

9pm
Compilation

10th to 15th Jan 2022

9 PM Compilation for the Month of January Second Week, 2022

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General Studies Paper - 1

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General Studies - 1

1. Solving migrant workers' housing crisis

Source: This post is based on the article "Solving migrant workers' housing crisis" published in **The Indian Express** on **10th Jan 2022**.

Syllabus: GS1- Urbanization

Relevance: Migrant workers, housing, AMRUT, Smart cities mission.

News: Urbanisation and the growth of cities in India have been accompanied by pressure on basic infrastructure and services like housing, sanitation and health. Maharashtra and Uttar Pradesh are the two states with an acute housing crisis. The migrant workers, and their families, are the ones who bear the brunt of this problem. As per the Census of 2011, there are about 4.5 lakh houseless families, a total population of 17.73 lakh, living without any roof over their heads.

Shelter, being a basic human need, and the fact that migrant workers are in dire straits due to the pandemic, immediately demands policy intervention by the government.

What are the issues migrant workers face in terms of housing?

Especially vulnerable to this issue are the **migrant workers**, who live in extremely unsafe conditions.

For them, **their workplace is their place of lodging too**. These places are often **unhygienic and poorly ventilated**.

They mostly **live in slums** and have access only to the poorest infrastructure and services. According to a **2020 ILO report** on internal labour migrants, the absence of dignified housing is further aggravated by a lack of adequate water, sanitation and hygiene (WASH) facilities.

How has the pandemic made the situation worse?

These places where migrants stay lack any means to maintain proper **social distancing**.

The wage and job loss during the pandemic made them **unable to afford the rental housing**.

According to a survey conducted by Azim Premji University, around 88% of migrants reported that they could not pay the rent for April and May 2020.

What have been the government initiatives to tackle the problem?

Swachh Bharat Abhiyan: Even though there has been an installation of public toilets through Swachh Bharat Abhiyan, their availability may not be adequate in migrant-dense clusters.

Smart cities initiative: More about it [here](#). Although, Govt's data shows that 49% of 5,196 projects for which work orders were issued across 100 smart cities in India remain unfinished.

AMRUT: Efforts like the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) launched in 2005 intended to make the process of urbanisation smooth. It is now in its second phase to make cities water-secure and provide better amenities for the marginalised.

Atmanirbhar Bharat package: Rs 20 lakh crore Atmanirbhar Bharat package announced by the government in May 2020 included the provision of affordable rental housing complexes (ARHC) for migrant workers/urban poor. The plan was to convert government-funded housing in the cities into ARHCs through PPPs, and provide incentives to various stakeholders to develop ARHCs on their private land and operate them.

What is the way forward?

While developing social rental housing, the state should ensure that the **location has proper access to transport networks, education and healthcare**.

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The working group by **NITI Aayog constituted to study internal labour** has recommended that rental housing in the public sector could be expanded through the provision of **dormitory accommodation**. This would make public housing **affordable** and **reduce the conflict between owners and tenants**.

Also, government should ensure that **innovative policymaking** initiatives **reach their set goal** in time.

2. National Database of birth and death: Amendments that are unnecessary

Source: This post is based on the article “**Amendments that are unnecessary**” published in **The Hindu** on **11th January 2022**.

Syllabus: GS 1 Population and associated issues.

Relevance: Understanding the need for a national database of registered births and deaths.

News: Government recently proposed creating a **national database of registration system** comprising births and deaths. This is proposed to be used to update every birth and death, and linked with other databases like the national population register, voter list and the Aadhaar database.

What is the current mechanism?

The current system is covered by the **Registration of the births and deaths act, 1969(RBD Act)**. Under the RBD act, it is the responsibility of the states to register births and deaths. States have set up facilities for the same and a chief registrar is an executive authority for the implementation of the act. The registrar general of India is responsible for coordinating and unifying the implementation of the RBD Act.

This system enables citizens to easily obtain the required services, prevent fake registrations. It also includes some personal information like the child’s parents and the deceased.

What are the challenges in the newly proposed National Database of birth and death?

One should examine the need for each birth and death to be communicated to other databases. The population database may need the information instantaneously, but **other databases** like the voter’s list may need it only once in six months. For such databases, the **information should not be collected from the birth and death** databases.

There are other challenges like the **address of the newborn may be different from the current or present address**. This may require linkage with the Aadhaar number to verify across multiple databases. This can be done by amending section 8 of the act. However, this may be unnecessary as Aadhaar number can be included in the forms used for reporting births and deaths. And such directions have already been issued to the states.

Moreover, the information maintained for births and deaths by the states could **still be manual in some cases**. Also, extracting information from the state central level will lead to duplication of data without any value addition. Also, **data maintained by various states may not follow the same structure**.

Also read: [Centre wants to keep birth, death database](#)

There is a proposal that the national database would be used to update population register, passport database, Aadhaar database etc. These provisions are not required, as the **law for each of these databases specifies the purposes for which the information can be used**.

What should be done going forward?

The central government **should prescribe standards for data items** in the birth and death databases to be maintained by the state comments.

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Activities relating to the registration of births and deaths have undergone huge changes due to computerization. However, the laws have not kept pace. There is a need for **updating the laws to take care of present and future developments**. The proposed law should address these concerns.

A bill for this purpose was introduced in Parliament in 2012 to amend the RBD act, but it lapsed. The [Law commission](#) examined the issue in its 270th report and **called for amending the RBD act**.

So the proposed amendment should take care of these concerns first.

3. Reaping India's demographic dividend

Source: This post is based on the article "Reaping India's demographic dividend" published in **The Hindu** on **13th Jan 2022**.

Syllabus: GS1-Population and associated issues.

Relevance: Demographic dividend.

News: India is in the middle of a demographic transition. This is evident from its declining fertility rate which currently is 2.0, median age of 29 years, and a falling dependency ratio (expected to decrease from 65% to 54% in the coming decade).

This provides a **window of opportunity** towards faster economic growth.

Must Read: [What is Demographic dividend and how it's beneficial to a society?](#)

What are the challenges in realising its true potential?

The demographic transition can turn into a demographic disaster without proper policies.

The increase in the working-age population may lead to **rising unemployment, fuelling economic and social risks**.

Has India reaped any benefits from demographic dividend till now?

Although India has already begun to get the dividend, but the benefit to the GDP from demographic transition has been lower than its peers in Asia and is already declining.

Hence, there is an **urgency to take appropriate policy measures**.

How can India achieve the true potential of its demographic dividend?

Benefits arising out of a demographic dividend are not automatic. Following steps need to be taken:

Need to undertake an updated National Transfer Accounts (NTA) assessment: India's per capita consumption pattern is way lower than that of other Asian countries. A child in India consumes around 60% of the consumption by an adult aged between 20 and 64, while the same ratio in China is 85%.

India needs to update its NTA data, prepare state-specific NTAs on the basis of which they can be ranked.

India needs to Invest more in children and adolescents-India ranks poorly in Asia in terms of private and public human capital spending. There is need to spend on nutrition, learning during early childhood, help students transition from secondary education to universal skilling and entrepreneurship.

Health investments- The public spending on health in India has remained flat at around 1% of GDP. Evidence suggests that better health facilitates improved economic production.

Making reproductive healthcare services accessible -We need to provide universal access to high-quality primary education and basic healthcare.

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National Family Health Survey-5 (2019-21) shows that there is an unmet need for family planning in India at 9.4% which is very high as compared to 3.3% in China and 6.6% in South Korea. This needs to be bridged.

Education– It works as an enabler to bridge gender differentials.

In India, boys are more likely to be enrolled in secondary and tertiary school than girls. In the Philippines, China and Thailand, it is the reverse.

Need to increase female workforce participation in the economy–As of 2019, 20.3% of women were working or looking for work, down from 34.1% in 2003-04.

Increase in female workforce participation will likely delay the age of marriage for women and make her participate in the economy more productively, as also exercise her rights and choices.

India needs to address the diversity between States–While India is a young country, the status and pace of population ageing vary among States.

Southern States are advanced in demographic transition and already have a higher percentage of older people while the north-central region is the reservoir of India's workforce. However, this also offers a lot of opportunities to states to work with each other.

New governance model which can enable policy coordination between States on various emerging population issues such as migration, ageing, skilling, female workforce participation and urbanisation.

India can **learn from other countries** like Singapore, Taiwan and South Korea.

They have already reaped the benefit of their demographic dividend to achieve incredible economic growth by adopting forward-looking policies.

4. Origins of the species – On human evolution

Source: This post is created based on the article "Origins of the species" published in **Business Standard** on 13th January 2022.

Syllabus: GS paper 1 – Ancient Indian History

News: The understanding of the Human evolution has evolved much more compared to early 20th century due to contributions of Leaky family.

The article highlights the contributions made by British-Kenyan Leaky family to the understanding of origins of Homo sapiens.

Until about the middle of the 20th century, it was a common belief that Homo sapiens evolved around 50,000-60,000 years ago in Eurasia. However, due to the work of Leakey family and a few others from 1940s onwards it was revealed that Homo sapiens evolved in Africa somewhere between 200,000 and 300,000 years ago. They evolved from one of the various branches of pre-sapiens hominids and hominids branched out from chimpanzee line between 5 and 7 million years ago.

What are the other major findings regarding human evolution from Leaky family?

From the post-1940 work of Leaky family in this area, several conclusions can be drawn:

First, the origins of man (including various species of hominids) stretch back six million years or more.

Second, our understanding of man's origin is still work in progress, due to the quite fragmentary nature of fossil records.

Third, the Homo sapiens 300,000-year long history is a short time span compared to the longevity of various other species, including several lines of hominids.

Fourth, the explosive growth of Homo sapiens in recent centuries has come at the expense of thousands of other species.

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Lastly, Homo sapiens is the deadliest species, even for itself. Its actions are resulting into the way towards the Sixth Extinction

5. “Liberal economics creates illiberal societies”

Source– This post is based on the article “**Liberal economics creates illiberal societies**” published in **The Hindu** on **14th Jan 2022**.

Syllabus– GS1- political philosophies like communism, capitalism, socialism etc.- their forms and effect on the society.

Relevance– Capitalism, Communism in the 21st century.

News: Capitalism and the idea of liberal economics has been proved to be counterproductive for the equality and democratic values.

It has given rise to nationalism and authoritarianism globally.

How liberal economics leads to authoritarian regimes?

Liberal economists are against “populist” policies of governments that subsidise the poor and adopt industrial strategies for self-reliance and jobs for their citizens.

The liberal policies in the last 30 years **reduced the taxes on incomes and wealth for the people at the top**. This was justified on the basis of the idea that this will lead to growth and there will be enough to share through the trickle down effect.

Although the **pie has grown larger but the richest few have been taking the major advantages** of that as shown by the various reports on inequality in the world.

With every global crisis like the financial crisis of 2007-08 and the ongoing COVID-19 crisis — the **rich are getting richer while the poor are getting poorer**.

How is the ideology of liberal economics has harmed the world?

Political Implications- This has led to **weakening of democracy and secularism**.

Rise of Authoritarian governments – History shows that whenever hopelessness spreads in societies, they are fertile grounds for messianic saviours to form an authoritarian government. The rise of populist leaders around the world has shown that people still get swayed by the idea of messianic saviors. Authoritarian governments are now being democratically elected.

Economic implications-Capitalism has led to **Inequities within economies** and an unsustainability of economic growth. Economic despair is feeding the rise of authoritarianism, nationalism, and identity politics.

Liberal economics supports **Privatization** but this makes governments struggle for resources to provide public goods. It gives another opportunity in the hands of top most to buy what they need, while this prevents those at the bottom to even have basic health and education facilities. This **increases the gap between the haves and the have-nots**.

Why neither communism nor capitalism is the solution?

Although Communism had lifted living standards, and the health and education of masses of poorer people faster than capitalism could, communism’s idea that there should be no private property was a failure. This deprived people of personal liberties.

Capitalism’s idea of replacing all publicly owned enterprises with privately owned ones (and reducing taxes on wealth and high incomes) **has not worked either**.

It has **denied many of their basic human needs of health, education and social security**, and equal opportunities for their children. The private property solution has also harmed the natural environment as businesses work on the profit motive and not on ecological motive.

Due to this **the ecological commons are harmed, and social equity suffers**.

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What is the way forward?

The extreme application of **both Communism and capitalism** has created negative consequences.

Climate change and political chaos around the world are both warnings that capitalism needs reform.

A new form of **“Gandhian” democratic socialism, powered by cooperative economic enterprises is the way forward.**

It will create wealth at the bottom, not only at the top, and save humanity and the planet.

6. How women cadets benefit the army

Source: This post is based on the article **“How women cadets benefit the army”** published in the **Indian Express** on **15th January 2022.**

Syllabus: GS 1 Role of women and women’s organization.

Relevance: Understanding the importance of women’s inclusion in the Indian Army.

News: Army chief general MM Naravane, while reviewing the army parade at NDA hailed the SC decision as a major step towards gender equality in the army.

What is the status of women in the Indian Army?

The first batch of women officers was introduced in nonmedical roles via the Short Service Commission in 1992. Last year, the Supreme Court allowed women to compete for the seats and subsequent permanent commission in the Indian army in any corps they desire.

Read here: [SC allowing women to sit for NDA test is a welcome push for a substantive Gender reset in the armed forces](#)

Women were inducted as permanent commissioned officers in the legal and education corps since 2008 and as permanent commissioned officers in eight more non-combatative corps in 2020. But still, the count of women forces in the Indian army is significantly low i.e. 3% as compared to 6% in the US, 15% in France, and 10% in both Russia and the UK.

Also read: [Arms and the Women](#)

How entry of women can help Army?

As more men gravitate towards the corporate world, entry of women can address the shortage of officers, which stands at 7476 officers as reported by the Minister of State for Defence.

What are the Supreme directives on women’s position in Army?

Recently, SC ruled that women officers should get command positions on par with male officers. It dismissed the military earlier objections that hiring women would lead to operational, practical and cultural problems and said this move is discriminatory.

Read here: [Gender parity in the Indian Army](#)

General Studies Paper - 2

General Studies - 2

1. Control rather than Privacy

Source: This post is based on the article “Control rather than Privacy” published in **The Hindu** on 10th Jan 2022.

Syllabus: GS2- Parliament and State Legislatures – structure, functioning.

Relevance: Data privacy, Joint committee report.

News: The Puttaswamy judgment and the Justice B.N. Srikrishna committee report led to the introduction of the Personal Data Protection Bill of 2019.

The bill was sent to a joint parliamentary committee for further scrutiny, which has now submitted its report.

Although there are some concerns regarding the same.

What are the concerns regarding the joint committee report on personal data protection bill?

Greater compliance burden on private sector: Report has divided the digital world into two domains — government and private, and puts a greater burden on private sector to comply with the privacy norms while almost exempting the state from the same.

– **Clause 35 exempts government agencies from the entire Act** itself. **Clause 12** states that personal data can be processed without consent for the performance of any function of the state. The issue is that this is an umbrella clause **that does not specify which ministries or departments will be covered.**

– In one of the clause of the bill, it states that, “harm includes any observation or surveillance that is **not reasonably expected** by the data principal”. This means if that someone faced a data breach situation as a consequence of their own action of say suppose installing an app or a software then the privacy clause will not apply there. This clause can be used against the data principals.

Data protection authority: The act also talks about a Data protection authority (DPA). The **conditions of appointment** of the DPA also raise concerns.

Although the Justice Srikrishna committee report provided for a judicial overlook in the appointments of the DPA, the bill approved by the committee **rests the power to appoint the panelists vests with the Central government.**

Clause 86 bounds the authority to follow the directions of the Central Government under all cases, and not just on questions of policy.

– Also, appointment of the authority **violates the principle of federalism.** Because the issue involves internal data flow and the States are key stakeholders in the process. Apart from this **‘public order’ is an entry in the State List** (which can be one of the reasons on which directions to allow processing of data can be issued), this makes involving states also important.

Non-personal data: The committee has included the non-personal data within the ambit of the Bill.

This will put a **lot of burden on the MSME sector and small businesses**, as technical processes involving data-sharing are very expensive.

Government-constituted **panel headed by S. Gopalkrishnan** also opposed the idea of including non-personal data in the Bill as Mandatory data localisation will according to some estimates **squeeze the economy by 0.7-1.7%.**

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2. Discretionary powers of the governor: Some Raj Bhavans are on the war path

Source: This post is based on the article “Some Raj Bhavans are on the war path” published in **The Hindu** on **10th January 2022**.

Syllabus: GS 2 Functions and responsibilities of the Union and the States.

Reference: Understanding the reason for conflicts between Governor and State governments.

News: There have been some incidents that show the friction between the delicate relationships of the constitutional head of state and the elected government.

What were the incidents all about?

Maharashtra: Governor refused to accept the date of election of the Speaker recommended by the State government.

However, this refusal goes against the principle of constitutional government. Under **Article 178**, the constitution did not assign any role to the governor in the election of the speaker. It is the house rule which says the governor shall fix the date. So, if the governor refused to accept the date of the election, the house can make amendments to that particular rule which empowers the governor to fix the date. It is the **first time in the history that governor refused to fix the date of the election** and so the election has not been held

Kerala: Governor alleged that he made the reappointment of Vice-Chancellor of Kannur University under the pressure of the Kerala government. Although, the reappointment has been done in accordance with the law. Further, the governor said that he does not want to hold the position of chancellor, which he got in an ex officio capacity.

This move has been in question as here the governor was not required to act on the advice of the Council of Ministers, also clarified by Supreme Court in **Gopalakrishnan vs Chancellor, University of Kerala** case. Here the governor can act independently, and make the choice considering the merit of the appointee before signing the appointment letter.

Other instances have been witnessed in other states like West Bengal, Rajasthan etc where the differences have been visible.

Also read: [Reasons for frictions between Puducherry CM and LG](#)

About the discretionary powers of the governor

Before independence, the governor was the absolute ruler of the province, who was answerable only to His Majesty. B.R. Ambedkar, while framing the constitution, ensured to make governor only a constitutional head and to vest executive powers in the elected government. But, at the same time, certain discretionary powers have been allotted to the government to ensure independence.

The powers of government in the constitution create some ambiguity. **Article 163**, which was simply re-produced from section 50 of the Government of India Act in 1935, introduced vagueness about the actual powers of the governor. This was corrected by the Supreme Court of India in **Shamsher Singh(1974) case** and later in **Nabam Rebia (2016)**. The courts have held that the executive power of the governor can only be exercised with aid and advice of the council of ministers, except in exceptional circumstances.

Read here: [Governor's discretion has its limits](#)

How the governor should work?

It was seen that that confrontation takes place only in opposition-ruled states, which shows that **political expediency has overtaken constitutional propriety**. The governor should work in an impartial manner and should not try to create a parallel government.

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In the words of **Pandit Thakur Das Bhargava**, “the governor will be a man above party, and he will look at the minister and government from a detached standpoint”

3. Unchanged: On EWS quota income norm

Source: This post is based on the article “**Unchanged: On EWS quota income norm**” published in **The Hindu** on **10th January 2022**.

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

Relevance: Understanding EWS quota income norm.

News: Supreme Court has allowed the commencement of counselling for postgraduate medical admissions under [All India Quota scheme](#).

What is the background of the development?

Read here: [Income Criteria for the Economically Weaker Sections \(EWS\) in India – Explained, pointwise](#)

What is the decision made by the Supreme Court?

The court has upheld the 27% quota for OBCs. However, despite several hearings and the formation of an expert committee, the controversial criteria of income capping for economically weaker sections have remained unchanged for now.

Read here: [NEET counselling can begin under existing EWS criteria: Supreme Court](#)

What should be the way forward?

The courts have held that the admissions process cannot be delayed further. The committee constituted to revisit the income criteria for OBC and EWS should submit its report at the earliest.

Read here: [Retain Rs 8 lakh EWS cap for admissions, recommends panel](#)

4. NFHS-5: Reading NHFS-5 data to understand India’s health, population outlook

Source: This post is based on the article “**Reading NHFS-5 data to understand India’s health, population outlook**” published in the **Indian Express** on **10th January 2022**.

Syllabus: GS 2 Issues Relating to Development and Management of Social Sector/Services relating to Health.

Relevance: Understanding National Family Health Survey 5 data.

News: The government of India recently released National Family Health Survey 5 (NFHS-5) data. The data shows some promising trends and some areas of concern.

Read here: [NFHS-5 and its findings – Explained, pointwise](#)

What are the findings of the National Family Health Survey 5?

Read here: [What does NFHS-5 data tell us about state of women empowerment in India](#)

Population stabilization: The current levels of TFR set the stage for population stabilisation. Currently, the population growth rate is estimated to be 1.37% according to SRS(2018).

This will continue to decline, but the population will continue to grow because of population momentum resulting from a large number of people entering the reproductive age group of 15-49 years. Thus, it can be said that the UN population division’s estimate of population peaking at 165 crores around 2050 will be realized.

Sex ratio at birth: The SRB, as per the SRS report 2018, sex ratio at birth had declined from 906 in 2011 to 899 in 2018. Though NFHS-4 estimated it to be 919 in 2015–16, according to

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NFHS-5 estimates, SRB has increased to 929. This is encouraging. However, it has decreased in states like Tamil Nadu, Kerala, Bihar and Jharkhand among others.

Read here: [Reading sex ratio trends in NFHS 5 data](#)

Stunted children: The proportion of stunted children below the age of five has marginally declined from 38.4% to 35.4%. This has been witnessed in all states except Himachal Pradesh, Kerala and Telangana. Poor diet among children less than 23 months of age is the major cause.

5. Health Infrastructure: PM bats for health infra at district level

Source: This post is based on the article “PM bats for health infra at district level” published in the **Livemint** on **10th January 2022**.

Syllabus: GS2 Issues Relating to Development and Management of Social Sector/Services relating to Health.

Relevance: Understanding the need for good health infrastructure.

News: While putting vaccination for adolescents in “mission mode”, the Prime minister stressed the need to ensure adequate health infrastructure at the district level.

Read more: [How to fix India’s creaking health infrastructure?](#)

What steps should be adopted to improve health infrastructure amid Omicron?

- Government should work towards Upgrading health infrastructure, testing capacity, availability of oxygen beds and ICUs, buffer stock of essential drugs under Emergency Covid Response Package (ECRP ii)
- 31% of adolescents aged 15-18 years have received their 1st jab of vaccination. Further, the contribution of various stakeholders is required to accelerate the vaccination drive for adolescents.
- Government should ensure the availability of telemedicine to ensure the availability of health-related guidance to people in remote and rural areas.

Read more: [PM ABHIM \(Ayushman Bharat Health Infrastructure Mission\)](#)

– Explained pointwise

- Awareness among people to wear masks and adoption of physical distancing methods.
- Adoption of home isolation methods for mild symptoms or in case of asymptomatic cases.
- Dissemination of factual information to the community.

Read more: [One billion Covid Vaccines and beyond – Explained, pointwise](#)

6. Tuberculosis(TB): We can’t afford to neglect TB care

Source: This post is based on the article “We can’t afford to neglect TB care” published in the **Indian Express** on **10th January 2022**.

Syllabus: GS 2 Issues Relating to Development and Management of Social Sector/Services relating to Health.

Relevance: Understanding the issue of TB during the Covid pandemic.

News: COVID-19 pandemic put health systems under great stress. The government announced a [policy to bolster public health](#) by pledging four new national virology institutes, nine new high containment laboratories and the National Institute of one health. Unfortunately, it did not address other infectious diseases like tuberculosis.

Read here: [COVID-19 reverses decades of progress in TB elimination, India worst-hit: WHO](#)

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What is the challenge posed by tuberculosis in India?

According to **WHO's global TB report 2021**, with 25.9 lakh TB cases, India is home to 25% of the global tuberculosis cases. India reported an 18% decline in case notifications. The country reported 18 lakh tuberculosis cases in 2020 as compared to 24 lakh in 2019.

Fear of Covid lockdowns, economic stress discouraged people from visiting medical facilities to notify of the disease and to get treatment.

Read here: [Fewer TB deaths in India: WHO:](#)

What steps have been taken for TB elimination?

India has increased the budget to tackle disease by four times. The **National Strategic Plan for TB elimination** has taken initiatives towards the elimination of TB by 2025. TB elimination also requires an increased level of awareness among people.

Read here: [Eliminating Tuberculosis \(TB\)](#)

The government has organized **Active Case Finding (ACF)** drives Under the **National TB elimination programme**. This drive is implemented systematic screening of TB among vulnerable populations and has helped in early case detection. During the pandemic in 2020, 17.9 crore people were screened and 52,273 TB cases were identified.

What should be the way forward?

A sense of **community ownership** and **public participation** is intrinsic to any TB elimination programme. Collectively, through a Jan Andolan against TB, the goal of TB Mukta Bharat can be achieved.

Read here: [Health Ministry explores AI for combating tuberculosis](#)

7. Why India Needs A Fiscal Council

Source: This post is based on the article “**Why India Needs A Fiscal Council**” published in **ToI** on 10th **Jan** 2022.

Syllabus: GS 2 – Constitutional and statutory bodies

News: Recently, the Union Minister of State for Finance in a written reply to the Parliament ruled out setting up of a fiscal council, which was recommended by the FRBM Review Committee.

It was reasoned that, there are institutions that already perform some or all of the proposed functions of the Fiscal Council. For example, the Comptroller and Auditor General (CAG), National Statistical Commission and the Finance Commission.

However, this article argues the need for institutionalising Fiscal council and its consequent benefits.

What are the functions of the fiscal council?

The 15th Finance Commission has listed a number of functions for the Fiscal Council, which are

One, providing multi-year macro-economic and fiscal forecasts.

Two, evaluating fiscal performances vis-à-vis targets across all levels of government.

Three, assessing the appropriateness and consistency of fiscal targets in the states.

Four, undertake an independent assessment of long-term fiscal sustainability.

Five, assessing fiscal policy statements by governments under fiscal responsibility legislations.

Six, advising on the conditions for using escape clauses under fiscal responsibility legislations.

Seven, policy costing of new measures with significant fiscal implications.

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Eight, providing analytical support to the Finance Commissions and publishing all their reports and underlying methodologies. FRBM mechanism hasn't delivered.

Why Setting up of the fiscal council is important?

International Experience: 30 developed and emerging market economies have found it necessary to have such an institution. For example, Congressional Budget Office in the US, Office of Budget Responsibility in the UK, Parliamentary Budget Office in Australia.

Recommended by the 15th Finance Commission: it has argued that setting up a Fiscal Council is an essential part of the 21st century fiscal architecture.

Further, it has stated that the absence of an independent fiscal institution to assess and evaluate the fiscal plan as well as performance and forecasts published by the governments has further diminished the capacity to monitor compliance.

Case studies by the IMF and OECD: It has confirmed that independent fiscal institutions effectively complements fiscal rules in monitoring their effective implementation and have contributed to improved fiscal performances.

Work of Fiscal council is different from the work of other institutions: For example, institutions like CAG or the Statistical Commission or the Finance Commission does ex-post analysis. Whereas the Fiscal council does Budgetary forecasts to evaluate the realism of the budget estimates, and monitor progress and conformity to fiscal rules.

Fiscal Council will enhance the effectiveness of the FRBM process. The FRBM process as it exists now has several shortcomings.

For example, failure to achieve the fiscal targets, lack of credibility on budgets due to shifting goal posts, creative accounting, creating new concepts such as effective revenue deficit, off-budget financing of expenditures etc.,

Other advantages

It will safeguard against government failure.

It helps to bring in an additional layer of legislative scrutiny, raise public awareness and makes the system more comprehensive and transparent.

8. At WTO, China a developing country-Why many nations are raising concerns

Source: This post is based on the article "At WTO, China a developing country-Why many nations are raising concerns" published in The Indian express on 11th Jan 2022.

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

Relevance: WTO, Developing country status.

News: China's status as a 'developing country' at the World Trade Organization (WTO) has become a contentious issue.

A number of countries have raised concerns over the upper middle-income nation deriving benefits reserved for developing countries under WTO norms.

Moreover, **concerns** have been raised over the 'least developed country' (LDC) status, with Bangladesh potentially losing this tag after surpassing India in terms of GDP per capita.

Must Read: [India questions China's developing country status on per capita basis](#)

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What are the benefits associated with developing country status?

Certain WTO agreements give developing countries special rights through 'special and differential treatment' (S&DT).

More on this [here](#).

It also allows other countries to offer preferential treatment.

How is a 'developing country' status decided?

WTO has not defined 'developed' and 'developing' countries and therefore member countries are free to announce whether they are 'developed' or 'developing'.

Which all countries have objected to China's developing country status?

Please refer [here](#).

Why are so many countries objecting to China's developing country status?

China's per capita income has come to a level of **upper middle-income country**, according to the **World Bank's classification**.

Apart from this it has been alleged of unfair trade practices such as preferential treatment for state enterprises, data restrictions and inadequate enforcement of intellectual property rights.

How has China responded? What would be the impact of China losing this status?

China has in the past reacted quite negatively to such views by the countries, and has also maintained that it is the "world's largest developing economy".

For more: Read [here](#).

However, it has **recently indicated that it may be willing to forego many benefits** of being a developing country.

For example: It may forego all exemptions available to developing countries in negotiations aimed at cutting fishing subsidies to curb overfishing.

If China in future decides to forego the developing country status, It would impact negotiations in future agreements.

What are LDCs, and what are the benefits of LDC classification?

WTO recognises **Least developed countries (LDCs)** relying on a classification by the UN. It is based on a criterion that is reviewed every three years.

LDCs are often exempted from certain provisions of WTO pacts.

Bangladesh, currently classified as an LDC, receives zero duty, zero quota access for almost all exports to the EU.

It is, however, set to **lose its LDC status in 2026** as its **per capita GDP has risen sharply, surpassing that of India in FY21**.

9. How India has approached customary international law

Source: This post is based on the article "**How India has approached customary international law**" published in **The Indian express** on **11th Jan 2022**.

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

Relevance: International customary law.

News: Parliamentary committee on external affairs has presented a report titled "India and international law" in the Lok Sabha.

The report discusses how Indian courts have dealt with international law.

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What is International customary law (CIL)?

CIL refers to **international law norms derived from a custom**. They are binding legal rules that have developed on global or region levels through continued practice.

What has been India's stand towards CIL?

Committee observed that India follows the **principle of "dualism"**.

This means that international law does not automatically get incorporated into the domestic legal regime.

As per **Article 253** of the Indian Constitution, an act of Parliament is necessary to transform international law into municipal law.

However, according to the analysis of the committee, **the Supreme Court has digressed from the principle of dualism**.

What has been the Supreme Court's stand on CIL?

Supreme Court moved **from the principle of dualism towards monism**.

SC has been of the view that **customary international law (CIL)**, unless contradictory to domestic law, is **part of the Indian legal regime** even if the parliament has not enacted a law for that.

In **Vellore Citizens Welfare Forum v. Union of India** it held that CIL which is not contrary to the municipal law shall be deemed to have been incorporated in India's domestic law.

This principle has been affirmed in subsequent decisions like in **Research Foundation for Science v. Union of India**. Here, the SC, relying on the Vellore Citizen case, declared that the **precautionary principle**, an environmental law concept, **is part of CIL and thus part of Indian law**.

What are the positives of this practice?

Most countries have been incorporating CIL as part of the domestic legal regime, so the Supreme court's practice is **in line with international practice**.

It provides judiciary with an opportunity for **making the law progressive**, esp when the executive and the parliament for ideological or political persuasions fail to enact laws transforming a liberal international legal norm into domestic law.

What are the challenges that still remain?

CIL is sometimes very easily accepted as part of Indian law. For instance, the Supreme Court quite readily accepted the precautionary principle, but it is yet to get wide global acceptance.

However, SC **hasn't been consistent** in incorporating CIL. **Example:** In the Mohamad Salimullah v. Union of India, the court refused to stop the deportation of Rohingya refugees to Myanmar despite the principle of **nonrefoulement** being part of CIL.

It **goes against the democratic practice** and creates a **democratic deficit**.

As judicial incorporation of international law is the violation of separation of power and judiciary overtaking Parliament's right. The committee argues that this could become a bone of contention between the judiciary and the other organs of the state.

What is the way forward?

India has indeed moved away from the principle of dualism towards monism by judicially incorporating not just CIL but also international treaties, including those treaties that India has not signed.

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Recommendation for executive: However, the Committee recommends that the **executive** should try to fill in the vacuum in domestic legislation on customary international law and should develop adequate domestic law.

Recommendation for the Judiciary: Determination of whether a particular provision should be treated as a binding customary norm under international law requires the fulfilment of two conditions.

One that the **state practices it** and second of the **opinio juris** (belief that the custom is part of the law). The Supreme Court needs to conduct such an analysis before incorporating the CIL in domestic law.

10. Geopolitics of Eurasia: Understanding the Eurasian turmoil

Source: This post is based on the article “**Understanding the Eurasian turmoil**” published in the **Indian Express** on **11th January 2022**.

Syllabus: GS 2 International Relations.

Relevance: Understanding the geopolitical significance of Russia in Eurasia.

News: Protests in Kazakhstan and other areas like Belarus, Ukraine, Caucasus have the potential to reshape the geopolitics of Eurasia. Russia, with its geographic spread across Eurasia, is at the very centre of this restructuring.

What are the parameters involved in the geopolitics of Eurasia?

The internal political evolution of Eurasian state: post-Communist states have not been settled on a sustainable political path. In Central Europe and the Baltic States, the transition to liberal democracy appeared to be quick. While many other former Soviet republics drifted into the rule of strong men. Both models are under stress as democratic backsliding in Hungary and Poland challenges the norms of the European Union.

Read here: [Instability in Kazakhstan will resonate in regional geopolitics](#)

The weaknesses of economic globalisation: Despite being resource-rich and embracing economic globalisation, the leaders of Central Asian republics like Kazakhstan have ensured an inequitable society.

The limitations of regional institutions: The hope that regional institutes contributing to the stability of post-communist states have not been met. Even after joining the EU, the eastern and western halves of Europe are vastly different. Several issues related to the Rule of Law, migration, energy and geopolitics act as dividing factors. There is also resentment in the eastern half about the domination of the western half on EU policymaking.

Russia has launched the Eurasian Economic Union and the [Collective Security Treaty Organisation](#) to re-establish its primacy in Eurasia, but not been successful yet. Russia joined [SCO](#) with China, to bring stability in the Central Asian region.

The constraints on powers to shape the post-Russian space: To lessen their dependency on Russia, many former members of the Soviet Union are engaging with all major powers to strengthen their strategic autonomy, which Nazarbayev called “**multi-vector diplomacy**”. But still, countries like Kazakhstan are dependent on Russia, when any crisis arises.

In [Ukraine Conflict](#), Russia prefers to negotiate with the USA rather than the EU. In Kazakhstan, Russia has shown it remains the main security provider despite the considerable economic salience of China. Hence, major economic power such as the EU and China have been unable to shape the political and security dynamic in Eurasia.

Read here: [Why the Russia-West equation matters to India](#)

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Russia is the strong actor in the region, it still needs to accommodate European security with the west including areas such as independence and neutrality and de-escalation of little confrontation in heart of Europe.

11. The sail that Indian diplomacy, statecraft need

Source: This post is based on the article “The sail that Indian diplomacy, statecraft need” published in **The Hindu** on 11th Jan 2022.

Syllabus: GS 2 – India- Eurasia relation

Relevance: India- Eurasia, Continental strategy, Maritime strategy.

News: Striking the right balance between continental and maritime security would be the best for India’s long-term security interests.

In this context, India’s decision to hosts the five Central Asia leaders at the Republic Day Parade holds significance for India’s continental security.

How India has progressed in terms of Maritime security?

More recently, India has taken many ambitious steps to correct the historic neglect of India’s maritime power and also as a response to the dramatic rise of China as a military power. **For instance,**

- National Maritime Strategy,
- Security and Growth for All in the Region (SAGAR) initiative for the Indian Ocean Region
- Initiatives relating to the Indo-Pacific and the Quad.

Why focusing only on Maritime security is not sufficient for India’s security interest?

Maritime security is important to keep sea lanes open for trade, commerce, and freedom of navigation.

It will aid in resisting Chinese territorial aggrandizement in the South China Sea and elsewhere.

It will also help littoral states resist Chinese bullying tactics in interstate relations.

However, maritime security alone is not sufficient for India to deter Chinese unilateral actions and the emergence of a unipolar Asia.

Because China’s rise is not merely in the maritime domain. It is expanding on the Eurasian continent. For example, Belt and Road Initiative projects in Central Asia and its dependency-creating investments, cyber and digital penetration across the Eurasian continent.

Hence, a continental strategy focusing on the Eurasian continent is necessary for India.

Why focusing on Eurasia is important for India?

For India’s continental strategy, the Central Asian region is an indispensable link as India is faced with Border and connectivity issues. For example,

A persistent two-front threat from Pakistan and China.

Increased militarisation of the borders with Pakistan and China

India has been subject for over five decades to a land embargo by Pakistan

Difficulties have arisen in operationalising an alternative route through the International North-South Transport Corridor on account of the U.S.’s hostile attitude towards Iran

With the recent Afghan developments, India’s physical connectivity challenges with Eurasia have worsened.

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Why evolving an effective continental strategy focusing on Eurasia will be a complex and long-term exercise for India?

Eurasian continent is presented with many issues/challenges currently, so this will not be easy for India as we would need to work with different partners on different agendas. For example,

The assertive rise of China.

The withdrawal of forces of the United States/North Atlantic Treaty Organization (NATO) from Afghanistan.

The rise of Islamic fundamentalist forces

The changing dynamics of the historic stabilising role of Russia (most recently in Kazakhstan).

Interests in multilateral mechanisms of that region. For example, the Shanghai Cooperation Organization (SCO), the Collective Security Treaty Organisation, and the Eurasian Economic Union

Threat to Eurasian Security due to the ongoing rivalry between the U.S and Russia confrontation relating to Ukraine, Russian opposition to future NATO expansion, and new deployment of intermediate-range missiles.

What are the steps taken to bolster India's relation with Central Asia?

In 2015, Mr. Modi visited all the five Central Asian states.

Recently, National Security Adviser Ajit Doval and External Affairs Minister S. Jaishankar also hosted their Central Asian counterparts in Delhi.

What is the way forward?

India needs to acquire strategic vision and deploy the necessary resources to pursue our continental interests without ignoring our interests in the maritime domain.

Further, India should push for our continental rights, namely that of transit and access, working with our partners in Central Asia, with Iran and Russia.

Need for more proactive engagement with economic and security agendas ranging from the SCO, Eurasian Economic Union (EAEU) and the Collective Security Treaty Organization (CSTO).

Stabilising Afghanistan is also necessary.

India will need to define its own parameters of continental and maritime security consistent with its own interests.

12. Bilateral Investment Treaties: A BIT to review

Source: This post is based on the article "A BIT to review" published in **The Hindu** on **11th January 2022**.

Syllabus: GS 2 Bilateral, regional and global groupings and agreements involving India

Relevance: Understanding India's bilateral investment treaties.

News: Recently, the standing committee on external affairs presented its report on India and [Bilateral Investment Treaties](#) (BITs). It is important as it comes a decade after India lost the first investment treaty claim in 2011 (White industries vs India).

Note: *In November 2011, an arbitral tribunal found the Republic of India guilty of violating the India-Australia bilateral investment treaty (BIT). It is the first known investment-treaty ruling against India.*

In this case, an Australian mining company, White Industries Ltd. complained that the Indian court failed to enforce an ICC award rendered in its favour in 2002 in a commercial arbitration

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between White and its local partner, Coal India Limited.

Why such changes were needed?

First, since the White industries case, foreign investors have sued India around 20 times. This made India the 10th most frequent respondent state globally in the investor-state dispute settlement (ISDS) claims from 1987 to 2019 ([UNCTAD](#)).

Read more: [Cairn Energy dispute and Government disputes with private entities – Explained, pointwise](#)

Second, India adopted a new model BIT in 2016 which was a significant departure from its previous treaty practice.

Third, India is in the process of negotiating new investment deals with countries like Australia and the UK.

Read here: [Need for a balanced approach on ‘Bilateral Investment Treaty’ for India](#)

What are the recommendations made by the standing committee on external affairs?

First, it showed its discontentment at the fact that India has signed very few investment treaties after the adoption of model BIT. It recommended that India should expedite the existing negotiations.

Second, the committee recognizes the potential of BITs in attracting foreign direct investment. The committee recommended that India should sign more BITs in core or priority sectors.

Third, the committee recommended fine-tuning of BIT. Model BIT should keep two things in mind. **a)** It should tighten the provisions to curtail the discretion of ISDS arbitral tribunals. **b)** It should strike a balance between goals of investment protection and state’s right to adopt regulatory measures for public welfare.

Fourth, the Committee recommended strengthening the capacity of government officials in the area of investment treaty arbitration.

What more should have been done?

Most of the ISDS claims against India are due to poor governance. For example, retro respective laws lead to the Vodafone issue, an element of agreements for imagined scams lead to Devas, and judicial delays lead to white industries cases.

Thus, the committee should have emphasized on greater regulatory synergy, policy stability and good governance.

13. Dealing with Sri Lanka

Source: This post is created based on the article “Dealing with Sri Lanka” published in Business Standard on 11th Jan 2022.

Syllabus Topic: GS Paper 2 – **India and its neighborhood**

News: Sri Lanka is facing a debt crisis and it has asked for assistance from China.

Sri Lanka is facing a debt crisis due to various factors, such as;

1. Fitch Ratings has downgraded Sri Lanka’s debt to the level just above default.
2. Country’s foreign debt had reached 42.6 per cent of gross domestic product. It has to pay off almost \$5 billion in debt before October.
3. Foreign Currency reserve of Sri Lanka has reduced from \$8 billion before the pandemic to a low of \$1.2 billion. It has to ban the import of certain items to preserve Foreign Currency.
4. High Inflation (11%), along with restriction on imports has led to shortage of food items.

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Why Sri Lanka has turned to China for assistance?

First, Closeness of Sri Lankan President Rajapaksa family with China.

Second, China is fourth largest external creditor of Sri Lanka.

Third, People's Bank of China's \$1.5-billion currency swap deal helped Sri Lanka in preserving its Foreign Exchange reserves.

Fourth, it is notable that the Hambantota port was famously handed over on a 99-year lease to a Chinese firm in 2017 under the debt restructuring agreement. However, China has shown sensitivity to the criticisms of its foreign infrastructure financing as a "debt-trap diplomacy". So, Sri Lanka is expecting debt restructuring from China over its \$1.5 billion debt, which is due this year.

Why India has not been asked for help?

On the other hand, India has not acted with the required speed and scale. For example, the RBI last year renewed a mere \$400 million swap line to Sri Lanka, in comparison to its repeated request for at least a \$1 billion swap line.

Delaying the request for assistance is likely to push Sri Lanka towards China, which has been more responsive with lesser efforts.

14. What a waste: Reviving India's sanitation systems

Source: This post has been created based on the article "What a waste: Reviving India's sanitation systems" published in **Down to Earth** on **11th Jan 2022**.

Syllabus : GS Paper 2- Social Issues – Issues related to sanitation

News: India often confuse toilets with sanitation; but they are mere repositories to receive waste.

Poor sanitation and water-related issues resulted in 1.04 million under-five child deaths in India. Also, poor sanitation costs India 5.2 per cent of its gross domestic product (GDP) annually. In this regard, in the last decade, a massive push for sanitation, provided millions of the population with access to toilets.

However, much focus through big campaigns such as the Swachh Bharat (Clean India) Mission (SBM) has been given to '**before the flush**' levels in the process of sanitation.

The stage from emptying of toilets, safe reuse and disposal has not been given a proper attention. But toilets are mere repositories to receive waste; when we flush, the waste flows into a piped drain, which could be either connected or not, to a sewage treatment plant (STP).

Furthermore, sanitation systems of the country have been framed with the assumption that the human labour would be always available for the service.

What are the issues associated with sanitation program of India?

Issues linked to type of toilets

SBM claims that a majority of toilets in rural India are "twin pit leach pit" type, which are self-contained treatment plants. They do not require any additional grey water or faecal sludge management.

However, the report '**From ODF to ODF Plus Rural Sanitation Strategy 2019-2029**' reveals that the country still has thousands of toilets with single-pits or septic tanks that require desludging from time to time.

Improper Sewage treatment facilities

78 per cent of sewage generated in India remains untreated and is unsafely disposed of in rivers, groundwater or lakes, contaminating 90 percent of all surface water.

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Issues facing sanitation workers

At various steps across our sanitation value chain — from toilets to treatment plants — workers have to interact with faecal matter in extremely unsafe ways.

They are inadequately provided with safety equipment and are not socially accepted. Even during covid-19 pandemic, workers have been working unprotected, unappreciated and ignored.

What are solutions to the sanitation issue?

First, Faecal sludge and plastic waste require proper management.

Second, Interventions such as the use of mini-sewer jetting machines, manual robots to access tapered lanes and clear clogged sewer pipes will enable upskilling and rehabilitating of manual scavengers.

15. India's nuclear arsenal recently went up the sophistication curve

Source: This post is created based on the article “India’s nuclear arsenal recently went up the sophistication curve” published in Live Mint on 11th Jan 2022.

Syllabus: GS Paper 2- International Relations, India and its neighborhood

News: India’s nuclear capabilities have been strengthened recently due to new weapons testing. It has ignited debates around its implications for the regional stability.

In the last months of 2021, India conducted 2 missile tests: 1) [Shaurya hypersonic](#) weapon test 2) [Agni-P missile](#) test. It has increased India’s sophisticated nuclear arsenal with greater diversity of delivery systems.

Hypersonic weapons such as Shaurya are likely to be highly effective in taking out enemy early radars, static military installations such as airbases and command and control (C&C) facilities.

Whereas, Agni-P missile capable of delivering multiple independent re-entry vehicles (MIRVs) or multiple warheads against a single target.

Is it deteriorating strategic stability between India and Pakistan in the region?

Some analysts are taking it as a **shift from India’s no-first-use policy**. However, India has not officially shifted its policy from no-first use but country’s operational posture has undergone a shift in the form of **higher readiness levels**. For example, ‘canisterization’ of India’s missiles of short, medium and long ranges enables their more rapid deployment.

Some experts believe that it is **leading to strategic instability in the region**. Because India could launch a pre-emptive strike against Pakistan’s nuclear facilities in the heat of a crisis.

However, **no-first-use policy, combined with a higher degree of operational readiness** of its nuclear tipped-missile forces provides India with nuclear deterrence against its two nuclear adversaries, China and Pakistan.

How Pakistan’s policies are increasing the strategic instability?

First, Experts overlook the fact that Pakistan has a larger nuclear arsenal than India’s and it has also not adopted a no-first-use policy.

Second, Pakistan pursues an asymmetric escalation posture including development, deployment of tactical nuclear weapons and early use of atomic weapons. Which leaves India exposed to stand-off missile attacks.

Third, Pakistan presumes that the **tactical and strategic use of atomic weapons can be kept separate**, is the real reason behind the instability. This **decoupling has been rejected by**

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India because there can be no real distinction between **counter value** and **counterforce** strikes. Because Pakistan's military installments are not that distant from civilian settlements. As per Wikipedia, in military doctrine, **Counter value** is the targeting of an opponent's assets that are of value but not actually a military threat, such as cities and civilian populations. **Counterforce** is the targeting of an opponent's military forces and facilities.

What are other reasons that justifies India's preparedness?

China has developed a significantly superior capabilities than India. It has deployed Dong-Feng (DF)-26 IRBMs in the Xinjiang region. India's Shaurya hypersonic weapon is an equal response to it.

India's counter-force strike options are more effective against China than Pakistan. It is because China's military settlements are distant from civilians. However, China's submarine-based nuclear capabilities give it an invulnerable second-strike capability.

Thus, India's hypersonic and canisterized Agni SRBM and IRBM capabilities are steps in a right direction.

16. China-Sri Lanka ties: Chinese Foreign Minister's Sri Lanka visit highlighted Beijing's relentless drive in Indian Ocean region, and India's challenge

Source: This post is based on the article "**Chinese Foreign Minister's Sri Lanka visit highlighted Beijing's relentless drive in Indian Ocean region, and India's challenge**" published in the **Indian Express** on **12th January 2022**.

Syllabus: GS 2 Bilateral, regional and global groupings and agreements involving India and/or affecting the Indian interests.

Relevance: Understanding the motive of China foreign minister visit to Sri Lanka.

News: Chinese foreign minister visit to five-nation countries- 3 African nations, Sri Lanka and the Maldives signifies its constant effort for influence over Indian Ocean region.

What are the highlights of the Chinese foreign minister visit to Sri Lanka?

Read here: [China-Sri Lanka ties: 'No one should interfere in China-Lanka ties'](#)

What does the Chinese proposal signify?

China is only a dialogue partner of the [Indian Ocean Rim Association](#), along with Russia, the US and several European countries. China is only an observer member in [Indian Ocean Navies Symposium](#). China already pumped so much money in the Indian Ocean region but not a full member in any of the regional groupings representing the Indian Ocean region. So, China proposed a new forum in which it can represent and influence the Indian Ocean region.

17. Hate speech in the time of free speech

Source: This post is based on the article "**Hate speech in the time of free speech**" published in **The Hindu** on **12th January 2022**.

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

Relevance: Understanding the issues in handling hate speech.

News: Over the last few years' frequencies of hate speech has arisen in India.

What are the provisions for criminalising hate speech?

Black's law dictionary defines hate speech as a speech that carries no meaning other than the expression of hatred for some group, such as a particular race, especially in circumstances that are likely to provoke violence.

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[Indian penal code](#) provides protection through various sections:

Section 153A – penalizes the promotion of enmity between different groups.

Section 153B– Punishes assertions prejudicial to national integration.

Section 505 –punishes rumours and news intended to promote communal enmity.

Section 295A –Criminalises insult to religious belief.

Various courts have also provided directions:

High Court of Karnataka in the case against **hate speech Vs. the state of Karnataka** gave the opinion that the Indian penal code makes hate speech illegal.

The Supreme Court in **Pravasi Bhalai sangathan v Union of India (2014)** described hate speech as an effort to marginalise individuals based on their membership in a group and that seeks to delegitimise group members in the eyes of the majority.

The Supreme Court upheld the view that the objective behind these provisions is to check communal and separatist tendencies and secure fraternity so as to ensure the dignity of the individual and unity of the nation.

Supreme Court in **state of Karnataka V. Praveen Bhai Thogadia(2014)** emphasized the need to sustain communal harmony. In **Pravasi bhalai sangathan case**, the Supreme Court underlined the impact of hate speech on the targeted group's ability.

Madras High Court in **G. Thirumurugan Gandhi v. State (2019)** highlighted that hate speeches cause discord between classes. In **Amish Devgan v. Union of India (2020)**, the Supreme Court held that hate speech has no redeeming or legitimate purpose other than hatred towards a particular group.

What are the challenges in controlling hate speeches?

There are uncertainties around the interpretation of hate speech, which have resulted in the adoption of varying standards. For example, The **Madras High Court, in Maridhas v. State (2021)**, quashed an FIR alleging hate speech by holding that the 'YouTuber' is entitled to protection under [Article 19\(1\)\(a\)](#) of the Constitution. The court distinguished this case from the application of the 'Who? What? Where? Test' laid down in the **Amish Devgan case**.

On the contrary, the Madras High Court, in the case of **Fr. P. George Ponnaiah v. Inspector of Police (2022)**, gave no relief to the petitioner.

Read here: [Issue of Hate speech in India](#)

Also, there is a **lack of clear legislative guidance** and the Supreme Court has been asked to review hate speech laws.

Read here: [Supreme court must ensure hate speech guilty are punished](#)

What are the various recommendations?

[Law commission of India](#), in 267th report, recommended incorporation of 2 provisions:

Section 153C: to cover offence committed when any person uses threatening words which are intended to cause fear or hatred including violence on the grounds of race, caste, religion, sex, gender identity and other characteristics.

Section 505A: include provisions penalising causing of fear, alarm or provocation of violence.

[Parliamentary standing committee on home affairs](#), 18th report, recommended incorporation of provisions in the information technology act to deal with online hate speech.

What should be the way forward?

Specialised legislation to govern hate speech propagated via the internet especially social media should be framed.

Read here: [Tackling Hate Speech](#)

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Inspiration can be taken from Australian federal law called **criminal code amendment act 2019**, which imposes liability upon internet service providers such persons are aware of any and if it is seen as offensive.

Read here: [Need for social media Policies on hate and incitement](#)

18. A quest for social consensus against hate speech

Source: This post is based on the article “**A quest for social consensus against hate speech**” published in The Hindu on **13th Jan 2022**.

Syllabus: GS2 – Fundamental Rights

Relevance: Tackling Hate speech, Legal and social angle.

News: Supreme Court of India has recently agreed to hear petitions that were asking for legal action to be taken against the organisers of, and speakers at, the ‘Haridwar Dharm Sansad’, held in Uttarakhand.

What happened in the above-mentioned event?

Read [here](#).

Why some petitioners have sought the intervention of apex court in the case?

Despite the fact that FIRs have been registered in the event, no arrests had been made.

While in some cases like that of ‘Dharm Sansad’ in Chhattisgarh where there was no confirmation whether the accused had delivered hate speech or not, the State police has made arrests.

Why there is lack of immediate action on such events?

Due to involvement of factors like political angle and ideological divides, there is lack of uniformity in tackling such incidents.

However, the main reason is **the absence of any legal or social consensus** around what constitutes “hate speech”.

How hate speech is detrimental to society?

Indirect and subconscious damage to hate speech to the psyche of society: Hate speech is not simply restricted to direct calls to violence.

It also **strengthens existing prejudices** and entrenches already existing discrimination.

For example: Anti-Semitism (*discrimination against Jews*) in Europe took its most extreme form in frequent pogroms and — ultimately — the Holocaust. However, it also on a daily basis, inculcated in society a “cultural common sense” about the Jewish people.

This “**cultural common sense**” was based on stereotypes and social prejudice, and justified ongoing discrimination, social and economic boycotts, and ghettoization.

This in the end leads to **continued subordination of a section of society**, which then can be accomplished without direct calls to violence.

No society can survive for long when incitement to violence is normalised, and enjoys legal backing.

Hate speech **promotes inequality and subordination**, and in its extreme form leads to violence.

What are the challenges in tackling hate speech?

Absence of sound legal definition of hate speech: Legal provisions that deal with hate speech and Supreme court judgements on the issue – Read [here](#).

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Although SC in various judgements has **defined hate speech as** speech that targets people based on their identity, and calls for violence or discrimination against people because of their identity, however there is need for more clarity on it.

Problem in Identification of Hate speech due to its ambiguous nature-Due to its very nature, it's very difficult to identify what constitutes as hate speech and what not.

People who are involved in delivering hate speech do it under the disguise of self-defence rather than calls to violence or deliver it in an ambiguous manner. **Example**- A number of visual and verbal cues were used that everyone knew referred to the Jewish community, to the point where it was no longer necessary to take the community by name.

Indirect hate speech of this kind is known as a **“dog-whistle”**.

While it may escape the attention of an external observer, both the speaker and the listener know what — and who — is being referred to.

What is the way forward?

Requirement of social consensus to overcome the subjective nature of hate speech-

It is **very difficult to succinctly define hate speech**, it will inevitably reflect individual judgement. Therefore, there is need for social consensus about what kind of speech is nothing but hate speech.

Social consensus helps to distinguish cases of hate speech from other forms of confrontational or agitational speech.

For example: In Europe, Holocaust denial is an offence and is enforced with a degree of success.

This is because there is a pre-existing social consensus about the moral abhorrence of the Holocaust and the determination not to see it repeated.

Consistent legal implementation and daily conversations within the society will help to achieve this social consensus.

SC has a very appropriate opportunity to start this process.

19. Act now, recast the selection process of ECs

Source: This post is based on the article **“Act now, recast the selection process of ECs”** published in The Hindu on **13th Jan 2022**.

Syllabus: GS2- Appointment to various Constitutional posts.

Relevance: Election commission.

News: Recently, several instances have cast some doubt on the independence and the impartiality of the Election Commission of India (ECI).

For instance: The meeting of the Chief Election Commissioner (CEC) and his Election Commissioner attending an informal meeting with the Principal Secretary to the Prime Minister

Why these instances have called the impartiality and Independence of EC into question?

ECI is a constitutionally mandated body that should maintain its distance from the Executive, in perception and reality.

What have been the other such recent instances?

Read [here](#).

What is the current practice of appointment of EC and CEC?

Appointment of Election Commissioners falls within the purview of Article 324(2) of the Constitution.

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Although the Constitution provided the 'subject to' clause in which Parliament has power to decide the appointment procedure for ECs, but Parliament has so far not enacted any changes to the appointment process.

Why the current practice of appointment has been called in question?

Various committees like **Justice Tarkunde Committee(1975)**, **Dinesh Goswami committee (1990)**, **Law Commission(2015)** have recommended that Election Commissioners be appointed on the advice of a committee comprising the Prime Minister, the Lok Sabha Opposition Leader and the Chief Justice of India.

2nd Administrative Reforms Commission additionally recommended that the Law Minister and the Deputy Chairman of the Rajya Sabha should also be included in such a Collegium.

Several **petitions in SC have called the current practice into question**: They argue that the current practice of appointment violates Articles 14, 324(2), and democracy as a basic feature of the Constitution.

The Election Commission is not only responsible for conducting free and fair elections, but it also has **quasi-judicial functions**, so the Executive cannot be a sole participant in the appointment process. This also gives the ruling party unlimited power to choose someone whose loyalty to it is ensured.

The **current process also lacks transparency**. This issue was also highlighted by a Supreme Court bench comprising the then CJI. It observed that *"The Election Commissioners supervise and hold elections across the Country, and this is the significance of their office, and their selection has to be made in the most transparent manner."*

What can be a better alternative method of appointment?

A **multi-institutional, bipartisan committee** for the selection of Election Commissioners can enhance the perceived and actual independence of the ECI.

Such a **procedure is already followed** with regard to other constitutional and statutory authorities such as the Chief Information Commissioner, the Lokpal, the Central Vigilance Commissioner, and the Director of the Central Bureau of Investigation.

Changes in the appointment process for Election Commissioners can **strengthen the ECI's independence, neutrality and transparency**. Parliament can enact the law for the same.

20. How the Seventh Schedule affects delivery of public goods

Source: This post is based on the article **"How the Seventh Schedule affects delivery of public goods"** published in **Indian Express** on 13th Jan 2022.

Syllabus: GS 2 – issues related to 7th schedule of the Indian constitution

Relevance: Reforming the 7th Schedule

News: There is a significant need to reform the 7th Schedule to deliver more powers to local bodies. The 7th Schedule should also incorporate a local body list apart from the Union list, Central list & the concurrent list.

Why Seventh Schedule need to be reformed?

Obsolete: The principles of 7th schedule were taken from the Government of India Act of 1935 and today's Seventh Schedule is identical to the one in 1950.

Greater centralisation: Items have moved from the state list to the concurrent list and from the concurrent list to the union list. Rather than progressing towards decentralization of power.

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Optimum delivery of services: Every public good is optimally delivered at a certain level of government. Delivery becomes suboptimal both above that level and below that level. Most public goods people will think of are efficiently delivered at the local government level, not Union or state level. Most public goods are efficiently delivered at the local government level, not Union or state level.

Effective delivery of services: Citizens increasingly demand efficient delivery of such public goods. But without delegation of funds, functions, and functionaries, presently left to the discretion of state governments, local governments are unable to respond.

What are the reasons for the greater centralisation of Power?

State's ineffectiveness in implementation of laws

For instance, states have been reluctant in implementing the 2006 Supreme Court ruling in the Prakash Singh case. This may be the reason why states frequently ask for Central police forces to enforce law and order.

This is similar to state highways being converted to national highways so that they are taken care of better.

What are the supportive arguments to bring reforms in the 7th schedule?

Constituent Assembly debates: B Das (former chief minister of Odisha) stated the need for having general principles involved in the selection of Items under Union, Concurrent, and State lists. Such principles will help us to understand the lists much better. However, it was not accepted.

Recently, the Vidhi Centre for Legal Policy brought out a report on how the Seventh Schedule might be cleaned up. N K Singh, Chairman of the 15th Finance Commission, has also often made this point.

Rajamannar Committee was set up by a state government to address the issue of greater centralisation.

However, the 1983 Sarkaria Commission and the 2002 National Commission to Review the Working of the Constitution avoided this issue.

21. Shifting demand patterns must guide state excise policy design

Source: This post is based on the article “Shifting demand patterns must guide state excise policy design” published in the **Live mint** on **14th January 2022**.

Syllabus: GS 2 -Government policies and interventions aimed at development in various sectors.

Relevance: Understanding the need for designing policies according to consumer demand.

News: Policymakers need to design their tax policies after studying the market trends and available data carefully.

How a change in the consumer sector can impact the market?

The Indian consumer is **becoming from price-sensitive to quality conscious**, due to growing urbanization, rising incomes, and availability of innovative products and technology. The younger to middle age demography is focusing on nutrition, brand value and is willing to experiment with products. For example, in the case of food and beverages, Indian customers are comfortable with international cuisines.

This has made India an attractive market for global manufacturers and retailers. Both central and state governments want to attract this foreign investment in manufacturing and maximize

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revenue collection. However, their policies are not in sync with the changing demand. An example of alcoholic beverages explains this issue.

What is the status of the alcohol beverage sector in India?

India is one of the fastest-growing markets for alcoholic beverages globally. Demand for Premium products including bottled imported spirits is increasing. This growth rate is driven by changes in consumer behavior.

According to the study, “**Developing principles for Regulation of Alcoholic Beverages sector in India**“, the attitude in India has changed towards the consumption of alcohol. Even drinking among women is now acceptable in many social interactions.

The studies show that the share of upper-middle-income consumers is driving premium product consumption, as the group is quality and brand conscious.

Why the data of consumer pattern change is useful for policymaking?

This data helps the state excise department to plan its revenue projections based on consumer demand.

Globally, various governments use data to guide consumers towards ‘**quality liquor consumption**’. For example, the Scottish government changed its duty structure to impose maximum taxes on low-priced products of liquor. These guided consumers towards premium liquor products.

A study ‘**Tax design in the alcohol Market**’ found that heavy drinkers tend to purchase the stronger types of alcohol. They suggested an alcohol tax system that increases the relative price of strong and cheap products to discourage their consumption.

What is the status of data-based tax design in India?

In India, judicious use of consumer data to design tax rates is rare. This has led to ad-hoc and non-aligned excise policies models and duties.

However, many states have taken measures in this direction. **For Example**, West Bengal has proposed a **downward realignment of duties on Indian Made Foreign Liquor (IMFL)** to allow consumers access to better quality produce. The state also came up with a **policy for non-alcoholic beer** to promote the production of beer with an alcoholic strength not exceeding 0.5% v/v, which has no adverse impact on health

Thus, a current year revenue-centric ad-hoc model to design excise policy should be avoided. States need to **frame policies with a focus on consumer demand, welfare, and health**. Longitudinal data on consumer shopping and consumption can be used for this purpose.

22. [Why India's Health data needs a booster jab](#)

Source: This post is based on the article “Why India’s Health data needs a booster jab” published in the **Livemint** on **14th January 2022**.

Syllabus: GS 2 Issues relating to development and management of Social Sector/Services relating to Health.

Relevance: Understanding the importance of transparency in data collection and dissemination.

News: India’s health data system is not functioning properly. It requires a complete overhaul. About 16 years ago, HIV AIDS was threatening to become a pandemic. Then, no answers were available on the questions related to the prevalence of the disease, due to the unavailability of data. The situation, even today, has not improved much.

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What are the challenges associated with the present data collection system?

Today data is collected from multiple sources like [national sample survey Organisation](#), [national family health survey](#), etc. but these systems are opaque, Open water tight compartments and interoperability is difficult. These data sets are **not shared** even between ministries and not open-sourced to analysts and commentators.

What are the challenges posed by lack of data during pandemic?

First, Health officials are unable to determine the spread of COVID-19 infections among various age groups and were not able to focus attention on the most vulnerable.

Read here: [Need for real-time data on public health](#)

Second, due to inaccurate death-related data, adequate policies could not be made. The correct numbers would have helped in managing supplies, mortuaries, and even cremation facilities. Reliable data would have lessened the pressure on the healthcare staff and frontline workers. Good governance demands evidence-based policy-making which depends on the availability of data. For example, NFHS-3 showed poor nutritional outcomes, after which nutritional policies were evolved.

What are the issues with the policies linked to data collection and dissemination?

Transparency: The first problem is the **transparency and confidence** in releasing the information. **For example,**

The technology and the maker of **Arogya Setu app** have not been declared. National informatics Centre first denied having information about this.

The government has declared a **policy of using open source software**, yet the existing complicated architecture is inflexible and expensive.

The **health management information system**, started 13 years ago, collects an enormous amount of data, but uses only 10th of this to generate health indicators. The information for various parameters such as gender, age is often not available.

Errors and Irrelevancy in data: Also, **error in data entry and surveys** goes unchecked. Even if it is corrected, correction is done at the Central level only. There is also an issue of collecting lots of **irrelevant data**. There is also the problem of collecting data on multiple platforms or duplication of data. For example, various organisations place TB patients to be 10 million or 3 million.

Exclusion of Private sector: The private sector, which accounts for more than 70% of patient care, is not covered by a data policy.

What solutions can be adopted to improve health care services?

Data collection in health centers: Data collection at health centers should be broadened. For example, putting the weight of the child on the birth certificate and mentioning the cause of death on all death certificates would be handy in tracking child health and causes of mortality.

Private care and community-based health services: All stakeholders must be aware of the end purpose of the collection of data. For example, knowing that NREGA data will be used for granting budget, all stakeholders actively participated in Data collection for NREGA.

Openness: The data should not remain hidden behind firewalls and should be accessible and useful. The ownership of data should be decentralized, and state comments should be encouraged for data collection.

Inclusion of Private health providers: Private hospitals and diagnostic centres should be incentivised to share information. Private data aggregators could be used for this purpose.

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Data policy: There is a need for a new data policy on the lines of Israel and UK with real-time data and dissemination of data.

Digital information security in the healthcare act needs to be strengthened to ensure the security of data. Technology like GPS tools can be used for data collection and immediate verification.

The rollout of the **National Digital health Mission** was a step in the right direction. It aims to improve efficiency effectiveness and transparency of health services delivery. This may enable an integrated digital database for healthcare in India. But this requires a transparent collection and dissemination of data.

Also read: [Digital health mission in a click? Not yet](#)

23. On Pak's National Security Policy document: Pakistan gets serious

Source: This post is based on the article “Pakistan gets serious” published in **Livemint** on **15th Jan 2022**.

Syllabus: GS2 – India and its neighbouring countries

Relevance: India – Pak relation

News: Pakistani National Security Division's latest National Security Policy document released recently.

There are five key takeaways for India. By this, it can be inferred that Pakistan has started looking inwards (*domestic issues*).

Must Read: [Pakistan's National Security Policy: Pakistan security policy seeks 100 years of peace with India, but with caveat](#)

What are the five key takeaways?

First, there is no demand for the reversal of the August 4, 2019, changes made by India in the status of Jammu & Kashmir.

Second, there is a clear emphasis on the economy as the main bedrock of national security. Pakistan's economy is severely impacted by high inflation and Balance of Payment (BoP) crisis. Recently, Pakistan resorted to IMF for a bailout. Further, the threat from sectarian strife and internal separatist movements has forced Pakistan to look inwards.

Third, the policy document emphasises more on neighbouring countries (Afghanistan, China, India, Iran) with no specific reference to western countries is a significant policy shift.

Fourth, with respect to US, the frustration with them is evident. Pakistan says that it does not like the current reality where its ties with the US are purely located in counter-terrorism cooperation.

Finally, with respect to India, the document expresses that the current “Hindutva politics” in India is a threat to its security.

24. If Siachen is back on Indo-Pak agenda, it is good news

Source: This post is based on the article “Pakistan gets serious” published in **Livemint** on **15th Jan 2022**.

Syllabus: GS2 – India and its neighbouring countries

Relevance: India – Pak relation

News: Recently, the Indian Army Chief, General Naravane, in his press conference reportedly made a reference to the possibility of “demilitarisation of the glacial region” in Siachen.

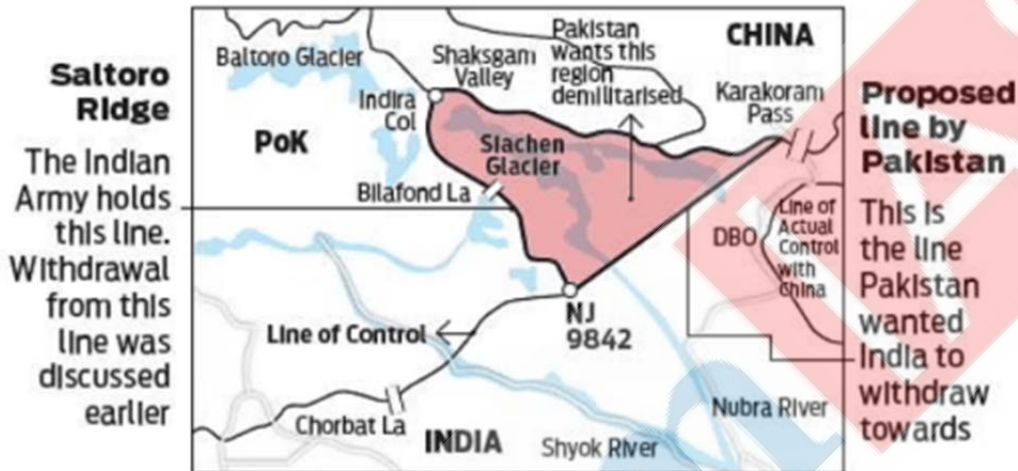
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He said that Pakistan would have to first authenticate respective troop positions along the 110-km long actual ground position line (AGPL) in the **Siachen-Saltoro Ridge region** for any talks on demilitarisation to take place.

The army chief's remarks are significant because it is a departure from the uncompromising position that has been current in the recent past.

What is the historical background of the Siachen glacier issue?

Ceasefire Agreement: India and Pakistan signed a **Ceasefire Agreement in 1949** after their first armed conflict over Jammu and Kashmir soon after their independence in 1947.



– The ceasefire line was drawn up to a point known as **NJ 9842** on the map. Beyond this, the agreement stated, the line would run “north to the glaciers” leaving an un-demarcated zone right up to the border with China.

This formulation was repeated in the **agreement on the Line of Control in 1972**, which followed the **Simla Agreement of 1971** in the aftermath of the Bangladesh War.

– This was an act of omission on India's part. The **line beyond NJ 9842 was not demarcated** on maps in 1972.

Operation Meghdoot: In the later years of the 1970s, this issue came to the front, when official US maps began to show the LoC as extending right up to the Karakoram Pass on the India-China boundary.



– It implied that the Siachen glacier fell under the actual jurisdiction of Pakistan. The Chinese followed suit.

– As a result, roughly 2,300 sq km of territory in this glacier zone came to be shown as under Pakistani control.

– In response to this encroachment, the Indian Army launched what came to be known as **Operation Meghdoot**, in 1984, to occupy the Siachen-Saltoro ridge.

Pakistani attempts to dislodge the Indian troops from the heights did not succeed, though they did occupy and fortify the lower reaches on their side.

What were the steps taken to resolve the issues wrt AGL delineation?

Rajiv Gandhi – Benazir Bhutto Meeting: In December 1988, it was agreed that the two sides would hold talks to resolve the Siachen issue through mutual troop withdrawal.

However, there was no final outcome because Pakistan did not agree to map the actual ground positions of the two-armed forces from where they would withdraw.

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Bilateral defence secretaries-level talks under the Narasimha Rao government: An agreement in principle was reached in 1992, when Pakistan reportedly agreed to the Indian proposal. However, later, PM Narasimha Rao took a decision to defer its actual signing to a later date, but then this did not happen.

Foreign secretary-level negotiations, 2006: The following resolutions were agreed:

- There would be a formal agreement on mutual but phased withdrawal and joint monitoring of the demilitarised zone.
 - There would be an annex which would record the current locations of the forces deployed by the two sides and the locations to which they would withdraw.
 - There would be a schedule of withdrawals in different phases.
- However, the proposed agreement was dropped again due to opposition from both sides.

25. Explained: For how long can an MLA be suspended?

Source: This post is based on the article “Explained: For how long can an MLA be suspended?” published in **The Indian Express** on 15th Jan 2022.

Syllabus: GS2 – issues related to Legislative assemblies

Relevance: Parliamentary privileges, suspension of MLA’s

News: 12 Maharashtra BJP MLAs have gone to Supreme Court against their year-long suspension from the Assembly.

What is the background of this issue?

The leader of Opposition in Maharashtra objected to an attempt by a state minister to table a resolution demanding that the Centre release data on Other Backward Classes (OBCs), so that seats could be reserved for them in local bodies in Maharashtra.

This created a huge row between the ruling party and the opposition party. Subsequently, Maharashtra Parliamentary Affairs Minister moved a resolution to suspend 12 BJP MLAs.

Following this incident, the suspended MLAs filed a writ petition in the Supreme Court last year against the Maharashtra Legislative Assembly and the State of Maharashtra and asked for the suspension to be quashed.

What is the argument laid down by the suspended MLAs?

According to them, suspension is “grossly arbitrary and disproportionate”. Because they were not given access to video of the proceedings of the House, and it was not clear how they had been identified in the large crowd. Therefore, it amounts to

- Denial of the principles of natural justice
- Violation of laid-down procedure.
- Violation of their fundamental right to equality (Article 14)

Also, it was against Maharashtra Legislative Assembly Rules (53): Because, the power to suspend can only be exercised by the Speaker, and it cannot be put to vote in a resolution as was done in this case.

What has Maharashtra said in its defence?

It denies any violation of Article 14: The secretary of the state’s Parliamentary Affairs Department has pointed to the “undisciplined and unbecoming behaviour” of the 12 MLAs. It has also pointed the apology made by Leader of Opposition.

Within Legislative competence: The state has also referred to Article 194 on the powers and privileges of the House, and argued that any member who transgresses the legislative privileges can be suspended through the inherent powers of the House.

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It has denied that the power to suspend a member can be exercised only through Rule 53 of the Assembly.

Invoked separation of power principle: It has stated that, under Article 212, courts do not have jurisdiction to inquire into the proceedings of the legislature.

For Supreme Court's ruling on the issue of suspension, click [here](#)

What are the rules on the length of suspension of a Member of Parliament?

Rules of Procedure and Conduct of Business in Lok Sabha (Rules 373, 374, and 374A): It provides for the withdrawal of a member whose conduct is “grossly disorderly”, and suspension of one who abuses the rules of the House or wilfully obstructs its business.

Maximum suspension:

- **Lok Sabha:** it is for five consecutive sittings or the remainder of the session, whichever is less.
- **Rajya Sabha:** under Rules 255 and 256, maximum suspension does not exceed the remainder of the session.
- **State legislative assemblies and councils:** Prescribe a maximum suspension not exceeding the remainder of the session.

26. Govt needs to plug loopholes, minimise irregularities, in implementation of NREGA in times when it is most needed

Source: This post is based on the article “Govt needs to plug loopholes, minimise irregularities, in implementation of NREGA in times when it is most needed” published in the **Indian Express** on **15th January 2022**.

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

Relevance: Understanding the lacunae in the implementation of MGNREGA.

News: Social audit has been conducted in Jharkhand for the implementation of the MGNREGA scheme where so many loopholes were visible. This questions the effective implementation of the MGNREGA scheme.

What is the importance of MGNREGA?

MGNREGA played a critical role in alleviating economic hardship as migrations increased and non-farm employment opportunities declined. In 2020–21, [11.19 core individuals worked under the scheme](#), where the count is 7.88 crore in 2019–20.

In the current financial year, 9.52 crore individuals have benefited from it. Apart from the budget allocation, additional allocations have been also made to meet the rising demands. The government has increased schemes allocation to 1.1 lakh Crore in 2020–21. So discrepancies coming up in the implementation of MGNREGA like in Jharkhand are a cause of concern.

Also read: [MGNREGA: Issues and Significance – Explained, pointwise](#)

What are the irregularities found in the Jharkhand audit?

The social audit unit (SAU) of the Rural Development Department of Jharkhand has documented several instances of irregularities. For example:

- Workers were listed on the records but were missing from work sites.
- Beneficiaries had struck deals with contractors, allowing their names to be used on muster rolls in exchange for a cut.

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-Instances of delays in payment, no attendance recorded in master rules, no material supply despite payments, wage payment done without work and work not found on the ground.

What should be the way forward?

Audits serve a great purpose in identifying the gaps in the social security architecture. It provides the direction to strengthen systems and processes, especially during these stressful times. States should adopt measures to ensure that irregularities are minimised and effective implementation of schemes should be ensured.

27. In 2022, India should keep an eye on Indo-Pacific

Source: This post is based on the article “**In 2022, India should keep an eye on Indo-Pacific**” published in the **Indian Express** on **15th January 2022**.

Subject: GS-2 Effect of Policies and Politics of Developed and Developing Countries on India’s interests.

Relevance: Understanding Indo-Pacific and QUAD.

News: The year 2020 was transformational not just because of a pandemic, but because of massive geopolitical changes surrounding the Indo-Pacific. The region is central to emerging geopolitics and nine countries are the key players: the USA, China, Japan, India, Germany, UK, Russia, Australia and France.

How USA and China impact the Indo-Pacific region?

The most important relationship is that of the USA and China. [China’s aggressive](#) South East policy, aggression towards Taiwan and human rights violations in Xinjiang, subjugation of Hong Kong’s citizenry and assertive economic outreach and Indo Pacific will impact US-China relations.

Read here: [Chinese Threat to Hong Kong’ Democracy](#)

The Trump era was marked by hostility. On the other hand, President Joe Biden is building coalitions and alliances against China. While President Xi Jing ping has adopted a confrontational approach, as seen in repeated incursions into Taiwan’s air defense zone and PLA’s adventures in eastern Ladakh.

What is the role of various groupings in Indo-Pacific?

[Quad](#) is the most important group for strategic partners, The USA, India, Japan and Australia. Military groupings like an [AUKUS](#) (Australia, UK, US) have also emerged.

[European Union](#) announced its [Indo-Pacific strategy](#), which is aimed at increasing its economic and security profile in the region. The policy needs to be more strategic and less mercantilist, more candid and assertive with China, and more cooperative with partners like India.

[ASEAN](#) is facing Chinese pressure and aggression. Its unity is under stress. President Biden’s meeting with ASEAN members can help in bringing a sense of security.

[BRICS](#) – given India China’s hostility, a visit of the Indian Prime Minister to China is an unlikely prospect to solve any purpose.

[G7](#) – to be held in Germany will have to assess the progress made by the “**build back better world**” initiative.

[G20](#)-to be held in Indonesia will test the depth of Indonesian diplomacy.

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What more can be done by Japan?

Japan needs to **announce** a bold **national security strategy**. It should double its defence budget. It should make an effort to amend article 9 and expand military cooperation with the USA.

What should be India's strategy on India-Pacific?

First, it should strengthen the Quad and fulfil its commitment to deliver 1 billion vaccine doses to Indo-Pacific nations.

Second, it should strengthen its relationship with Russia.

Third, enhance its cooperation with key Southeast Asian partners like Indonesia, Vietnam, the Philippines and Thailand.

Fourth, Higher engagement towards Indian Ocean island states. This can be done through a clear economic and trade agenda and incentivizing corporate India to make inroads in this region.

While India has done well in fulfilling its humanitarian duties during the pandemic, it should learn to convert these into economic and strategic opportunities in 2022.

General Studies Paper - 3

General Studies - 3

1. Worry about middle India

Source: This post is based on the article “Worry about middle India” published in **Business standard** on 9th Jan 2022.

Syllabus: GS3- Indian Economy and issues relating to planning.

Relevance: Pandemic. Economic recovery.

News: Indian has experienced a “**K-shaped recovery**” from the Pandemic.

Here on one side there are booming stock prices and start-ups and on the other side there are difficulties in most households which are termed as middle level India.

Must Read: [Pointers that India is witnessing a K-shaped recovery](#)

How has been the economic recovery in India?

The situation has improved.

After 1st wave

With positive consumer sentiment and labour market conditions, there was a rapid recovery after the lockdowns of March and April 2020.

- **Market capitalisation** of the equity market has been Rs 266 trillion level.
- **Large private firms** are also registering growth.

After 2nd wave

A similar recovery has not come about after the second wave.

The **Omicron variant** is likely to make things worse for a month or three of 2022.

Although the number of persons of working age has grown steadily, many households have a lower income when compared with pre-pandemic conditions.

What is Middle India, and How has the pandemic affected the middle India?

Middle India refers to **small businesses and people without formal sector jobs**.

- It has experienced a **succession of shocks**, from demonetisation to goods and services tax to the pandemic.
- Apart from this, the recovery after the second wave was poor and now there is **renewed fear due to the Omicron**.

These sustained economic stresses have led to **drawing down of assets and increase in borrowing**.

A lot of households have borrowed in order to smooth consumption through the shocks of the recent years and could never have anticipated that something like the current pandemic will ever it.

- Due to which they are facing **tough loan recovery procedures, and have no recourse to individual insolvency mechanisms**.
- This may make these households **reduce their consumption** the most, and they may also default on their debt.
- This can also lead to the **loss of morale, and vulnerability to political radicalisation**.

The firms that sell to middle India worry about the prospects for demand growth in 2022 and 2023. This prospect of **reduced margins and weak demand growth** can induce weaker investment by these firms, thus **influencing the overall demand conditions** in the economy.

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How the setback in middle India affects the overall economy?

There is **reduced financial depth** as consumption which is visible has been a result of selling assets and by borrowing.

Fortunes of many large listed companies **depend on the optimism and spending patterns** of hundreds of millions of households in middle India.

For instance: In the quarter ended Sept 2019, sales were 5.59 million and two years later this was at 5.22 million, which is 6.6% lower.

The difficulties of middle India have impacted large firms making two-wheelers and their component makers.

The difficulties faced by Middle India and the recurrent CoVID variants may cause problem of **demand shortfall from middle India in 2022.**

2. India climbing up the ladder of emerging tech patents, shows data

Source: This post is based on the article “**India climbing up the ladder of emerging tech patents, shows data**” published in **Business Standard** on 10th Jan 2022.

Syllabus: GS 3 – issues relating to Intellectual Property Rights.

Relevance: Increasing Patents filing in India

News: Domestic and global companies in emerging technologies have filed over 80,000 applications in India between 2016 and 2020.

Areas ranging from Artificial Intelligence (AI), the Internet of Things (IoT), and big data to the cloud, Edge, cybersecurity, and real-time processing account for 70 percent of all technology patents.

India is now ranked 8th in terms of AI patent filing and 4th in terms of AI research papers.

Consumer electronics, personal computing devices, and healthcare are the key focus areas for patents in India in AI.

AI accounted for 6 percent of all emerging technology patents filed in the last five years.

In the vehicle infotainment, 78.85 percent of the 300 patents between 2011-2020 were filed in India in the past five years. This percentage share is the highest in any country. However, in terms of the total number of vehicle infotainment patents, India lags behind China and USA.

What are the possible reasons for the increase in patent applications in India?

Firstly, Indian and global companies see India as an important market at par with the US and China. For instance, From 2016-2020, 40 percent of the patents filed in IoT in India originated in the US.

Further, top players like chip design company Qualcomm, Xiaomi, Apple, and Alibaba have filed patents in India in the emerging ultra-wideband technology.

Secondly, India is increasingly becoming a key center for R&D in areas like AI, IoT, and electric vehicle technology.

3. What GDP data says about state of economy, its influence on budget priorities

Source: This post is based on the article “**What GDP data says about state of economy, its influence on budget priorities**” published in **The Indian express** on 10th Jan 2022.

Syllabus: GS3- Indian Economy and issues relating to planning.

Relevance: GDP estimates, Budget.

News: Both the **first advance estimate (FAE)** and the **Professional forecasters’ survey, published by the Reserve Bank of India,** estimate the **Indian economy to expand at 9.2 per cent** in 2021-22.

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There is also an expected sharp increase in nominal GDP, which is estimated to expand by 17.6 per cent this fiscal, much faster than the 14.4 per cent growth the Union budget had assumed.

What has led to this rise?

Double-digit wholesale price inflation and the **persistence of high consumer price inflation** have led to the surge in nominal GDP and added an upside to tax collections this year.

But these estimates may often vary.

What may be the reason for this variation?

These estimates are based on the **limited information** available till December and can typically undergo a change when new information is available.

Emergence of the Omicron variant– Although it is yet to be seen that how will it impact it will have on the overall economy, it has certainly injected some uncertainty in the fourth-quarter.

The **National Statistical Office** also states that “the First Revised Estimates for 2020-21 (benchmark year), due for release on 31.01.2022, may also lead to a revision in growth rates reflected in FAE.”

The budget next month will need a flexible approach to account for these uncertainties.

What does the GDP data tell us about the state of the economy?

Weak private consumption demand and weak consumer sentiment: The share of private consumption in GDP has been falling since the pandemic struck, and the latest RBI survey confirms the weakness. Budget needs to ensure that there is revival of consumption demand as it will lead to revival of investments.

GDP in construction is barely above its pre-pandemic level, while trade, hotels, tourism and other contact-based services, which are also **labour-intensive, lag the pre-pandemic levels.**

Omicron will again **hit and delay the normalisation of employment** in these segments. These activities are largely urban-centric and will likely **need hand-holding from the budget.**

There has been a **rising demand for the MGNREGA jobs** which means a lack of rural employment opportunities. Additionally, **rural wages for agriculture and non-agriculture have been very low in real terms.**

Weak tractor and motorcycle demand mirror the weakness in the rural economy.

What must be budget priorities?

The **budget will need to extend support to rural areas** till the situation normalises.

Union Budget should also ensure that there is **infrastructure-focused capital expenditure**, as this has a higher multiplier effect on the economy and is known to crowd-in private investments.

Note: *Crowding in occurs when higher government spending leads to an increase in private sector investment*

Together with higher allocations, attention should also be paid to **enhancing execution capacity.**

Fiscal policy (Budget) needs to play a **supportive role** while aiming for a **reduction in deficits over the medium run.**

It also needs to **ensure that the divestment targets are attainable** as this it will **improve the fiscal space** for the government which it can use to support the economy.

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4. On Track For 2070 Net Zero Target

Source: This post is based on the article “On Track For 2070 Net Zero Target” published in **ToI** on 10th Jan 2022.

Syllabus: GS 3 – Issues related to Climate change

Relevance: Clean energy transition

News: India’s announcement to reach net-zero emissions by sourcing 50% of its electricity from renewable energy by 2030 is a significant moment for the global fight against climate change.

Why it is imperative for India to achieve net-zero emissions?

India’s economic growth has been among the highest in the world over the past two decades. However, the rapid growth has also resulted in the increase of fossil energy consumption. This has increased India’s annual CO₂ emission. Currently, India is the third-highest emitter in the world.

Further, energy demand is set to grow more than any other country in the coming decades.

How is India’s progress so far w.r.t clean energy transition?

It has overachieved its commitment made at COP21 in Paris by already meeting 40% of its power capacity from non-fossil fuels almost nine years ahead of schedule.

The share of solar and wind in India’s energy mix has grown phenomenally.

Renewable electricity is growing at a faster rate in India than any other major economy, with new capacity additions on track to double by 2026.

The country is also one of the world’s largest producers of modern bioenergy and has big ambitions to scale up its use across the economy.

The International Energy Agency (IEA) expects India to overtake Canada and China in the next few years to become the third-largest ethanol market worldwide, after the US and Brazil.

What are the existing challenges to India’s clean energy transition?

Energy security risks: The sharp increase in commodity prices has made energy less affordable.

Lack of reliable electricity supply for many consumers.

Continued reliance on traditional fuels for cooking: It causes unnecessary harm to many people’s health.

Financially ailing electricity distribution companies: it is impeding the urgent transformation of the sector.

High levels of pollution: it has left Indian cities with some of the poorest air quality in the world.

What are the factors that India needs to work out for achieving net-zero?

Access to low-cost long-term capital: To reach net-zero emissions by 2070, the IEA estimates that \$160 billion per year is needed, on average, across India’s energy economy between now and 2030. So, Support from the international community is essential.

Affordability, security and sustainability: Achieving net-zero is not just about reducing greenhouse gas emissions. India’s energy transition needs to benefit its citizens.

Focus on Green hydrogen: India could easily create 5 million tonne green hydrogen demand, thereby replacing gray hydrogen in the refineries and fertiliser sector. These 5 million tonnes will result in abatement of 28 million tonnes of CO₂. This proportion will grow as we fructify green hydrogen economy and result in 400 million tonnes of CO₂ abatement by 2050.

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5. Pay for news: CCI's Google probe must lead to rules on tech sharing much more revenue with news publishers

Source: This post is based on the article “Pay for news: CCI's Google probe must lead to rules on tech sharing much more revenue with news publishers” published in **Times of India** on **10th January 2022**.

Syllabus: GS Paper 3, Industries and industrial policies

News: Competition Commission of India has ordered a probe against Google for its ‘alleged’ abuse of dominant position in news aggregation.

This step of Indian government is followed by actions of Australian government. Australia has passed a law that required tech platforms like Google and Facebook to fairly pay local media outlets for showing their content in news feeds or search results.

On the similar lines, France has implemented the EU's updated copyright rules. These rules require digital platforms to compensate news publishers for previews of news content.

Why Levy on tech giants for using News feeds is justified?

First, an independent and financially viable media is very important for a democracy like India. Google and Facebook take away the 70-80% of advertising revenue that comes from digital consumption of news.

Second, responsibly produced news is important against social media jungle of half-truths, lies, fake content, superstition, manipulation and hate-mongering. Thus, it is important that efforts, of producers of such news, be paid viably.

Third, Tech giants claim providing huge traffic to the news platforms, but it works both ways. Similarly, around 40% of trending queries on Google are news-related, bringing considerable traffic to it.

6. On Financial Resolution and Deposit Insurance (FRDI) Bill : Orderly failure options will help Indian financial firms flourish

Source: This post is based on the article “Orderly failure options will help Indian financial firms flourish” published in **Live Mint** on **10th January 2022**.

Syllabus: GS Paper 3- Indian Economy – Industries and Industrial policies

News: Government is aiming to modify and re-introduce the Financial Resolution and Deposit Insurance (FRDI) Bill.

Government is planning to modify and re-introduce the Financial Resolution and Deposit Insurance (FRDI) Bill. The bill puts in place a resolution mechanism to deal with the insolvency of firms in the financial sector.

The bill was introduced earlier in 2016 but was withdrawn in 2018, due to controversy around ‘[bail-in](#)’ provision. The provision distressed financial service providers with the option to restructure its debt internally. He was allowed to either write off its uninsured debt or convert deposits to other instruments such as equity.

However, there are other concerns also associated with the bill.

Scope of the bill: Pension funds and Housing Finance Companies (HFCs) are not clearly mentioned in the bill. So, whether FRDI provisions would be applicable to these sectors or not is ambiguous.

Time bound payment to depositors: Financial Stability Board (FSB) advocates time-bound payments to insured depositors. This aspect should be addressed in the revised bill.

Deposit Insurance system: International Association for Deposit Insurance (IADI) laid down ‘**Core principles for effective deposit insurance systems**’. It includes pay-outs be made to depositors within seven working days. FRDI bill had no mention of any such timeline,

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and only mentions about prompt pay-outs to depositors. The word prompt should be defined properly and not left to define per case basis on regulators.

Coverage limit of insured deposits: Deposit insurance limit has been raised to Rs. 5 lakhs by an amendment to Deposit Insurance and Credit Guarantee Corporation Act. However, it is still abysmally low compared to the coverage limit of insured deposits of about ₹1.84 crore in the US and ₹1.5 crore in Australia.

Immunity to officers: FRDI bill should also consider providing immunity to the directors and officers of the firm under resolution. In the absence of such immunity, challenges could arise in implementing resolution orders.

Conflict of Interest: Operational freedom of the resolution body should be ensured. Dual role of resolution body in the resolution process as well as deposit insurance of insured service providers would result in conflicts of interest.

Resolution: Government should prioritise creating the legal framework to encourage quick resolution of stress and insolvency.

Bridge institutions: The bill should provide for reverse-transfer powers to 'bridge institutions', as available across the world. This would help in resolving even the loss-making part of the business.

7. The baton of forest restoration in the net zero race

Source: This post is based on the article “**The baton of forest restoration in the net zero race**” published in **The Hindu** on 10th Jan 2022.

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

Relevance: Joint Forest management committees

News: For carbon sequestration, India must revisit its policy framework and reverse the decreasing participation of local communities.

After India's pledge to set a net-zero target by 2070, at the COP26 summit, Glasgow, saving forests has become much more important.

In a study by Griscom (2017), natural climate solutions that also include forests can provide up to 37% of emission reduction and help in keeping the global temperature below 2° C.

However, the degradation of existing forests continues in India. As per the State of Forests Report (1989) on average, nearly 1.57 lakh hectare of forests were degraded.

Nearly 1.5 million hectares of forests have been diverted since 1980 for developmental activities.

Anthropogenic pressures due to encroachment, grazing, fire, are rising. For instance, India has lost nearly 1.48 million hectares of forests to encroachers.

Moreover, on account of increasing poverty and unemployment, India is witnessing enormous degradation of forests and deforestation.

This warrants the participation of people to achieve the desired target of carbon sequestration through the restoration of forests.

What are the steps taken by India to involve Local communities in forest management?

National Forest Policy, 1988: it permitted to engage local communities in a partnership mode while protecting and managing forests and restoring wastelands with the concept of care and share.

Forest development agencies: It paved the way for fund flow from various other sources to joint forest management committees. It resulted in the formation of nearly 1.18 lakh joint forest

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management committees managing over 25 million hectares of forest area. They implemented various projects financed by external agencies such as the World Bank.

Eco-development committees: It is a similar system of joint management in the case of national parks, sanctuaries, and tiger reserves.

It proved effective as it could attract the support of the participating communities for the protection and development of biodiversity, reduction in man-animal conflicts, and the protection of forests from fires and grazing.

What is the current issue?

Many of the Centrally sponsored programs (Project Tiger, fire management, Integrated Development of Wildlife Habitats (IDWH), Compensatory Afforestation Management and Planning Authority (CAMPA)) **lacks policy support to ensure the participation of local communities** via the institutions of joint forest management committees.

It slowly made their participation customary. This caused a gradual decline in their effectiveness.

The role of local institutions of gram panchayat or joint forest management committees is now restricted to be a consultative institution instead of being partners in planning and implementation.

The alienation of JFMC from the participatory planning and implementation of various schemes further affects the harmony between Forest Departments and communities, endangering the protection of forests.

What is the way forward?

There is a need to incentivise the local communities appropriately and ensure fund flow for restoration interventions.

Political priority and appropriate policy interventions as done recently in Telangana need to be replicated in other States.

Telangana has created a provision for a **Green Fund/Telangana Haritha Nidhi** for tree planting and related activities.

Though India did not become a signatory of the Glasgow Leaders' Declaration on Forests and Land Use, the considerations of land tenure and the forest rights of participatory communities will help India in the race toward net-zero.

8. Why most countries are unable to take a firm decision on crypto

Source: This post is based on the article "**Why most countries are unable to take a firm decision on crypto**" published in **TOI** on **11th Jan 2022**.

Syllabus: GS3 – Information Technology

Relevance: Regulating Cryptocurrency

News: Regulators across the globe have come up with various definitions of cryptocurrencies. But there is no consensus, even among major economies, on how to treat decentralised virtual currencies.

Considering the systemic risks that Crypto poses, countries should look to establish robust regulatory frameworks on cryptocurrency and educate investors accordingly.

What are the problems that countries are facing in classification of Cryptos?

– Most countries are unable to formulate a policy on virtual currencies as there are **no precedents** apart from bans, and they have been largely ineffective.

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- Further, lawmakers globally are also having **difficulties in understanding the technical aspects** of crypto.
- Moreover, **Classifying crypto as a commodity** can tackle market and compliance risks, but **not illicit activities**, financial stability, systemic and capital flight risks.
- Also, making laws on paper and expecting **full compliance is infeasible** for a technology that makes it easy to bypass controls.

Must Read: [Cryptocurrency regulation in India: Ban or regulation – Explained, pointwise](#)

What is the global situation wrt regulation of Cryptos?

ASSET, PROPERTY OR COMMODITY?

US No federal regulatory framework. CFTC calls it commodity, while for taxation it is seen as property	China Ban on crypto trade, use, exchanges and even mining
UK, Australia Crypto assets can be owned but can't be used as legal tender. Tax and anti-money laundering laws are applicable	India RBI has sought full ban. Govt is yet to firm up its view, given that all wings are not in sync. Legislation was postponed recently
Singapore Has regulation since 2020. Crypto is treated as asset class. City-state is known as crypto safe haven as long-term gains are not taxed	EU Comprehensive regulatory framework called MiCA being developed. Trading is legal and gains are taxed
	S Korea Not legal tender but other uses are tightly regulated

Source: Investopedia, Library of Congress

- **El Salvador** – the only country to legally recognise Bitcoin
- **Nine countries**, including China, have **completely banned** Crypto
- **Forty-two countries** like Bangladesh have **banned it 'implicitly'**, which means banks are prohibited from dealing in crypto directly or indirectly and crypto exchanges are barred too.

What is the way forward?

IMF and WEF have noted that though crypto can help make cross-border payments efficient and improve financial inclusion, its operational and systemic risks means that **regulation needs to be on the global agenda**.

A recent WEF report had listed four ways in which countries can deal with crypto:

- 'Wait & see' like Brazil
- a balanced approach like Singapore and the EU
- Comprehensive regulation like Switzerland and Japan
- Restrictive methods like Turkey and Nigeria

9. Weaponising ED, tax authorities to expand counterinsurgency security umbrella in Kashmir is a fraught move

Source: This post is based on the article **"Weaponising ED, tax authorities to expand counterinsurgency security umbrella in Kashmir is a fraught move"** published in **The Indian Express** on 11th Jan 2022.

Syllabus: GS3- Internal Security

Relevance: Kashmir Militancy, security architecture in India.

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News: A new approach is being deployed against insurgency in Kashmir. Apart from security agencies, other organisations such as Enforcement Directorate (ED) are now being roped in to deal with the funding and financing of terror activities.

This new policy runs the risk of further alienation of the local population

What has been the recent shift in government's approach towards Counter-insurgency operations?

Counter-insurgency operations are usually understood to target the weapon wielded organisations and their leaders, usually termed as militants.

Recently, Counter insurgency operations with a **different approach** have been in use to counter the militants.

Government agencies have now started to **focus more towards "over-ground workers"** rather than the militant ones.

The term over-ground worker may be used to refer anyone from any age group or any profession who are **supporting the militants and providing them with the required resources** to conduct their operations.

What are the advantages of this approach?

As this approach focusses more on **breaking the financial, logistical or ideological networks** of the militants. This will **stop alienation of more young people and prevent them from taking up arms** against the state.

As an intelligent crackdown on those who give these organisations money and shelter will **save lives** and will bring **more stability and peace** in the region, so this also has **high probability of garnering community support**.

What are the concerns regarding this approach?

There have been **several arrests** under laws such as the Unlawful Activities and Prevention of Terrorism Act and the Public Security Act over the last three years.

If there is not a set criterion or limit on who can be identified as an over-ground worker, this may lead to **profiling or labelling of some innocent people** with no such intention or track record. Government should ensure to that this does not happen.

This may result into **alienation of the population and a simmering militancy**.

What is the way forward?

Government should focus on **bringing back "normalcy"** and to **enhance community outreach** as much as possible.

10. The difficulty in spending

Source: This post is based on the article "**The difficulty in spending**" published in **Business standard** on **11th Jan 2022**.

Syllabus: GS3- Indian Economy and issues relating to planning.

Relevance: Government spending, Fiscal deficit, Budget.

News: According to GDP accounting, Government consumption in the September 2021 quarter, was 17% lower than in September 2019.

If the government spending had instead grown at the pace seen pre-Covid, the overall GDP would have been 4% higher than in September 2019.

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Why, a shortage of funds is not the reason for this lack of spending?

The Govt has **unspent funds of Rs 4.7 trillion, or 2% of GDP**, with the Reserve Bank of India.

Tax receipts have been much **better** than estimated.

State governments have been **borrowing less than they were expected to** for the last two years.

It is thus a **problem of execution**, a difficulty in spending, also visible in actual deficits turning out to be much lower than planned.

What is the situation wrt Fiscal Deficit?

Revised estimates (RE) for the fiscal deficit last year (FY21) were at 4.7% of GDP.

The estimates for this year suggest that a deficit ratio of close to 3%, and not far from the 2.5% to 3% levels seen pre-Covid.

This **suggest that states are missing spending targets**

Expenditure may fall short of the target by 1.5% of GDP, despite the extra spending on health and subsidy during the pandemic.

Although, **States have a long history of missing expenditure targets**, and of final deficits being lower than the RE, but the gap has widened substantially in the last two years.

Why revenue expenditure is important?

Higher deficits create a **“crowding out”** effect and thus push the interest rates up, but as the government spending has been low, the economy has not benefited from this.

The bulk of state spending continues to be revenue expenditure, with education, social welfare, pensions and interest adding up to nearly half of total spending and these sectors play a role as a growth catalyst in the economy.

Also, the **expenditure** (on roads, bridges, irrigation and water supply) **has a multiplier effect**.

What may be the underlying reasons for this lack of spending?

Economic volatility and lockdowns aggravated the economic challenges.

Remote work and the hours lost due to the ravages of the disease also has a negative impact.

What is the way forward?

In order to get the increased debt-to-GDP ratios to safer levels, it is important to grow the denominator (that is, the GDP).

This can be done through **productive expenditure** rather than try to shrink government spending to reduce the numerator, which is the fiscal deficit.

However, such high cash balances raise the risk of governments getting tempted into **spending inefficiently**.

This **can cause economic distortions, or create permanent liabilities** (like salary increases) that can consume a lot of fiscal space for many years.

The **fiscal health of states varies widely**, and they have to build a comprehensive plan on how to spend productively.

11. High costs, low use may derail the development of EV charging Infra

Source: This post is based on the article **“High costs, low use may derail the development of EV charging Infra”** published in Livemint on **11th Jan 2022**.

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

Relevance: Infrastructure for Electric vehicles in India.

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News: Electric vehicle (EV) industry may fall well short of its target of setting up a sufficient number of public charging stations in India this year.

What is the current status of charging infrastructure in India?

According to a report by Grant Thornton-Bharat and the Federation of Indian Chambers of Commerce and Industry (FICCI), India would need **4 lakh public charging stations** to cater to an estimated total of two million EVs plying on the roads by 2026.

However, according to data disclosed in the Parliament, India currently has only 1,028 public EV charging stations — almost 30% of which are in Delhi alone.

So there is huge demand-supply gap in charging infrastructure in India.

What have been recent initiatives in this regard?

Indian Oil Corporation, Bharat Petroleum and Hindustan Petroleum have set targets of 4,000 total EV charging stations by the end of 2022

Many Companies such as Tata Power, Ola have also set their targets.

Why has been this huge shortfall?

The previous efforts have been **very slow** as in the past two years, less than 1,000 public chargers compatible with all EVs have been installed.

Setting up EV charging stations **doesn't generate revenue**.

Around 94% of passenger vehicles are charged at home (in India), so there is very low demand for a public charging station right now. Hence, the **cost of setting up is very high**, and **use is very low**.

Lack of organised parking spaces in India is also a big hindrance to setting up public chargers.

What is the way forward?

It is imperative to **make public charging profitable**.

There is need for **faster charging**.

Moreover, India cannot simply adopt an international model and will **need its own set of regulations** to suit the market.

12. Risks of three Cs: CVC curtailing CBI's scope for bank probes is excellent. But PSBs still face perverse incentives

Source: This post is based on the article “**Risks of three Cs: CVC curtailing CBI's scope for bank probes is excellent. But PSBs still face perverse incentives**” published in **The Times of India** on **11th January 2022**.

Syllabus: GS 3 – Indian Economy and issues relating to planning, mobilization, of resources, growth.

Relevance: Understanding the reforms in the banking sector.

News: The [Central Vigilance Commission](#) has amended rules to minimise the possibility of [CBI](#) taking unilateral decisions on investigations into alleged bank frauds. Also, bankers have asked GoI to have a “sunset” period for investigations, subject to conditions.

What approach should Government adopt?

It should revisit its entire incentive structure that influences credit disbursement in public sector banks (PSBs). In the Union Budget 2021, the finance minister said the financial sector is one of four strategic sectors and public sector entities will continue to function in the financial sector.

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If the government wishes to run commercial enterprises, it should keep two considerations in mind

First, That any commercial enterprise has to take risks. So, the banking sector should not be hamstrung by the regulatory burden of 3C's CBI, CVC and CAG.

Second, Indian investigative agencies try to guess the motives behind the decisions taken by the banks. The culture of distrust has impacted the financial sector and economy. This has made PSBs risk-averse. This approach should be done away.

Read here: [Centre may continue to hold at least 26% stake in public sector banks](#)

What should be the way forward?

The ideal solution is that the government should exit the financial sector and stick to policymaking.

In the present situation, where PSB continues, there is a need to change the incentives for bankers. Also, CBI should develop greater domain expertise in financial matters to lower risks to India's economy.

Read here: [Public sector banks and corporate governance](#)

13. The new fintech department of RBI has its work cut out

Source: This post is based on the article "The new fintech department of RBI has its work cut out" published in **Livemint** on 11th Jan 2022.

Syllabus: GS 3 – Role and Functions of RBI

Relevance: New Fin tech Department

News: Recently, the Reserve Bank of India (RBI) created a new department to supervise and regulate fintech.

Through the department, RBI plans to promote innovation in the sector and also identify the challenges and opportunities associated with it.

Fintech ecosystem has seen the entry of 'Big Tech' like Alibaba, as well as decentralized products and services based on blockchain technology.

In this context, the creation of a dedicated department within RBI for workflow allocation is much needed.

What should be the main role/functions of the newly created department?

RBI has been so conservative on banking-sector liberalization, despite our need to improve the provision of credit to spur investment.

Further it has failed to nudge banks to think of digitization. For instance, banks refusing to upgrade digital payment infrastructure to meet RBI norms on things like e-mandates for subscription payments.

The Fintech Department will need to shift this model in three distinct ways.

First, the department must take a hint from climate-change discussions and adopt a 'common but differentiated responsibilities' ethos to regulate fintech.

-Rather than disallowing banking licences for new forms of financial intermediation, RBI should apply differential rules in cases where core policy objectives such as financial stability are secure.

-Further, RBI should not discriminate fintech businesses for providing Protectionism to the banking sector.

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-Moreover, the Fintech Department should leverage 'supervisory technologies' to meet policy goals like consumer protection in fintech markets, while maintaining a light-touch regulatory approach.

-For instance, the Financial Conduct Authority (FCA) of the UK is experimenting with the use of 'supervised learning' techniques to predict the probability of mis-selling of financial products.

-Though RBI has embraced supervisory technologies, it needs to build real capacity through this new department.

Second, the department should recognize the interconnected nature of digital markets, and widen RBI's consultation perimeter beyond regulated entities like banks.

For instance, RBI mandated banks to adopt card-on-file tokenization. Tokenization technology allows e-commerce providers or 'merchants' to process payments via payment services and banks, without storing debit or credit card data.

Since merchants have service agreements with fintech firms, they are well-placed to share market information with RBI to enable evidence-based decisions.

Also, merchants have an incentive to build last-mile readiness, since they have a direct interface with consumers, unlike banks.

Consumer awareness and digital financial literacy can be greatly increased by leveraging this interconnected stakeholder.

Third, the Fintech Department must work upon the new concepts of digital money. It should aim to define the contours of our future digital financial ecosystem. For instance, central bank digital currency (CBDC), crypto Assets.

Irrespective of RBI's position on Cryptocurrency, the international society values Crypto assets. So, the Fintech Department should increase international coordination with regulators and agencies, such as the Financial Action Task Force, to understand the implications of cryptos.

14. Public sector banks: More sinned against than sinners

Source: This post is based on the article "Public sector banks: More sinned against than sinners" published in **Livemint** on 11th Jan 2022.

Syllabus: GS 3 – Issues related to privatisation of public sector banks.

Relevance: PSB's role in social welfare

News: PSB's have played a key role in the "new welfarism" model of the government. However, the immense effort undertaken by the PSB agencies has not been rewarded adequately.

In this context, a mere comparison of PSB's with private sector banks is illogical. Because, three-fourths of the banking sector is burdened with social objectives in addition to commercial ones.

PSB's can perform better if they were given real functional autonomy in their loan, recruitment, salary and reward decisions. For instance, their ratio of the CEO's salary to that of an average employee is just 3, as against 67 in private-sector banks.

Hence, any measures taken for privatization of PSBs needs a wider debate in a country.

How PSB's have played a key role in the "new welfarism" model?

Jan Dhan Yojana (JDY) or National Mission for Financial Inclusion

JDY accounts are key to the successful distribution of various benefit schemes. (Pradhan Mantri Kisan Samman Nidhi scheme, Mahatma Gandhi National Rural Employment Guarantee programme, cooking gas subsidy etc.,)

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As of the end of 2021, there were a whopping 442 million beneficiary accounts, 295 million of them in rural branches and 147 million in urban centres. Their combined deposits have crossed ₹1.5 trillion.

It was mainly due to the tireless effort of mostly public sector bank (PSB) employees. out of the 442 million accounts, more than 97% were with PSBs or regional rural banks. Barely 12 million were with private banks.

The case of Demonetisation

In a small window of less than two months, more than ₹15 trillion in denominations of ₹500 and ₹1,000 had to be counted, verified and accepted, and exchanged for new notes. Again, much of this was accomplished by staff of PSBs in far-flung branches across the country.

Insurance coverage

The PSB's also have to sell insurance policies such as Jeevan Jyoti (for life cover) and Suraksha (for accident cover), as also the Atal pension scheme, all of which are products from the government or Life Insurance Corp. These products are important for achieving financial inclusion. The key to success, of these products' rests chiefly with PSBs.

Emergency Credit Line Guarantee Scheme (ECLGS)

It was launched in the middle of the pandemic to help micro, small and medium enterprises (MSMEs). Even here, the networks and outreach of PSBs and their branches played a significant role.

15. No place for propaganda in PM's security breach probe

Source: This post is based on the article "No place for propaganda in PM's security breach probe" published in the **Indian Express** on **11th January 2022**.

Syllabus: GS 3 – Internal Security.

Relevance: Prime Minister security breach.

News: On January 5, the Prime Minister's convoy was halted on an overbridge along the Moga Ferozpur highway for 20 minutes.

Must read: [Explained: How the Prime Minister's security is planned](#)

Why is the event significant for PM's Security?

PM was trapped on and overbridge in a sensitive state. The place is just 30 km away from the border with Pakistan. The places around these have also seen the dropping of arms by drones from Pakistan. This is also the place where Bhagat Singh was cremated in 1931. Three wars have also been fought around this place.

What lapses in PM's Security are evident from the recent incident?

When farmers and protesters had blocked the motorway, it is the responsibility of state police to clear the motorway and use the force if required. However, the police were seen negotiating and persuading the protesters instead of clearing the way for the Prime Minister's convoy.

An advance police party should have cleared the route, or the district SP and collector should have ordered the immediate clearance of the route.

It is also important that the Special Protection Group should have **activated the emergency clearance protocols** and moved the Prime Minister to the **nearest safe house**. So while SPG is accountable for proximate security, it is the Ferozpur SP and District collector that is accountable for the motor blockade.

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What should be done going forward?

While political propaganda and various conspiracy theories make rounds, it is important that truth should come out and accountability should be fixed on the persons responsible for the mishap.

16. How real is the GST boost?

Source: This post is based on the article “How real is the GST boost?” published in **Business Standard** on 12th Jan 2022.

Syllabus: GS 3 -Issues related to GST**Relevance:** Indirect tax revenues

News: The government is delighted over the steady improvement in the collection of goods and services tax (GST) in recent months

GST collections have crossed the Rs 1-trillion mark for each of the last six months beginning July 2021.

The buoyancy in GST collections provides the much-needed revenue cushion to government finances and for preparing the next year's Budget.

However, an analysis of GST tax collection over a three-year period reveals that the share of GST collections in GDP is not a cause for any excitement.

Because, from 6.22 per cent of GDP in 2018-19, it fell for two consecutive years to 6 per cent in 2019-20 and 5.75 per cent in 2020-21.

The ratio of GST to GDP is the true indicator of measuring how tax revenues have kept pace with the economy's growth.

What are the other issues related to GST collection?

GST collections take place under four broad categories: Central GST (CGST), State GST (SGST), Integrated GST (IGST) and Compensation Cess. There is the need for specific administrative as well as policy interventions in each of these areas.

First, the issue of slower growth in SGST owing to the inefficient tax collection machinery that many states may be burdened with.

Second, the issue of lower growth rate in IGST collections on inter-state supplies. On the contrary, IGST for imports has increased.

Possible reasons for higher growth in IGST collections: Rise in India's imports, higher tariffs, Ease of tax collection at ports.

Third, the issue of stagnation in the collection of compensation cess.

17. Extending GST compensation as a reform catalyst

Source: This post is based on the article “Extending GST compensation as a reform catalyst” published in **The Hindu** on 12th Jan 2022.

Syllabus: GS 2 – issues related to GST

Relevance: GST reforms, GST cess compensation.

News: The agreement to pay compensation for the loss of revenue was for a period of five years, which will come to an end by June 2022.

However, the states are demanding to continue it for another five years. Because, it was hoped that the tax structure would stabilise in the first five years, however, the reform is still in transition.

GST compensation cess Background: [Read here](#)

Growing mistrust between States and Centre with respect to GST compensation: [Read here](#)

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Why State's demand to extend compensation needs to be accepted?

The GST structure has many issues that need to be reformed, and the cooperation of states is very significant. Hence, it will be difficult to reform the GST structure without extension of compensation to states for another five years.

Thus, it is necessary not only to reform GST but also to provide comfort to States to partake in the reform.

What are the core issues in the present GST regime?

First, the technology platform could not be strengthened for a long time due to which the initially planned returns could not be filed. This led to large-scale misuse of input tax credit using fake invoices.

The adverse impact on revenue collections due to this was compounded by the pandemic-induced lockdowns.

Second, indirect taxes are the only major source of revenue for the States. Considering their increased spending commitments for public service delivery, states want to mitigate revenue uncertainty.

So, to address the issues in GST, the structure of GST needs significant changes.

What are the reforms needed in GST?

Firstly, almost 50% of the consumption items included in the consumer price index are in the exemption list. To broaden the base of the tax, a significant assessment of these items is required.

Secondly, it is necessary to bring petroleum products, real estate, alcohol for human consumption, and electricity into the GST fold.

Thirdly, the current Multiple rates GST structure complicates the tax system. For example, the present structure is too complicated with four main rates (5%, 12%, 18%, and 28%). This is in addition to special rates on precious and semi-precious stones and metals, and cess on 'demerit' and luxury items. It causes administrative and compliance problems, creates an inverted duty structure, and leads to classification disputes. Reforming the structure to unify the rates is imperative.

What is the way forward?

The 15th Finance Commission had pointed out that the compensation scheme of applying 14% growth on the base year revenue provided for the first five years was far too generous.

The issue can be revisited and the rate of growth of reference revenue for calculating compensation can be linked to the growth of GSDP in States to ensure the comfort of minimum certainty on the revenue.

This will incentivise them to accomplish the reform in the true spirit of cooperative federalism.

18. Tackling India's unemployment wave

Source: This post is based on the article "Tackling India's unemployment wave" published in **Indian Express** on 12th Jan 2022.

Syllabus: GS 3 -issues related to employment in India

Relevance: Unemployment

News: Unemployment in India has undeniably reached a critical stage.

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What are the available data that suggests India has undeniably reached a critical stage?

Unemployment rate: India's unemployment rate has been increasing. It increased to 7.91 percent in December 2021 from 6.3 percent in 2018-2019. It is very critical as 10 million young Indians are entering the job market every year.

Unemployment rate (Urban vs rural): In urban areas, this has gone up to 9.30 percent in December 2021 from 8.09 percent in January 2021. In rural areas, it has gone up to 7.28 percent against 5.81 per cent.

Ruralisation: Between 2019-20 and December 2021, the manufacturing sector has lost 9.8 million jobs; by contrast, agricultural jobs jumped by 7.4 million. Workers are back in their villages, even though urban jobs provide better wages.

Decreasing quality of jobs: 9.5 million people have left the formal sector and have become jobless or part of the informal sector.

India's Labour Force Participation (LPR) is low compared to other emerging countries: According to the World Bank, India's LPR stood at 46 percent in 2020, while that of Brazil stood at 59 per cent.

Majority of the Youth's (20 and 24 years) are unemployed: according to the NSSO, in 2019, when India had the highest unemployment rate in the last 45 years, 34% of youths remained unemployed. This severely affects India's Demographic dividend.

Inverse relation between Education and Employment: An astonishing fact is that the more educated the people, the more unemployed they were. For instance, 63.4 per cent of graduates falling in the age bracket of 20-24 years were unemployed.

Gender divide: Unemployment among women is higher than men, both in urban as well as rural areas. For women, the average unemployment was 14.28 per cent and for men, it was 7.88 per cent.

LPR for women continues to decline over the years. This is happening even though more and more women are attending school and college in the country.

What are the reasons for decreasing LPR for Women?

The absorption of women in the workforce, as compared to men, is much less due to, One, most women were involved in agricultural jobs in rural areas. The mechanisation of these jobs has had a huge impact on female labour force participation in the country.

Two, India's manufacturing sector is not labour-intensive. This has made it difficult to compensate women who got displaced from agricultural jobs.

Three, women's role as primary caregivers and ownership of domestic chores is a reason for the low participation of women in the workforce.

Four, the cultural norms and deep roots of patriarchy apparently limit women's labour participation in India.

What are the factors hampering India's employment generation potential?

Low private investments: The investment rate is declining since 2011. It has dropped from 34.3 percent then to 27 per cent in 2020.

Weak demand: One of the reasons why companies are reluctant to invest. This vicious circle is also fostered by growing inequalities, resulting in the shrinking of the middle class.

Access to credit: Since banks are affected by NPA's and the ongoing inflation problem have led to increasing in interest rates. This in turn affects business access to low interest rate capital.

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19. Treating the planet well can aid progress

Source: This post is based on the article “**Treating the planet well can aid progress**” published in **Live mint** on 12th Jan 2022.

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

Relevance: Planetary pressure-adjusted Human Development Index (HDI).

News: The 2020 Human Development Report of the United Nations Development Programme (UNDP), titled “The Next Frontier – Human Development and the Anthropocene” proposed a **planetary pressure-adjusted Human Development Index (HDI)**.

This adjustment has been worked out by factoring in **per capita carbon dioxide (CO2) emission (production)** and **per capita material footprint**.

The purpose is to communicate the risk involved in continuing with existing practices of resource use and environmental management to the larger society. And the effect that **environmental stress** can perpetuate on development.

It helps to predict the nature of **planetary pressure** generated by the developed countries and indirectly indicates their responsibility in combating the situation.

How planetary pressure adjustment will affect country rankings?

The world average of HDI in 2019 came down from 0.737 to 0.683.

The global ranking of several countries will be altered, in both positive and negative sense. For instance, among 66 very high human development countries, 30 countries will record a fall in rank values.

Whereas, India will gain in global rankings by eight points (131st rank under HDI and 123rd rank under PHDI). Because its per capita carbon emission and material footprint are well below the global average.

However, India’s natural resource use is far from efficient and environmental problems are increasing.

The twin challenges of poverty alleviation and environmental safeguarding that former Prime Minister Indira Gandhi stated in the Stockholm conference in 1972 still remain unattended.

What are the present challenges faced by India regarding Human development?

India has 27.9% of people under the Multidimensional Poverty Index.

States like Kerala that have an exemplary achievement in human development lags on the environmental front.

India fares poorly in SDG goals 1(No poverty) and 2(Zero hunger). **For instance**, According to NITI Aayog (2020-21), India scored 60 (Performer grade, score 50-64) for no poverty and 47 (Aspirant grade, score 0-49) for zero hunger out of 100 points.

India’s score in SDG 8 (Decent work and economic growth), SDG 9 (Industry, Innovation, and Infrastructure), and SDG 12 (Responsible Consumption and Production) also warrant improvement.

However, one significant prospect for India is that there is now widespread awareness about the environment and several initiatives both at the level of the government and the community. **For example**, The Chipko movement (1973) in Uttarakhand and the Silent Valley movement (the late 1970s) in Kerala.

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What is the way forward?

First, it is now well established that there are interdependencies of earth system processes, including social processes. It is now essential to consider people and the planet as being a part of an interconnected social-ecological system. Thus, an integrated perspective is necessary.

This can be addressed at the local level, for which India has constitutional provisions in the form of the 73rd and 74th Amendments.

Second, advances in earth system science and sustainability research along with enabling technology of remote sensing and geographic information system have helped to explain the impact of human activities at the ground level. They also provide insights into how to mitigate these impacts and improve life.

What is required is a reorientation of the planning process, adoption of a decentralised approach, a plan for proper institutional arrangements, and steps to enable political decisions.

20. Managing biomedical waste

Source: This post is based on the article “**Managing biomedical waste**” published in the **Business Standard** on **11th January 2022**.

Syllabus: GS 3 – Environmental pollution and degradation.

Relevance: Understanding the impact of mishandling of biomedical waste.

News: Since the outbreak of Covid pandemic, there has been rise in the Safe handling and elimination of biomedical waste.

Read here: [23 states at additional Covid risk due to Biomedical waste](#)

What are the challenges associated with biomedical waste?

- Mixing biomedical waste with household garbage led to infection, as most wastes were disposed of in the landfill sites.
- No proper management and waste disposal in hospitals and other covid designated medical centres.
- Littering of discarded Covid-related stuff, such as masks, face shields, etc alongside roads, hospitals, healthcare centres and other places.

Read here: [Use app to monitor COVID-19 biomedical waste, SC to civic bodies](#)

What are the government initiatives to handle biomedical waste?

The government introduced [Biomedical Waste Management Rules, 2016](#), which is regularly updated by the [Central Pollution Control Board \(CPCB\)](#) because of the ongoing covid pandemic. Some of the latest CPCB guidelines are:

- It requires the bio-waste to be packed in double-layered yellow bags and transported in specialised vehicles to the designated common biomedical waste treatment facilities for incineration, autoclaving or burning to generate energy.
- The CPCB has created a special mobile application, “[Covid-19 BWM \(Biomedical Waste Management\) App](#)”, to keep a tab on pandemic-related information, including the handling of infectious junk.
- CPCB provides **training for handling perilous waste** in infection-prevention methods, such as hand hygiene, respiratory etiquettes, and other needed measures through video films and demonstrations.

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What are the challenges associated with the government initiatives?

1) CPCB norms are not strictly followed. 2) Although mandatory, the required data is rarely uploaded by the concerned bio-waste handling agencies in the BWM App.

What should be the way forward?

Some healthcare experts suggested to **bar-coded the yellow bags to track the source** of the unsafe garbage and its movement to the waste treatment centres. Also, the Delhi-based union of waste collectors and sweepers is demanding to provide safety gear and to be treated on par with other front line Covid-19 workers. They also demand separate isolation houses, as are lacking in spaces for home quarantine. So, the Government should work on these suggestions. Also, the government should **initiate a public awareness campaign** about the safe handling of biomedical waste.

21. The pros and cons of big data used as economic signals

Syllabus: GS Paper 3 – Science and technology and economic growth

Source: This post is created based on the article “**The pros and cons of big data used as economic signals**” published in **Live Mint on 12th Jan, 2022.**

News: Big data is being used for various types of analysis like economic growth. However, there are certain pros and cons linked to this type of analysis.

Google recently released some anonymized data for India, based on mobile phone locations of the users. As per the data, People are spending more time at home, rather than at work places or retail stores or parks. It means people are facing issue of restricted mobility once again.

The new forms of data are very useful in tracking economic activities in a country, without waiting for structured government surveys and quarterly estimates. These structured surveys fail to understand a rapidly evolving situation.

For example; mobility data can predict a change in economic activities.

How mobility data is linked to economic activities?

Economists at the Organisation For Economic Co-operation and Development (OECD) observed a link between mobility trends and economic growth. They found out that impact of mobility indicators on economic growth has weakened with successive quarters during pandemic. There are two possible reasons for this.

First, policymakers are restricting specific types of economic activity, instead of blanket ban on movement.

Second, Org and employees have learned to adapt to newer forms of work and leisure.

For example, in the second and third quarters of 2020, a 10% point change in mobility was associated with a 2.2% change in economic growth. While in 4th quarter, it only resulted in a 0.9% change in economic growth.

Challenges associated with big data-based analysis

However, there are challenges associated with big data-based analysis.

For example, economists are using measurement of night lights past sundown as a proxy for economic activity. However, some research papers have observed that clouds interfere with the way data on night lights can be captured by satellites. Thus, during cloudy months, readings are low.

Second, the data from e-way bills generated during goods movement is a very useful advance indication of economic activity. Such e-way bills are not generated for services. Thus, a shift of

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demand from goods to services must result in a low number of e-way bills. So, it does not mean a slowdown in economic activities.

22. Cutting corporate debt

Source: This post is based on the article “Cutting corporate debt” published in **Business standard** on 13th Jan 2022.

Syllabus: GS3-Indian Economy and issues relating to planning.

Relevance: Deleveraging of Companies.

News: Indian companies are deleveraging i.e. that **is there is reduction** in their borrowed debt.

This trend is **likely to continue**, specially in the present pandemic situation.

What are the indicators of deleveraging by Indian companies?

The **debt-to-equity ratio** of listed firms **dropped** to a six-year low of 0.59 in 2020-21, compared to 0.73 in the previous year.

Reserve Bank of India's recent report on the banking sector has also revealed that non-financial private firms have been net savers over the last three years.

What can be the reasons for this?

Improvement in corporate and banking sector: As compared to the situation until a few years ago, the state of both the corporate and the banking sector has improved. The impact of pandemic-related disruption has been considerably lower than anticipated for both corporations and the banking system. In fact, earnings have improved for large corporations over the last few quarters.

Deleveraging process in the corporate sector is also **being helped by buoyancy in the stock market**, which has enabled firms to raise record money from the market.

A buoyant market is the one which is witnessing a lot of trading activity and where prices of stocks are gradually increasing over time.

What can be disadvantages of this?

While this points towards **strengthening of the corporate balance sheet**, but it also reflects the **unwillingness of investors to invest** and highlights the **underlying weakness in the economy**.

This may **impact the asset quality** in the banking sector once the pandemic-related support extended to borrowers begins to be removed.

This may also lead to **sustained lower demand for credit**. Especially when the credit demand is **expected to remain low** due to relatively low level of industrial capacity utilisation and weak underlying demand in the economy.

Although Banks have been focusing **on retail lending**, but that too has limits as large number of households have suffered income losses

23. Trust deficit: On tech platforms and news publishers

Source: This post is created based on the article “Trust deficit: On tech platforms and news publishers” published in **The Hindu** on 13th Jan. 2022.

Syllabus: GS Paper 3 – Industries and industrial policies

News: CCI has launched a probe against Google, following allegations by the country's digital news publishers.

Read – [CCI's Google probe](#)

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In the recent years, many countries such as Australia and France have tried to correct the balance between the big tech companies and traditional journalism industry.

What is the case in India?

In India, the complaint has been made by India's Digital News Publishers Association against Google. It has alleged that Google abuses its dominant position by not providing a fair share of the advertising monies and by not providing adequate information.

Further the association has complaint that Google does not pay for the news snippets that appear in search. Also, the terms of engagement are "unilaterally and arbitrarily", which are dictated by Google without any consultation.

What are the implications associated with this Issue?

Lately, news media industry in India is struggling to survive. Whereas big tech platforms are becoming more and more powerful.

Sustainability of journalism in the digital era is very important, especially in a democracy. When journalistic efforts do not get a fair value, they end up sacrificing quality to gain more users and in a quest for more emotional engagement.

24. Rooftop solar: Why India is now considered to be a laggard globally

Source: This post is created based on the article "Rooftop solar: Why India is now considered to be a laggard globally" published in DTE on 13th Jan. 2022.

Syllabus: GS Paper 3- energy- Solar energy

News: Rooftop solar installation in India is lagging behind the target.

As a part of nationwide revamped target in 2014 for renewable energy installations, at least 40 gigawatt was earmarked for rooftop solar by 2022. However, only 6.11 GW (15 per cent of the target) was achieved as of November 2021.

Even the urbanized, high-income cities like Delhi could achieve only 20 per cent of the target.

At the national level, the MNRE had allocated a subsidy for capacity of about 3,000 MW RTS to various states, but so far, 699 MW (23 per cent) has been installed.

What are the Issues facing Rooftop Solar (RFS)?

Regulatory framework: The growth of the RTS segment is highly dependent on the regulatory framework. Absence or withdrawal of state-level policy support for the RTS segment has been a major issue.

Net Metering: Net metering regulations are one of the major obstacles facing the sector. Net metering allows surplus power produced by RTS systems to be fed back into the grid. Discoms compensate consumers for this surplus power.

Price of RTS Panels: The prices of residential RTS panels are frozen for as long as 18 months. It is the most critical flaw in the MNRE Phase II subsidy scheme. solar panels and other input costs are highly volatile. A one-price-fits-all approach fails to account for the disparities within a market.

Roles of Discoms: Discom's overarching role in the RTS framework is also a problem. It has a role in subsidizing the installation of RFS

What are the suggestions?

Direct benefit transfer must be applied, instead of transferring benefits to first discoms and then discoms transferring it to consumers.

The RTS needs easy financing, unrestricted net metering, and an easy regulatory process.

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25. There must be fair competition in telecom sector

Source: This post is based on the article “**There must be fair competition in telecom sector**” published in **Indian Express** on 13th Jan 2022.

Syllabus: GS 3- issues related to Telecom Sector in India

Relevance: Telecom sector issues

News: The board of Vodafone Idea (Vi) has approved the conversion of part of their liability owed to the government into equity.

Accordingly, Rs 16,000 crore of the interest on the deferred spectrum and adjusted gross revenue (AGR) liabilities will now be converted to government equity. This makes the government as the single-largest stakeholder, owning 35.8 percent of the entity.

The government proposed this relief package to save the Telecom operator from exiting and to protect competition in a market.

In this context, this article will discuss the issues troubling the Telecom sector in India.

What are the issues affecting the Telecom sector in India?

Read more here: [Vodafone Idea issue and the telecom sector in India – Explained, Pointwise](#)

Litigation issues: leading to drain on resources. **For example**, retrospective taxation issue related to Vodafone-Hutch offshore deal.

Access to government is unequal: Instances of inequity have impacted the competition in the sector. **For example**, allowing “back door entry” into the mobile sector in 2003, Spectrum assignment through “first come first served” (FCFS) method, allowing Jio’s aggressive strategies in 2016.

Bureaucratic inertia: it results in decisions that favour one over the other operator not because there is bad intent, but because the system is such that the status quo is the dominant response.

Other reasons: Intense price war, Unreasonable definition of AGR, An extractive spectrum auction regime and, the development in technology, are impacting the revenue streams of operators.

Telecom is not the domain of government: After the implementation of this relief package, India will own stakes in two out of four major telecom operators in the country, namely BSNL (100 per cent) and Vi (35.8 per cent).

Excluding China, no other country in the world has wholly-owned government entities in the telecom sector. Telecom, almost everywhere, is the domain of private enterprise. In France and Germany, the government has diluted its stakes in erstwhile public sector entities to a minimum. Even, the Chinese government has been encouraging private sector participation to boost competition in a market.

What is the way forward?

The current telecom licensing policy, prohibit any company/legal person either directly or through its associates from having substantial equity holding (defined as equity of 10 percent or more) in more than one licensee company in the same area for the same service.

Accordingly, in order to comply, the government may have to dilute its share or explore the option of merging BSNL and Vi.

In this regard, the government should explore the option of merging BSNL and Vi as it is attractive for multiple reasons.

-Both BSNL and Vi can share their infrastructure.

-It can help revive Vi.

-Merger between these two entities can ensure fair competition within the sector.

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26. Watch out for an official central bank digital rupee on its way in

Source: This post is based on the article “**Watch out for an official central bank digital rupee on its way in**” published in **Livemint** on 13th Jan 2022.

Syllabus: GS 3 – Issues related to Crypto currencies

Relevance: **central bank digital currency**

News: The likelihood of launching a central bank digital currency (CBDC) in India is a credible possibility.

What are the challenges to introducing CBDC in India?

India has at least 500 million people with no access to a smartphone (Statistica reports the use of 845 million phones in 2021).

Large numbers have neither an Aadhaar nor PAN card, or even if they do, are not in the habit of using phones except for making calls.

Many of our senior citizens have already been robbed by online scamsters

How introducing CBDC will benefit Indian economy? Read here: [Introducing National Digital Currency in India – Explained, Pointwise](#)
[Everything you want to know about CBDC](#)

What are the areas/sectors that will be disrupted if CBDC is introduced in India?

The first is that it may lead to failure, decline, or stagnation of the entire financial system.

Payment banks will need to close down, as savers will have to maintain accounts with RBI anyway. The UPI system would be redundant. Even commercial banks will see people move money out of savings deposits and probably opt for term deposits at higher rates. ATMs will have to shut down, for sure.

The other major challenge for our central bank will be technology disruptions. Hackers would be a threat, technical failures at banks will become a routine

27. Establishing India's Apple

Source: This post is based on the article “**Establishing India's Apple**” published in The Hindu on 13th Jan 2022.

Syllabus: GS3- Science and Technology- developments.

Relevance: Innovation.

News: U.S. tech company Apple has reached the \$3 trillion-mark in market capitalisation. This now makes it wealthier than most countries.

How can India advance towards creating such companies?

This will require India to establish ecosystems that are innovation driven. Following are some key steps to achieve this:

1) Sustained public funding to build world-class research and development infrastructure and **hiring the best faculty** in our university system. The **initial funding** to build large research infrastructures needs to come **from the public exchequer**. Then it can be financed by private investors, like angel investors and venture capitalists.

Equally important is **encouraging and providing the faculty towards critical thinking**.

2) Ecosystems can be build by connecting institutions nearby. This will lead to facilitating easy access to tools and equipment for each others' students and faculty, creating an open, inclusive atmosphere, and encompassing each other's strengths.

There should be availability of excellent tech transfer offices, access to legal counsel and law firms.

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3) Tech transfer offices and incubators play a vital role in commercialising technologies.

Their part is to make sure that the universities are incentivised while providing a physical space with technical and legal help for individual faculty-driven innovations to get commercialised

4) Proper legal frameworks are needed for university-driven innovation to mature. After consultations and modifications, Parliament needs to pass the **Protection and Utilization of Public Funded Intellectual Property Bill (PUPFIP), 2008** .

This will help remove the universities' lack of clarity on intellectual property rights to **commercialise inventions from government-funded research programmes**.

5) It is essential to broaden the **reach to cover all streams within the liberal arts** apart from the STEM (Science, Technology, Engineering, and Mathematics) field which will lead this innovation revolution.

Curricula need to get away from focusing exclusively on awarding degrees and also focus on **vocational training** towards developing students' skills for a specific task.

28. Re-skilling and upskilling with digital interventions

Source: This post is based on the article "**Re-skilling and upskilling with digital interventions**" published in **Livemint** on 13th Jan 2022.

Syllabus: GS 3 – issues related to employment

Relevance: **Re-skilling and upskilling the labour force**

News: In a world where technology advances with every passing day, employees need to keep updating their domain knowledge to keep their work performance up to the mark.

The responsibility to help them reshape their skills thus falls on the shoulders of every organization.

Why it is imperative to re-skill and upskill employees?

Here are a few reasons that have made the re-skilling and upskilling of employees vital, and the steps that could be taken to pursue this goal.

Firstly, to ensure a smooth transition of the shift in the division of labour among humans and machines. It is necessary to acknowledge and address the need to shape people's skills for the future, starting today.

For instance, as per the Future of Jobs report of the World Economic Forum, as many as 75 million jobs may have been displaced by the end of 2022, by a shift in the division of labor among humans and machines. But it might also lead to the creation of 133 million jobs simultaneously.

Secondly, it is crucial for everyone to adapt to future technology, i.e., Artificial Intelligence (AI). With its huge potential to carry out complex calculations at lightning speed and conduct the research and analysis that is required to run a business, AI casts doubt on the jobs of millions of earners.

AI does more than just eliminate manual labor. It uses data and statistical tools to allow innovative forms of administration and equips employees in ways that can raise their productivity.

What can be done to re-skill and upskill employees?

Every organization needs to build learning & development (L&D) model: It will help employees remain relevant to trends and thus benefit them greatly in the long run.

Under the L&D model, Productive training sessions must be conducted that would help everyone in the workforce to visualize their own career paths while simultaneously reforming

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their skills accordingly. These sessions can also be used to increase their technical knowledge and create awareness of updates.

Learning essential facts related to technology should be made a new normal in this digital age: Employees must develop the habit of seeking any information related to their own field, especially in the context of digital growth.

Instead of viewing automated technology as a threat to their livelihood, employees need to focus on how it will benefit them: it is the responsibility of human resource (HR) leaders to help them communicate and strategize their path ahead. Seniors need to be assisted in this transition.

The need for an open mindset: The workforce should hence be positively reinforced to take an open-minded approach towards change, as it will help reduce friction in the face of a sharp transition. An open mindset could prove to be a valuable asset in upskilling employees for future endeavors.

29. Space for dreams: On ISRO's new chief

Source: This post is based on the article "**Space for dreams: On ISRO's new chief**" published in the **The Hindu** on **14th January, 2022**.

Syllabus: GS 3 Science and Technology – Institutions.

Relevance: Understanding the new ventures of ISRO under its new chairman.

News: S. Somanath has been appointed as the chairman of the Indian Space Research Organisation (ISRO).

What are the upcoming programmes of ISRO?

Human space flight programme– Gaganyaan

Read here: [Union Minister says, India's maiden human space mission "Gaganyaan" will be launched in 2023](#)

Aditya L1: The aim to take a space observatory to the Lagrangian point one (L-1) to study the Sun.

Read here: [Objectives and importance of ISRO'S Aditya-L1 mission.](#)

Privatization of ISRO: New chairman will work towards the privatization of ISRO. New Space India Limited (NSIL) has already been established in 2019 to commercially exploit the research and development work of the ISRO.

Read here: [Functions of "NSIL | New Space India Limited"](#)

Along with NSIL, [Indian National Space Promotion and Authorization Centre](#) came up in 2020. This was aimed up at channeling non- government private enterprises to watch space activities.

All these initiatives will enable greater participation of private industry into space and has a lot to contribute through technology transfers.

30. Propping up the property market – Issues facing Housing Sector

Source: This post is based on the article "**Propping up the property market**" published in the **Business Standard** on **14th January 2022**.

Syllabus: GS 3 – Changes in the Industrial policies

Relevance: Understanding the problems associated with the Indian housing sector.

News: Indian housing sector is struggling a lot due to stalled housing projects, which has led to a loss of output and jobs.

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What are the problems associated with housing projects?

Fear psychosis among buyers: Customers today are reluctant to pay advances as they are not sure whether the project will complete or not. So, they are willing to pay only for projects that are completed or near completion. Also, they are willing to pay only when the builders have strong financial backing like corporate entities such as L&T, Godrej, and Adani.

Lack of advances: Builders are facing a financial crunch as they need advances in order to complete launched projects and to earn a decent return on their investment.

Disinterest of Banking sector: Banking sector can solve the finance problem. However, banks have been wary of taking exposures to developers even in the best of times.

What did the government do to address the problem?

The government introduced **SWAMIH (Special Window for Affordable and Mid-Income Housing)** scheme, to address this issue at affordable and mid-income housing projects. It set up a fund with a corpus of Rs 25,000 crore in which the government would contribute Rs 10,000 crore and the rest would come from LIC, SBI, and private insurers.

Read here: [About SWAMIH fund](#)

Although SWAMIH is a helpful initiative, it is limited in size. The problem of stalled projects has been worsened by the ongoing pandemic. According to a survey in 2021, 1,73,740 housing units were stalled across six cities (excluding Mumbai). However, SWAMIH covered less than 10% of these stalled and delayed housing units.

Read here: [81 stressed housing projects approved under Special Window fund](#)

What measures can be adopted to solve the housing problem?

Government can implement a **Credit Guarantee Scheme** for residential housing, on the lines of the [Emergency Credit Line Guarantee Scheme \(ECLGS\)](#) for small and medium enterprises. ECLGS was subject to stringent eligibility criteria to minimize risk. The similar following criteria can be adopted for CGS for housing.

- 1) Project must involve a certain minimum number of buyers.
- 2) Applicable to projects that have been delayed by over 12 months.
- 3) Must be for affordable and mid-income housing.
- 4) Project must be solvent, which means assets must exceed liabilities.
- 5) Bank must satisfy itself that there has been no diversion of funds.
- 6) Bank finance for projects that meet the above criteria should have a graded guarantee by the government, like 100% guarantee for projects that are 90% complete, 90% guarantee for projects that are 80% complete and so on.

CGS will provide a boost to the construction sector, which is a labor-intensive sector. It will provide jobs to people. The government will be able to ease the grievances of a large community of disaffected people with this scheme.

31. Time's Running out-Is India ready to handle 34,600 tonnes of solar waste?

Source- This post is based on the article "**Time's Running out-Is India ready to handle 34,600 tonnes of solar waste?**" published in Down to earth on **13th Jan 2022**.

Syllabus- GS3- Conservation, environmental pollution and degradation.

Relevance- Solar power, PV waste.

News: India plans to **generate about 280 GW** of energy through **solar power by 2030**. While this may seem a climate smart move but it also leads to generation of **huge amount of solar waste**.

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A holistic approach to solar energy includes not only a green and clean perspective, but also **resource and material management**.

Why India needs a solar waste management policy?

Discarded solar panels **generate solar waste** which is usually then sold as scrap. According to some estimates it can increase by at **least four-five-fold by the next decade**.

According to a report prepared by the **National Solar Energy Federation of India**, Country is expected to generate **34,600 Tonnes of cumulative solar waste by 2030**.

Although India has set ambitious solar power installation targets, it **does not have a solar waste management policy**. Even the latest **electronic waste management regulations of 2016 do not deal with the issue**.

What are the challenges in the management of solar waste?

Not seen as an immediate problem-Solar panels have a **life of 20-25 years**, so the problem of waste seems distant.

However, this may become a **major issue at the end of this decade**, and solar waste will end up being the most prevalent form of waste in landfills.

High recycling cost-Although the solar panels have valuable recoverable materials, which if recovered would be enough to power 630 GW with two billion solar panels.

However, this option is not viable as the benefit from recycling is far less compared to the cost of it. **Recycling a solar panel cost between \$20 and \$30 while sending it to a landfill costs \$1-2**.

How are other countries handling the issue?

Europe-Waste Electrical and Electronic Equipment (WEEE) Directive of the EU imposes responsibility for the disposal of waste on the manufacturers or distributors who introduce or install such equipment for the first time.

Most of the EU member states have come up with directives for collecting, handling and management of PV waste.

USA-While there are no country wide regulations in the United States, there are some states who have proactively defined policies to address end-of-life PV module management.

Asia-Countries such as Japan and South Korea have already indicated their resolve to come up with dedicated legislation to address the PV waste problem.

What is the way forward?

Following approach may help to deal with the problem holistically-

Strong e-waste or renewable energy waste laws: There is a need for introduction of EPR(Extended Producer's Responsibility) for the manufacturer and developers to take responsibility for end-of-life the solar panel. India should also focus its attention on drafting comprehensive rules to deal with solar waste.

Infrastructure: Good recycling infrastructure will help in reducing the cost of recycling.

Power purchase agreement Between DISCOMS / government and project developers should include rules for environmental disposal and recycling of solar waste.

It is imperative to ensure that the **Solar panel waste does not reach landfills** as it is harmful to the environment. It contains toxic metals and minerals that may seep in the ground.

Recycling Industry should be incentivised to participate more through new business models, green certificates.

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Research and Development: Innovation in design may have an impact on the type of waste they generate. For example-New panels use less silicon and produce less waste during the manufacturing process.

32. Inflation heresy mustn't always be rejected out of hand

Source- This post is based on the article “**Inflation heresy mustn't always be rejected out of hand**” published in **Live mint on** 14th Jan 2022.

Syllabus- GS3- Indian Economy and issues relating to planning.

Relevance- Inflation and ways to tackle it.

News: Inflation has been on the rise in most part of the world. This has once again started the debate on the best way to restore price stability.

What are various strategies to deal with Inflation?

Old/orthodox method-This involves the **reduction in spending and raising of interest rates**. But this method often has **side effects (such as bankruptcies and rising unemployment)** and not always produced the desired results quickly enough.

Lowering the interest rates -This has been followed by **Turkey**.

The inflation-producing effects of high interest rates is called the ‘**Cavallo effect**’. This idea suggests that **inflation is associated with cost-push factors**, such as high interest rates, which boost the cost of working capital and thus make the production cost higher.

Although this theory has received some empirical support but as seen in Turkey's case **despite lowering interest rates, market rates have continued to rise**. It indicates that the inflation in Turkey is the result of more fundamental problems in economy.

Price controls or by clamping down on large firms with price-setting power-These measures have sometimes worked for example in Israel in 1980s, Latin America.

Temporary wage-price controls can help coordinate price-setters to move to a low-inflation equilibrium. It is useful when high inflation is driven predominantly by expectations rather than ‘fundamentals’.

Why single strategy is not perfect?

Economics is **not a science with fixed rules**. Different countries face varying conditions which call for different policies.

Economics **works contextually and not universally**.

What is the way forward?

Currently, **Inflationary pressure is the result of transitory set of factors**, like the pandemic-related reallocation of spending from services to goods, and supply-chain and other disruptions to production.

Transitory inflation **calls for a restrained response**, whether through regulation or the central bank's exercise of monetary policy. This should **not rely heavily on any one method**.

33. A code for the committee of creditors

Source- This post is based on the article “**A code for the committee of creditors**” published in **Business Standard** on 13th Jan 2022.

Syllabus- GS3- Indian Economy and issues relating to planning.

Relevance- Insolvency procedure.

News: **Parliamentary Standing Committee** of Finance in its report had argued for the need to have a professional code of conduct for the committee of creditors.

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After this **Insolvency and Bankruptcy Board of India (IBBI)** had issued a discussion paper proposing a code of conduct (code) for the Committee of Creditors (CoC) to ensure transparency in its functioning.

Why there is need for a code of conduct for the CoC?

Since CoCs are not regulated, there exists a **regulatory gap**. Several proceedings have also witnessed a **variety of contraventions of provisions** of the insolvency law by market players. IBBI has in the past tried options like directions to insolvency professionals to secure good conduct from players, filing of complaints in special court against the erring players, and filing of appeals. But these also had a **limited impact**.

Who should bring this code? IBBI or RBI

Since banks are regulated by the Reserve Bank of India (RBI).

Some argue that if the code is prescribed by the IBBI, this will subject banks to regulations of both the IBBI and RBI, creating regulatory overlap.

However, this is not true as any entity being governed by several regulators for its different activities per se is not regulatory overlap.

For example- An initial public offering (IPO) by a firm, whether in the business of insurance, banking, or telecom, is regulated by SEBI; not by the regulator of the business concerned.

What is the way forward?

Successful implementation of the insolvency law **requires all stakeholders** follow the rules and are subject to regulatory discipline.

Any contraventions should have **quick consequences**.

Regulatory jurisdiction must rest with one regulator, be it the IBBI, RBI or SEBI. Only one of them should specify a code of conduct, monitor compliance and adjudicate contraventions against all market players.

Also, it should be ensured that there is a **uniform application of regulatory norms across the market and no sectoral differences** exist.

34. The controversy over inclusion of the mm wave band in 5G auctions

Source: This post is based on the article “**The controversy over inclusion of the mm wave band in 5G auctions**” published in **The Hindu** on **14th Jan 2022**.

Syllabus: GS3- Science and Technology- developments

Relevance: 5G, mm wave band.

News: Telecom regulatory Authority of India (TRAI) had asked for Industry’s view on various contours of 5G roll out in India. This plan of TRAI also included the **idea of adding millimetre (mm) wave band of 24.25-28.5GHz in the auction of 5G spectrum**.

Satcom Industry association-India (SIA) which represents the interests of the communication satellite ecosystem in India has **voiced concerns over inclusion of millimetre (mm) wave** in 5G auction.

Read more about 5G [here](#).

What is the mm Wave band?

This is a particular segment of radio frequency spectrum that ranges from 24-100 GHz.

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It has **short wavelength** and is very appropriate to deliver at **high speed and lower latencies**. The current available networks work optimally well on the shorter wavelengths, but they **don't work well on the parameter of speed, which is needed for 5G**.

So for 5G to work at its full potential, and speed up the **mm wave band is very essential**.

What are the concerns voiced by the SIA regarding its inclusion in 5G spectrum action?

According to SIA, this particular band has been reserved for the satellite based broadband services as per **ITU (International telecommunication union)'s directive**. The 5G roadmap of European Union also follows this directive.

If **excess spectrum** is provided, it could pose a downside risk of bands going **unsold or underutilised**.

Also the mm wave band is very critical for the satellite communication industry, and it is very essential to ensure that 5G operations **do not interfere with their current operations**.

How can this negatively impact the satellite communication Industry?

Recently, internet is being provided by the satellite based communication service providers apart from the fibre optic based systems.

So the satellite communication industry is trying to keep the mobile telephony companies out of their competition for the band.

The Industry body also noted that the **330 MHz spectrum** in the 3.3-3.67 GHz band is **enough to satisfy India's mid-band 5G needs** while ensuring a competitive auction.

35. Wishlist for the budget

Source: This post is based on the article "**Wishlist for the budget**" published in **Times of India** on **15th Jan 2022**.

Syllabus: GS3- Government Budgeting.

Relevance: Budget and reforms.

News: Every budget offers an opportunity in the hands of the government to initiate a lot of reforms.

What should the upcoming budget focus upon?

Simplify the tax calculations: Instead of layers of taxation, there should be one simple tax rate.

Prime land, long leases: This will lead to increase in revenue, government here will sell land on prime locations at long leases (of 99 years or 999 years). This will help the public, it will cut commutes, make the cities more efficient, and raise money.

Indian Special Administrative Region: One of the existing Indian cities can be converted into a world-class, fully liberal, governed-by-different-laws city like Dubai or Singapore.

For this, government will need to legally carve out a territory to do business and have some flexible laws, best suited to it.

Government should lower GST on tourism and transportation, this will give the industry a much-needed boost.

Minimum wage: India should have a **minimum wage for labour**. **Domestic help**, for instance, can be hired at any salary, with no holidays all year around. That isn't dignified and creates huge scope for exploitation.

Dignity of people along with economic growth is what makes a country truly developed, not just rich.

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What should be an ideal budget like?

A truly liberalised, economy is one where the budget day shouldn't matter as much. No one day of the year should impact the economy or lives of 1.4 billion people. Budget announcement should be just a means with the government to collect and spend its money.

36. As cryptocurrency becomes mainstream, its carbon footprint can't be ignored

Source: This post is based on the article "As cryptocurrency becomes mainstream, its carbon footprint can't be ignored" published in **Down to Earth** on 14th Jan 2022.

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

Relevance: Environmental concerns associated with Cryptocurrency

News: Cryptocurrency has expanded rapidly. With its increased popularity, problems of environmental sustainability have emerged. These are related to the digital mining of Cryptocurrency, esp Bitcoin, as it creates a massive carbon footprint due to the staggering amount of energy it requires.

Note: In 2019, the global cryptocurrency market was approximately \$793 million. It's now expected to reach nearly \$5.2 billion by 2026.

What are the events that indicate increased adoption of Cryptocurrency?

- Goldman Sachs started trading Bitcoin futures (*agreeing to transact the coin at a predetermined future date and price*).
- Tesla invested \$1.5 billion in Bitcoin. PayPal announced in March 2021 that it would allow its U.S. customers to use cryptocurrency to pay its millions of online merchants.
- In September, El Salvador became the first country to make bitcoin legal tender.
- Big-name brands like AT&T, Home Depot, Microsoft, Starbucks and Whole Foods now accept bitcoin payments

What is the global carbon footprint of the Bitcoin?

- As per Bitcoin Energy Consumption Index from Digiconomist, an online tool, the carbon footprint of Bitcoin, is **equivalent to that of New Zealand**, with both emitting nearly **37 megatons** of CO₂ into the atmosphere every year.
- Bitcoin's total annual power consumption to be around 204.50 terawatt-hours, equivalent to the **power consumption of Thailand**.

How is Cryptocurrency contributing to carbon emissions?

Transactions in Bitcoin are tracked through a public ledger consisting of a network of computers around the world: the blockchain.

Mining allows this validation to take place, which is an **energy-intensive process**.

- In May 2021, at least half of China's significant share of bitcoin mining was located in the coal-rich province of Xinjiang,

Mining is a process in which computational puzzles are solved in order to verify transactions between users, which are then added to the blockchain.

Minting of digital artworks as NFTs (Non-Fungible Tokens) is also done through Ethereum Blockchain, through a process called proof-of-work (PoW), which establishes its unique identity.

- The carbon footprint of a single Ethereum transaction as of December 2021 was **102.38 kilograms of CO₂**

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– The electrical energy footprint of a single Ethereum transaction is about the same amount as the power that an average US household uses in **8.09 days**.

Why the environmental challenges wrt Cryptocurrencies are likely to increase?

There is only a limited supply of Bitcoin available. So, as more bitcoin is mined, the complex maths problems needed for transactions get harder to solve, **demanding more energy in turn**.

Incentives attached to mining: In terms of Bitcoin, each time a miner solves the complex hashing algorithm required to produce bitcoin (the “PoW”), they receive a small amount of the cryptocurrency itself. This means that as the price of Bitcoin continues to rise, so will the incentive to mine the cryptocurrency.

Is the criticism around Bitcoin energy usage right?

It’s important that any valid criticism of Bitcoin considers the **broader perspective** around energy usage.

Bitcoin’s energy transparency places it in a **better position than other, more opaque energy-consuming industries** such as the banking industry. As per reports, the energy consumption of Bitcoin is less than half that produced by the banking and gold industries.

Unlike traditional currency or gold, Bitcoin is not solely a store of value, and not solely a medium of exchange. This makes **Bitcoin’s relative energy consumption productive** in comparison to comparative sectors, given its robust potential uses.

Also, there is often an assumption that the energy used by miners is either stolen from more productive use cases or results in increased energy consumption. But because of inefficiencies in the energy market, bitcoin miners are incentivized to utilize non-rival energy that may otherwise be wasted or underutilized, as this electricity tends to be the cheapest.

For instance: El Salvador, has announced the use of geothermal energy to power its bitcoin mining.