it needs to be strengthened.

**Scenarios along with forecasting:** Economic forecasts are often wildly off the mark, and epidemiological models too. The world is uncertain, in the sense that there is much that cannot be assigned objective probabilities. It is sometimes better to be data-driven, and then adjust to the emerging reality as the evidence emerges.

For the possibilities of the decades ahead, it is better to build scenarios, from an approach partly inspired by the work of the English economist **G.L.S. Shackle**.

**Inequality:** The pandemic era shows that, in India at least, both the costs of lockdowns as well as benefits of the economic recovery have been unequally distributed. This highlights the importance of **reintegrating distributional issues into economic policy**.

Usually, fiscal policy deals with distribution issues through taxes and spending. However, a new class of models called **HANK ( Heterogenous Agent New Keynesian models)** which take distributional issues into account are also becoming popular.

### 16. Farm reform: the Achilles' heel of any Indian government

**Source:** This post is based on the article "**Farm reform: the Achilles' heel of any Indian government**" published in **Livemint** on **29<sup>th</sup> Dec 2021**. **Syllabus:** GS 3- Issues related to the Agriculture sector

**Relevance:** Farm reforms

**News:** The withdrawal of the farm laws has pushed back reforms that could have helped in commercializing this sector.

The farm reforms did not introduce anything that was not happening in the pockets of the country already. Yet, reforms have been rejected for vested interests. Reversal of these reforms will hamper the growth of the Agriculture sector, as has been discussed below:

#### Reversal of APMC reforms

**First**, selling outside the mandi is already possible where the Model APMC laws have been passed. For instance, over a dozen states have passed these laws.

**Second**, the operation of eNAM (e-National Agricultural Market) is well in progress. Yet, a national law that overtly allows farmers to sell their produce outside the mandi has been opposed.

**Consequence:** The farmers will continue to struggle within the ambit of the mandi system, where oligopolistic structures prevail and impede fair play.

#### Reversal of contract farming

The concept of contract farming is not new. For example, most of the supermarket groups have backend relations with farmers, which ensures that standardized products are available.

The same can be seen with fast-food chains, which have tie-ups with farms to get standardized quality of vegetables.

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There was actually little reason to oppose this idea, but it has led to exaggerated claims of India Inc buying up the entire agricultural sector that will lead to pauperising the agricultural sector.

### **Banning future trade in agri commodities**

The decision taken to ban futures trading in certain commodities to curb inflation is clearly not backed by economic rationale. Because the latest CPI and WPI inflation data for pulses shows that there has been low inflation.

Similarly, inflation in oil is not related to domestic reasons. The cause is global, with edible oil prices increasing sharply by 40 percent, according to the World Bank. Since India imports around 60 percent of its requirements, the same gets translated here

**Consequence:** The present ban, virtually ends the futures trading in Agri commodities. The efforts made by major agri exchange, NCDEX, to successfully reach out to farmer producer organisations and get them on board will become useless.

### **Why the government wants to replace MSP?**

The government has been trying to use direct benefit transfers to replace the PDS to ensure that there are no leakages. Further, there is a need to abandon buffer stocks as the carrying cost is high.

**Impacts of MSP:** Read here: <https://blog.forumias.com/legalising-msp-challenges-and-way-forward-explained-pointwise/>

### **How MSP can be effectively replaced?**

**Guaranteed prices for farmers can be ensured:** if farmers are brought on the futures platform for selling their grains, the government could pay the option premium to ensure they get a good price.

**Food security can be ensured:** The PDS beneficiaries can be served by cash transfers, where households buy their food grains locally. This will also reduce the pressure on FCI.

### **17. The capital market: Then and now**

**Source:** This post is based on the article “The capital market: Then and now” published in **Business Standard** on 29<sup>th</sup> Dec 2021. **Syllabus:** GS 3 -Issues related to resource mobilization

**Relevance:** Capital markets, public issue, gross fixed capital formation

**News:** Public issues in capital markets are the route for corporate finance.

### **How the trends of capital markets in India are changing post-liberalisation?**

**Firstly**, the share of the private corporate sector in Gross Fixed Capital Formation (GFCF) has increased sharply.

**Secondly**, the share of the public sector in GFCF has fallen. Further, the public sector, which accounts for nearly half the investment, is also now more dependent on market-based funding than on budgetary support.

**Thirdly**, the growing involvement of the private sector in infrastructure investments, which were largely budget-funded public sector projects in the pre-liberalization phase.

**For instance**, now the private sector owns;

- Practically all the renewable energy power capacity,
- Nearly 40 percent of the thermal capacity and
- It is involved in about 1,000 public-private-partnership (PPP) projects, mainly for roads and ports.



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**What are the steps taken to boost financial systems in the post-liberalization era?**

**The easing of the issue of shares by private companies.**

**Easing of trading:** The establishment of the National Stock Exchange that introduced screen-based trading and the dematerialization of shares.

**Opening up the mutual fund market to private asset management companies.**

**Opening of financial intermediation to private entities:** the banking sector was opened to new private sector banks. Along with this, non-banking financial institutions have become a significant force in the capital market.

**Liberalization of rules for foreign direct and portfolio investment.**

**Further, the** spread of telecommunications and the internet and the spread of internet banking and digital payment systems has also boosted the financial system in India.

**What further reforms are needed to strengthen the financial systems in India**

**First,** the main issue, pending for decades, is the **health of public sector banks**. A large accumulation of NPA's is affecting the health of PSB's. Further, the finance ministry and the public sector banks need to be separated to allow them to function as market entities.

**Second,** the flow of commercial finance from the capital market (public issue of shares) is inadequate/ negligible. For instance, taking an average of the three years ending 2019-20, only 2 percent of the flow of commercial finance came from public issues. The major source remains bank credit, which accounted for 49 percent of the flows. This needs to be addressed.

**What is the reason for low dependence on the public issue?**

A family-dominated corporate management structure, and the reluctance to dilute control, is the reason. This has to change if India is to make a transition to a proper market-based economy.

In the more mature market economies, this happened when corporate ownership widened with indirect share purchases by retail investors through mutual funds and pension funds.

**What are the suggestions to boost financial resources in India?**

**First,** there is a need for formal financial arrangements for non-corporate enterprises and households. According to a 2018 study, out of the total debt of Rs 69.3 trillion incurred by the micro, small and medium enterprises (MSMEs) only ₹10.9 trillion came from banks and other formal sources.

**Second,** domestic venture funds are required to fund MSME vendors and technology or business-model-driven start-ups in manufacturing and in socially desirable activities.

### **18. The value and vulnerability of centralized data storage**

**Source:** This post is based on the article "**The value and vulnerability of centralized data storage**" published in **Livemint** on **29<sup>th</sup> Dec** 2021. **Syllabus:** GS 3 – issues related to public data management

**Relevance:** Data governance

**News:** Data-sharing infrastructure projects in India are accelerating.

The most visible developments in Data-sharing infrastructure projects are seen in the financial sector. For instance, the recently-launched **account aggregator framework** made it possible for over 300 million users to share their data with different financial entities across the credit ecosystem.

Similar activity is also underway in many other sectors, notably the health sector.

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In this situation, there is a debate on how to build robust digital infrastructure. This article analyses the challenges and advantages of the proposed options to build digital infrastructure in India.

### **What are the suggestions put forwarded to build robust digital infrastructure in India?**

**Data to be stored in the central repository:** data should be extracted from the silos (repositories) in which they currently reside and aggregated into a central repository.

**Federated model:** data should be simply left where they are but interconnected, so that the data, at the directive of the user, can be transferred from one entity to another.

### **What are the challenges and advantages of the proposed options?**

#### **Data to be stored in a central repository**

**Advantage:** A central repository makes data management easier by allowing individuals greater control over their data without the need to rely on data collectors to provide them access to their own data.

**Disadvantage:** A security breach in the central repository would place the sensitive personal data of the entire population at risk.

#### **Federated model**

**Advantage:** it ensures that all this data does not end up in a single archive. If data can remain where it currently is and be transferred on request, this model offers the same benefits with significantly less risk.

#### **Disadvantage**

Data users want their personal data to be available indefinitely so that they can use it many years and even decades into the future.

Data collectors, on the other hand, have no incentive to store the data any longer than necessary, particularly since storage comes at a cost and their liability for a data breach is on the rise.

Further, these entities could go bankrupt or change the focus of their business, and the data under their care could be lost forever.

### **What are the solutions proposed to tackle this issue?**

The government should establish a centralized data repository and offer it as a public good for the benefit of all its citizens, along the lines of Digi Locker.

Data that is currently stored in different databases throughout the federated data architecture could be backed up by this repository. It will ensure that even if any one of the service providers goes down, the data is not lost.

### **What are the issues in the proposed solution?**

It would be a bad idea because this is not a job for the state. The core function of government is to govern.

The government should only be involved in prescribing the data sharing protocols, establishing the regulations that will govern participants in the ecosystem, and ensuring compliance.

## **19. Maximising the boost-on mixing the COVID vaccines**

**Source:** This post is based on the article “Maximising the boost-on mixing the COVID vaccines” published in **The Hindu** on 30<sup>th</sup> Dec 2021

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**Syllabus:** GS3- Science and Technology- developments and their applications and effects in everyday life.

**Relevance:** Vaccines development, Public health.

**News:** India currently has three available vaccines and recently two more along with a drug have been approved for emergency use authorization.

Despite this wide range of vaccine availability, India has been **extremely dependent on just one vaccine COVISHIELD**.

This may become a cause of concern specially with the directives that focus on precaution doses(/booster shots).

### What are the newly approved drugs by India?

**Corbevax** (by *Biological-E*) and **Covovax** are protein sub-unit vaccine . Serum Institute of India will manufacture both of them. Both, however, differ in their manufacturing process.

**Molnupiravir** is a drug for those with mild and moderate disease and easily administered as a pill.

**Must Read:** [What is Molnupiravir, the COVID-19 pill approved by India?](#)

### What are the advantages of having more number of approved drugs?

In the **uncertain scenario of the pandemic**, having more vaccines is a good precautionary step. Example: Emergence of new variant Omicron.

This will help in application of **booster shot** specially as India has a large population.

Governments new directives say that “**precaution doses**”, which are third doses of the vaccines an individual has already been inoculated with, will be available for health-care and frontline workers and those above 60 with comorbidities.

### What studies say about mixing up the vaccines?

One study in Uttar Pradesh on **mixing Covaxin and Covishield** showed that antibody levels were higher than two doses of either vaccine.

**More about vaccine mixing, its benefits and concerns:** Read [here](#)

### What is the way forward?

India’s top medical institutions must **immediately test the feasibility of mixing all available vaccines** so that people have the option of an informed choice.

Till then, It is also important to ensure that the currently available vaccines and treatments are **not hoarded or indiscriminately used** which can have potential side effects.

## 20. Banks have fared better than expected in pandemic, but there are also signs of stress building up

**Source:** This post is based on the article “**Banks have fared better than expected in pandemic, but there are also signs of stress building up**” published in **The Indian express** on 30<sup>th</sup> Dec 2021

**Syllabus:** GS3- Indian Economy and issues relating to planning, mobilization of resources

**Relevance:** Indian economy’s recovery in the post pandemic phase.

**News:** According to the RBI’s **Report on Trends and Progress of Banking in India, 2020-21**, Indian banking system has performed better than the expectation during the pandemic. But, it is still far from full recovery and there are still impending threats.

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### How has banking sector performed during the pandemic?

The **asset quality of banks** has **improved** over the past year.

Banks gross non-performing assets (**GNPAs**), which had begun to decline before the pandemic are **still declining**.

Banks have seen an **improvement over the past year in capital buffers and provision coverage ratios**.

### Why still there are concerns?

Report also cautions that the banks may well caution about a rise in bad loans over the coming year as the pandemic is still not over and there still are **evolving risks**.

Currently, banks are getting support **through lot of monetary and fiscal measures**, but banks need to prepare themselves for the post withdrawal phase.

The improvement is **predominantly due to write-offs** (banks wrote off Rs 2.08 lakh crore of bad loans), and policy measures taken by the central bank to lessen the fallout from the pandemic.

**SMA-2** (*special mention accounts where the principal or the interest payment was overdue for 61-90 days*) **have risen, signalling impending stress**.

**Stress** is also building up in the **MSME category**.

**Bad loans** may increase in the coming months. As per the financial stability report, **GNPAs could rise to 8.1% by September 2022** under the baseline scenario.

### What is the way forward?

Banks may thus need “higher capital infusion” to meet credit requirements and deal with the challenges.

## 21. On India's Employment Situation – India's most abundant resource remains tragically underutilized

**Source:** This post is based on the article “**India's most abundant resource remains tragically underutilized**” published in **Livemint** on 30<sup>th</sup> Dec 2021.

**Syllabus:** GS 3 -Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment.

**Relevance:** Employment, Human capital

**News:** In a world of ageing affluent societies, with big mismatches of labour demand and supply across the developed and developing world, India can convert its largest and youngest labour force into an advantage. The American economy is actually overheating despite Omicron. Its labour market is not only hot, but it is also going through what has been dubbed “**the great resignation**”. Since April, on average, more than 4 million people have quit their jobs every month in the US. There are about 10 million unfilled vacancies across various sectors. But the situation in India's labour market is quite the opposite. Despite an expanding workforce, the pace of job creation is woefully inadequate.

### What are the issues in India's labour market?

#### **Declining Labour force participation(LPR) in India**

According to the monthly survey of the Centre for Monitoring Indian Economy(CMIE), the LPR is down to 40%. This means 60% of able-bodied adults between 18 and 60 years of age are not even looking for work.

The LPR for women is barely 21%, and down to single digits in states like Uttar Pradesh and Bihar.



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India's LPR is lower even compared to its neighbors, with Bangladesh at 53%, Pakistan at 48%, and Nepal at 74%.

**Poor pace of Job creation:** overall job growth during the past few years has been low, given the demands of the country's demographic bulge.

**Demand for MGNREGA has increased:** This is another indicator of distress in India's labor market. During the last fiscal year, demand for these state-assured jobs was up by 42%, with work provided to 112 million people.

India's major exports, like software, can employ only a few million people with high skills, compared to nearly 500 million, looking for jobs.

There has been a stagnation in rural wages.

**India's urban unemployment rate is increasing:** it has reached 9.3% in the first quarter of 2021, as per data from the Periodic Labour Force Survey of the National Statistical Office.

The government also has around 2 million unfilled vacancies at various levels. But these jobs are not opening up anytime soon on account of fiscal constraints.

All this means that income will be distributed in a skewed manner, a problem confirmed by increasing inequality, as was reported by the recent World Inequality Report.

### What needs to be done?

**First,** need to focus on labor-intensive exports and capitalize on the current boom in Western economies like America.

**Second,** need to focus on growth led by labor-intensive exports. Even though industrial jobs are vulnerable to being eliminated by automation, there is a sufficient window still open for job creation that will support livelihoods. Bangladesh's relentless focus on apparel exports has proved the risk of automation wrong, now it has per capita income more than India's.

**Third,** the real drivers of job growth outside agriculture such as construction, textiles and apparel, footwear, tourism, retail, and increasingly logistics need to be focused to improve job creation.

## 22. Trading on a buffer-Can India afford to commercialize its fuel reserves

**Source:** This post is based on the article "Trading on a buffer-Can India afford to commercialize its fuel reserves" published in **Business Standard** on 30<sup>th</sup> Dec 2021.

**Syllabus:** GS3- Infrastructure: Energy.

**Relevance:** Strategic reserves, energy security.

**News:** Govt earlier this year allowed the Indian Strategic Petroleum Reserve (ISPRL), which runs the SPRs, to lease 30% of capacity and trade another 20%.

The decision to commercialise half of India's paltry SPRs is ill-conceived.

### What is a Strategic Petroleum Reserve (SPR)?

SPR initiative was launched in 1998 as India to bolster energy security of India as it had little foreign exchange available to import oil.

The SPR inventory acts as a supply buffer in the event of unexpected disruptions or surges in demand.

Read more [here](#).

### Why is government deciding to commercialize SPR?

India's decision to commercialise SPRs came after it filled the reserves cheaply in early 2020, averaging \$19 a barrel.

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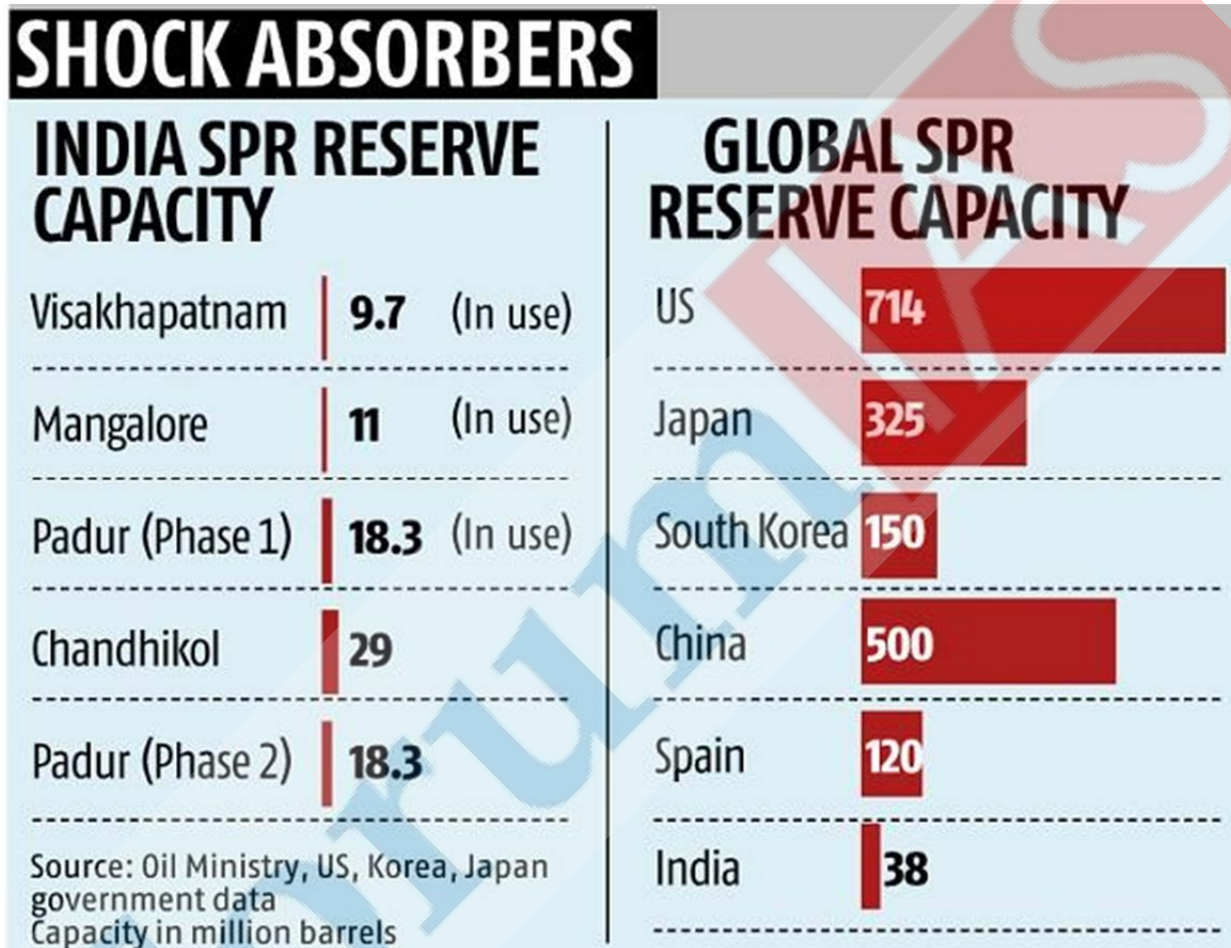
State oil companies, which were forced to honour term purchase contracts for crude, diverted fuel to underground caverns.

Government will earn around \$900 million with this.

**Must Read: Govt approves two more new strategic oil reserves of capacity**

**What are the associated challenges?**

India is surrounded by **hostile neighbours and is dependent on imported crude** thus cannot afford to commercialise its energy security.



India still has **very high crude oil demand** which is only going to increase in future-It consumes around 4 million barrels a day of fuel, but its reserves can just about meet **nine days** of demand.

Even **developed nations** such as the US, Japan and South Korea commercialised the reserves decades after **building it to a position of strength** in line with the IEA's guidelines.

– IEA mandates **90 days of the previous year's net oil imports** in storage (*India is an associate member and this requirement is not binding*).

– The IEA **forbids trading** and typically allows release of stocks only during **emergencies or supply shocks**.

SPR is not for commercialisation as it can serve as India's first line of **defence during a calamity or conflict**.

Further, the SPR inventory acts as a **supply buffer** in the event of unexpected disruptions or surges in demand. Specially for net importers like India, Japan, Korea.

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### How is China's policy on SPRs different from India's?

China has built around 500 million barrels of SPRs in a little over a decade and filled more than half the capacity, according to analyst estimates.

India has a tenth of what China has despite planning a decade earlier, reflecting the priority Beijing gives to energy security.

### What is the way forward?

India should build capacity fast and **grow stocks to a comfortable level** before considering trade.

Specially in light of the fact that India is poised to face the fastest growth in oil demand in the next couple of decades, and its dependency on overseas crude is going to climb to over 90% by 2040 as per IEA.

**South Korea has one of the best SPR models.** It has a storage capacity of around 300 mb with nearly half coming from SPRs.

### 23. Legal MSP: A right and a necessity

**Source:** This post is based on the article "**Legal MSP: A right and a necessity**" published in **The Indian Express** on **31<sup>st</sup> Dec 2021**.

**Syllabus:** GS3 – Issues related to MSP

**Relevance:** Legalisation of Minimum Support Price (MSP)

**News:** The demand for legal guarantee for the MSP has become the subject of much debate since the start of the farmer agitation. Many arguments have been given centred around its economic and legal feasibility. But, most are not supported by data or sound economic logic.

**Must Read:** **Legalising MSP: Challenges and way forward – Explained, pointwise**

### What are the farmers' actual demands wrt MSP?

Farmers are not demanding that the government or a trader be forced to buy all the market surplus at MSP. Irrespective of the quantity of a crop they are willing to buy, they must not buy it below the declared MSP.

**For more:** Read [here](#)

### What is the economics behind the MSP demand?

The total value of the output of the 23 crops at MSP prices for 2020-21 was about **Rs 12 lakh crore**. This total produce is not sold or marketed.

Farmers retain a big part of their produce for self-consumption, animal feed, and seeds. Some of it is also exchanged within the village and a part is also eaten by rodents or perishes during harvesting, transportation and storage.

Thus, amount of produce consumed = **Rs 4 lakh crore**

Only about **Rs 8 lakh crore** worth of MSP crops is actually marketed.

– Out of this, amount purchased by the Govt = **Rs 4 lakh Crore**

– Amount purchased by pvt sector = **Rs 4 lakh Crore** (Farmers are seeking the legal enforcement of MSP on this portion as well). Pvt sector purchases this amount at 25% below the MSP, thereby paying **Rs 3 lakh crore**. Thus, if there was legal status for MSP, the private sector would have paid a maximum of **Rs 1 lakh crore** more to the farmers for the same quantities in 2020-21.

Thus, the Govt would not be under any added financial burden.



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### What are the benefits of legalisation of MSP?

By giving legal status to MSP, the extra Rs 1 lakh crore would flow from the private sector to the farmers, who will spend it and create more demand in the economy.

– This will lead to an **increase in employment, investment and eventually, government taxes.**

**For more:** Read [here](#) and [here](#)

A legal backing for MSP is a great instrument to **control the production quantities of various crops** to match demand.

The country could also become **self-sufficient in edible oils and pulses** by ensuring remunerative MSPs for these crops. This has been proven in the case of pulses where production has increased substantially, reducing import dependence over the last four years.

Ensuring remunerative prices for our farmers is also **essential for food security.** And food security is tied to national security and sovereignty.

### Why concerns against legalisation of MSP are flawed?

– Some economists argue that if the MSP is legally enforced, the private sector won't purchase the crops and all the quantities would have to be purchased by the government. Sugarcane prices are prescribed by the government, but private mills have not stopped their procurement.

– Industries have not closed due to the Minimum Wages Act.

– Purchasing of petrol, diesel has not stopped because the government is charging exorbitant taxes.

### 24. Disinvestment needs a different approach

**Source:** This post is based on the article **“Disinvestment needs a different approach”** published in **Business Standard** on **30<sup>th</sup> Dec 2021.**

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

**Relevance:** Formulating a strategy for boosting the disinvestment programme

**News:** The overall performance on the disinvestment front in 2021 is particularly disappointing. The government has raised only about Rs 9,300 crore compared to the target of Rs 1.75 trillion.

This needs to be changed because, India's post-pandemic medium-term growth, to a large extent, will depend on how government finances are managed, and the disinvestment programme will be critical in this context.

**Must Read:** [Privatization of Air India – Explained, pointwise](#)

### Why a better disinvestment performance was needed?

This is because of the following two reasons:

**Firstly,** despite higher tax collection, higher receipts from disinvestment would have helped push up capital expenditure, enabling faster and more durable economic recovery.

**Secondly,** market conditions were extremely favourable. The private sector has raised record sums, and the momentum is likely to continue in the near term.

### What are the issues wrt disinvestment policy of the Government?

Despite being on the agenda for decades, disinvestment **has not been approached more systematically** over the years.



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**For instance:** The government has made one public sector enterprise (PSE) buy another to meet disinvestment targets in the past. In a recent report, the Comptroller and Auditor General (CAG) objected to such an exercise and noted that it defeats the spirit of disinvestment. Further, the gains from disinvestment have been used to **lower the fiscal deficit**.

### **Why Govt should not run a large number of enterprises?**

Many of the enterprises are a burden on government finances and impose high costs.

**Only few contribute to the overall profits:** As per a 2019 CAG report, which reviewed over 600 central government PSEs for the financial year ending 2018, **over 70% of profits** earned by state-owned firms were **contributed by 52 companies** in sectors such as petroleum, coal and lignite.

**Accumulation of losses:** PSEs tend to do well in areas where competition is limited, as adapting to a rapidly changing business environment and handling competition is inherently difficult in the public sector with all its constraints.

This is one of the main reasons why public sector firms lost in sectors such as telecom and aviation despite massive financial and other support from the government. **For instance:** In the CAG's sample, 184 companies had accumulated losses of over Rs 1.42 trillion.

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

**First,** Govt should **announce a medium-term target** for attaining the stated policy objective of reducing its presence, except in a select few firms in strategic areas. This selected list should also be made public to provide more certainty.

**Second,** the government should have a **rolling list of PSEs to be disinvested/privatised**, at least over the next three years. Finding firms/shares to sell depending on budgetary needs will not help. Every company/sector has its own set of issues that will need to be addressed—and the process will take time.

**Third,** the government should **declare the yearly fiscal deficit number**, both with and without accounting for disinvestment proceeds. This will be important because proceeds in some years could be much higher. Thus, the focus of should be on managing the deficit without disinvestment receipts.

The government should **identify large projects** that can be financed with disinvestment funds. It can clearly show in the budget documents where the proceeds are going. This would send a signal that Govt is not only selling assets but **also building new ones** while improving the growth potential of the economy.

### **25. On James Webb Space Telescope (JWST): A new universe**

**Source:** This post is based on the article “A new universe” published in **Business Standard** on 30<sup>th</sup> Dec 2021.

**Syllabus:** GS3 – Science and Technology

**Relevance:** Importance of the James Webb Space Telescope

**News:** The 25-year saga of the **James Webb Space Telescope (JWST)** illustrates the difficulties in doing pure science, and the way **international cooperation** can overcome such difficulties.

The JWST was conceptualised in 1996 when development began with an initial R&D budget of \$500 million.

It took a **combined effort** from America's National Aeronautics and Space Administration (NASA), the European Space Agency (ESA), and the Canadian Space Agency (CSA) to launch the JWST. The lifetime mission cost will be over \$10 billion.

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The technical difficulties were considerable. It took **thousands of scientists and engineers** to iron out the problems, and create the JWST. A total of 258 companies, government agencies, and academic institutions have contributed, over the past 25 years.

### Key points

- Apart from distant galaxies, it would also analyse exoplanets (*planets orbiting other star systems*) in great detail.
- One of the wonderful features of this project is that anybody can submit a proposal for JWST observations, and the data gathered and transmitted back to Earth will all eventually be publicly available.

### Read more about JWST:

- **JWST in the centre of a LGBT debate**
- **Explained: NASA's flagship telescope, and its successor**

### 26. Debt-for-climate swaps an effective means for relief

**Source:** This post is based on the article "**Debt-for-climate swaps an effective means for relief**" published in **Livemint** on **30<sup>th</sup> Dec 2021**.

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

**Relevance:** Understanding importance of Debt-for-climate swaps

**News:** A global transition to a net-zero economy requires huge amounts of annual financing by vulnerable and low income countries.

Moreover, the pandemic has induced a debt distress around the world. This debt pressure and the climate crisis can be addressed jointly via Debt-for-climate swaps.

*International Monetary Fund Managing Director Kristalina Georgieva said that "it makes sense" to seek to address debt pressures and the climate crisis jointly. The idea is to arrange "green debt swaps"*

### How the problem of debt distress risen in the pandemic and what are the implications?

Debt distress is at historic levels.

- During the pandemic, low-income countries' overall debt burden increased 12%, reaching \$860 billion in 2020.

- **Debt Service Suspension Initiative:** When the pandemic struck, there was a visible threat of a sudden stop to capital flows and an emerging-markets financial crisis. The G20 responded by adopting the Debt Service Suspension Initiative, which was used by more than 40 countries to postpone repayment.

- Still, an IMF analysis of 70 low-income countries finds that **seven are already in debt distress**, and that 63 are at high or moderate risk of debt distress.

### **Implications of debt distress:**

- Future borrowing becomes more expensive, resulting in less access to funds. This means many countries start relying more on exporting natural resources to pay back what they owe.

### **Must Read: What are Green Debt Swaps?**

### Is the idea of green debt swaps new?

No. The idea is something similar to the **Brady bonds** that have been tested since the 1980s. Debtors used official loans from the IMF and the World Bank to acquire US Treasury bonds as

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collateral. This allowed them to exchange existing bank loans at a heavy discount for tradable, guaranteed Brady bonds.

**For instance:** In 1987, Conservation International used donor funds to acquire \$650,000 of Bolivian external debt at the heavily discounted price of \$100,000. In return, Bolivia undertook to protect the Beni Biosphere Reserve, furnishing \$250,000 (in local currency) for its management.

There were doubts about the effectiveness and durability of green debt swaps, so the amounts involved remained small.

### **What is the issue with addressing climate crisis and debt distress jointly?**

Climate-mitigation financing is needed most in high-income countries, which are not facing any debt distress at all.

On the other hand, even in many low-income countries that are highly exposed to climate change, only few are facing both problems together.

Hence, the match between financing needs and addressing the environmental externality is imperfect at best.

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

Bilateral debt-relief can be granted to low income countries in the form of **conditional fiscal transfers** and grants to incentivise climate-adaptation spending.

**Mobilizing both private and public funding** will also be essential. It will require the creation of liquid markets for climate bonds and probably some credit enhancements in a tripartite Brady arrangement.

The IMF could use **recycled special drawing rights** to lend to low-income countries the resources they need to acquire collateral for green Brady bonds.

Management and monitoring of abatement and climate investments could be carried out using the **model of the trust funds**.

### **27. Should vaccination be made mandatory?**

**Source:** This post is based on the article “**Should vaccination be made mandatory?**” published in **The Hindu** on **31<sup>st</sup> Dec 2021**.

**Syllabus:** GS3 – Science and Technology- developments and their applications and effects in everyday life.

**Relevance:** Vaccination, Pandemic, Public health

**News:** It has been approximately one year since the introduction of vaccines. Despite many achievements there are still numerous challenges to be tackled like vaccine hesitancy and shortage in supplies.

In this light, calls are being made to make vaccination mandatory.

We need to understand that in public health, the **education and service approach works much more** than the legal approach.

At the same time, legal measures could be used appropriately — by restricting entry, incentives or disincentives — to convince people to get vaccinated.

### **What have been the positives in the Indian vaccination program?**

There is **reasonable vaccination coverage** across the country and many issues in vaccine supplies and logistics have been rectified now.

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**Transparency in reporting adverse events:** Reporting of adverse events is systematically done at the primary, sub-centre, block and district levels. There are various committees that include specialists who go through the reports.

### What are the challenges that still remain?

**Vaccine coverage:** Although many eligible people are getting vaccinated. But **the last mile reach** has become a challenge, particularly among, the 50-plus population who have either received the first dose but are reluctant to get their second dose or have not received even their first dose yet.

– Many countries are moving towards booster doses, but we have **not completed vaccination of all the eligible persons with even the first dose** of the vaccine.

– Almost 23% of healthcare and frontline workers are yet to get their second dose in India.

**Rumours being spread against vaccines:** Anti-vaxxers are actively spreading a lot of rumours, pseudoscience and unscientific information. Rumours are spread on social media and through WhatsApp.

Although vaccines have reached the remotest corners but there is challenge is to reach the **population reluctant to get vaccinated.**

### What is the way forward?

**Reach out** to people who are still reluctant to get vaccinated and **educate** them about the importance of getting vaccinated. Involve doctors, community influencers such as religious leaders, political leaders, panchayat leaders and other influential groups, frontline and healthcare workers.

Govt can **promote awareness** through using example of previous successful vaccination campaigns. **Example** – How vaccination has eradicated smallpox and Polio is on verge of eradication.

Governments can focus on **particular population subgroups** where vaccination is low and take **targeted efforts** to create awareness.

**Incentives for people** who get vaccinated.

**Rumour-mongering groups and anti-vaccine lobbies must be dealt seriously**, and legal action should be taken against them. Governments can come up with advertisements on television or newspapers.

**Children should be vaccinated**, while booster doses should be administered to the eligible population.

Developed countries should understand the problems faced by developing and low-economic countries. The **huge vaccine inequity present in the world should be resolved.**

Some cities have already achieved 100% coverage (*first dose*). There is **need to study such models.**

### Is it possible to make vaccination mandatory?

Although some states have made vaccination mandatory for entry into public places and workplaces while the **Central Govt has maintained that vaccination is voluntary.**

**Govt can introduce mandatory vaccination** by giving more importance to the community health vis a vis Individual's right for denying vaccination.

**For Example** – Smallpox was eradicated by making vaccination compulsory from 1965 to 1975.



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**Local health authorities have the power to make vaccination mandatory** as COVID has been declared a notifiable disease under different Acts of the States or the Epidemic Diseases Act. If anyone seeks exemption, they will have to approach the Judicial Magistrate.

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