

9pm
Compilation

16th to 23rd Jan 2022

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

General Studies - 2

1. Friend in need: On India-Sri Lanka ties
2. Early Harvest agreements: Explained: Why India is trying to seal a free trade agreement with UK
3. Challenge arbitration awards carefully
4. India's watchwords in a not so bright 2022
5. India-Taiwan relations: India Must Give Taiwan A Helping Hand
6. India-Japan relations: How the India-Japan friendship can help global peace, prosperity
7. Pakistan's National Security Policy: Can Pakistan put off change again?
8. India's rights record, America's blinkered vision
9. Forex party is ending: ON US Fed Balance Sheet Tapering
10. The road to regulatory capture isn't paved with good intentions
11. Is GDP data a reliable way to measure the health of the economy?
12. For sports heroes-Government must consider innovative funding, including legalizing betting
13. Why is the IMF trying to be an aid agency?
14. The future of trade
15. CSR and NGOs: Aiding in governance
16. The 21st century challenge for democracy
17. Poshan Abhiyan- Its time for national self reflection
18. Pangong message-India's border infra better than before. But China far ahead. Project turnaround has to improve
19. The bottom line in Blinken's foray into Southeast Asia
20. The state is not what one thinks it is
21. The Chinese challenge uncovers India's fragilities
22. Supreme court must ensure hate speech guilty are punished
23. On UGC's letter to Central Universities: Wrong answer

General Studies - 3

1. Taxing Cryptocurrency transactions
2. The Cryptocurrency deception
3. How do SDRs help maintain balance of payments?
4. Account aggregators are ready to widen Indian access to credit
5. Search for tax evasion
6. Predatory pricing is prising Indian livelihoods apart
7. The deafening silence of scientists
8. Safety at all costs: On implementation of safety protocols in fireworks industry
9. Taiwanese manufacturers face unfamiliar conditions in India
10. Climate crisis in Kerala: An integrated approach is needed to mitigate impact
11. Expect a torrid pace of policy action in our tech space
12. A partnership to carry India into net-zero future
13. Some ideas for the budget
14. Can people's behaviour change for better?
15. A must-surge year for climate goals
16. Gains from trade
17. Protect the Aravalli Range
18. WHY DIVESTMENT IS AN ELUSIVE TARGET

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

19. The infrastructure push
20. It's the year to turbocharge our renewable-energy drive
21. Defence Ministry's year-end review: Looking ahead to 2022
22. Why India's policy to produce ethanol-blended petrol is short-sighted

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General Studies Paper - 2

General Studies - 2

1. [Friend in need: On India-Sri Lanka ties](#)

Source: This post is based on the article “[Friend in need: On India-Sri Lanka ties](#)” published in **The Hindu** on **17th January 2022**.

Syllabus: GS2 India and its neighbourhood- relations.

Relevance: Understanding the importance of healthy India- Sri Lanka relations.

News: In the visit to Sri Lanka, External Affairs Minister assured to help Sri Lanka to overcome economic and other challenges that occurred because of the pandemic.

What is the economic condition of Sri Lanka?

Sri Lankan economy is in big crisis with a credit crunch, a slump in GDP, foreign reserves that reduced from \$7.5 billion in 2019 to \$1.6 billion in 2021 and pending debt repayments of more than \$7 billion.

Given these conditions, the Sri Lankan president has to make a tough decision in the coming weeks, whether to service debts to bonds with an instalment of \$500 million or leave it to default for the first time ever.

Read here: [Sri Lanka’s economic crisis: Challenges for India – Explained, pointwise](#)

What are the issues in India-Sri Lanka relations?

1) [Fisherman issue](#) 2) Pending political solution for war-torn Tamil areas. 3) Concerns over Sri Lanka strategic ties with China.

Also read: [China-Sri Lanka ties: Chinese Foreign Minister’s Sri Lanka visit highlighted Beijing’s relentless drive in Indian Ocean region, and India’s challenge](#)

What steps were initiated by the Indian government to help Sri Lanka?

-India decided on a “**four-pronged**” initiative” which includes Lines of Credit towards the import of fuel, food and medicines, currency swap and debt deferrals from India to Sri Lanka.

– MOU has been signed on the [Trincomalee project](#) after a decade of delays.

– India has extended \$400 million under the “SAARC currency swap” arrangement.

– India agreed to a partial [deferral of a \\$500 million settlement](#) from Sri Lanka by two months.

– The \$1.5 bn LoC for essential imports is in process.

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2. [Early Harvest agreements: Explained: Why India is trying to seal a free trade agreement with UK](#)

Source: This post is based on the article “[Explained: Why India is trying to seal a free trade agreement with UK](#)” published in **Indian Express** on **17th January 2022**.

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

Relevance: Understanding the FTA.

News: India and UK have formally launched [Free Trade Agreement \(FTA\)](#) negotiations, with the aim of concluding an [early harvest trade agreement](#) over the next few months.

Read here: [India’s FTA ambitions in perspective](#)

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

What will be the benefit of FTA with the UK?

According to India's commerce minister, this interim agreement aims to achieve up to 65% of coverage for goods and up to 40% coverage for services. Till the agreement has been finalized, it is expected that the coverage for goods goes up to 90 plus percentage.

Read here: [Things to watch for as India, UK launch FTA talks](#)

India is also negotiating a similar early harvest agreement with Australia.

What are Early Harvest agreements?

Early harvest agreements initiate bilateral trade by focusing on a restricted list of goods and services. They act as a precursor for a comprehensive FTA.

What are the challenges associated with the Early Harvest agreements?

-They can **result in delaying a comprehensive FTA**. For instance, with **Thailand**, India has signed a **restricted trade agreement in 2004** but has been unable to convert this into an FTA. Similar case with **Sri Lanka**, where India was not able to conclude an agreement on services and investments.

-Early harvest agreements can be challenged in WTO, as only comprehensive FTA's are exempt from WTO rules. **Article XXIV.8(b) of GATT** exempts only those deals which cover substantially all the trade between two countries.

-Expert notes that early harvest deals **reduce the incentive from one side towards a full FTA**.

-But in the case of India, early harvest deals also serve the function of keeping trading partners interested, as India had become known for long-drawn negotiations for FTA's.

Also read: [India's 'early harvest' trade deals could run into trouble](#)

What are the other trade pacts that are under negotiation?

India **currently has 10 FTAs and six PTAs** (preferential trade agreements). It is negotiating 16 new and expanding seven existing agreements, including with trading partners such as Canada, the EU, the US, alongside Australia and the UK.

Read here: [List of India's FTAs](#)

A majority of FTAs under negotiations are "comprehensive" and cover goods, services, investment, IPR, Non-Tariff Measures, regulatory procedures and trade facilitation etc. India is also simultaneously carrying out a review of the existing FTAs with South Korea, Japan and [ASEAN](#) on the ground of India's rising trade deficit with these trading partners.

3. Challenge arbitration awards carefully

Source- This post is based on the article "**Challenge arbitration awards carefully**" published in **Live Mint** on **17th Jan 2022**.

Syllabus- GS2- Government policies and interventions for development in various sectors.

Relevance- Alternative dispute resolution, Project delays, Multiplier effect.

News: Recent guidelines by the central government have asked its arms, including state-run firms to avoid appeal against every arbitration award, especially in the cases that have a low probability of success.

These guidelines are released to avoid project delays.

What are the implications of these project delays?

Project delays and cost overruns cause a lot of **harm to the exchequer**.

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

Government has to at the end pay a **huge amount in the form of compensation and interest costs.**

This also negatively affects the **image of government.**

What have been recent other government initiatives to avoid project delays?

The latest guidelines have removed several hurdles in project management from conceptualization of a project to land acquisition and award of a contract.

Budget 2021-22 enhanced capital expenditure by 34.5% to ₹5.54 trillion.

The ₹111 trillion **National Infrastructure Pipeline (NIP)** is also expected to boost growth.

What is the way forward?

As Public expenditure is key to accelerating growth and creating jobs(**multiplier effect**), it is important that projects get completed on time.

Both the parties in the dispute should be encouraged to resolve the issue through disputes through **discussion and mediation instead of resorting to legal recourse.**

4. India's watchwords in a not so bright 2022

Source: This post is based on the article “**India's watchwords in a not so bright 2022**” published in **The Hindu** on 18th Jan 2022.

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

Relevance: Indo-pacific, Assertive China, Russia-Ukraine conflict, Tehrik-e-Taliban Pakistan, Jemaah Islamiyah, QUAD etc.,

News: Contemporary threats to the World and to India in 2022.

What are the risks/threats that the world needs to confront this year?

One, the future of democracy is under threat. The following reasons are

Rise of authoritarian rulers in many countries.

The attack on democratic tenets in recent years.

America, seen as a bulwark for democracy, has become weak.

The above situations are not a good sign for the future of democracy worldwide.

Two, the challenges that China can pose to the existing international order. The reasons are,

With increasing economic prosperity, China demands to be recognized as equal to the US in world affairs.

Militarily, China is openly challenging U.S. supremacy in many areas, including ‘state-of-the-art weaponry’ such as hypersonic technology.

China's unwelcome attitude towards Hong Kong and the existent threat for Taiwan posed by China could become one of the flashpoints of conflict in 2022.

Further, the Indo-Pacific has emerged as a conflict zone due to China's assertiveness. This could lead to new tensions in the Asia-Pacific region in 2022.

Three, the Russia-Ukraine conflict. With Ukraine backed by the U.S. and North Atlantic Treaty Organization (NATO) forces, the Russia-Ukraine conflict could result in a possible war or conflict. In the past three decades, NATO has expanded its reach almost 1,000 miles to the east in violation of an earlier tacit understanding. Russia might not be willing to concede more.

Four, peace across vast regions of the globe in 2022 is severely constrained. For example, the current unrest in Kazakhstan, which was one of the more stable Central Asian nations,

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

lately. It demonstrates increasing friction between the U.S.-led West and its principal opponents, Russia and China.

What are the challenges for India in 2022?

First, the resurgence of radical Islamist activities in Afghanistan and Indonesia is a potential threat to India's security.

Developments in Afghanistan have fuelled the ambitions of quite a few 'anti-state militant groups' across the region. For example, the Tehrik-e-Taliban Pakistan (TTP). In Indonesia, The Jemaah Islamiyah has reportedly become more active.

Second, India's border issues with China are likely to intensify in 2022. The transgressions across the Line of Actual Control in different sectors in Ladakh could well be expanded in 2022. Because, China is disturbed by India's decision to join QUAD, which is seen as an anti-China coalition.

Third, Indian diplomacy will be under severe test in both regions, Central Asia and West Asia.

In Central Asia, India will be challenged on how best to manage its traditional friendship with Russia with the pronounced tilt seen more recently in India-U.S. relations.

In West Asia, the challenge for India is how to manage its membership of the Second Quad (India, Israel, the United Arab Emirates, and the U.S.) with the conflicting interests of different players in the region.

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5. India-Taiwan relations: India Must Give Taiwan A Helping Hand

Source: This post is based on the article "India Must Give Taiwan A Helping Hand" published in **The Times of India** on **18th January 2022**.

Syllabus: GS2 Bilateral, Regional and Global Groupings and Agreements involving India and/or affecting India's interests.

Relevance: Understanding Taiwan's importance and why India should help it to maintain its global position.

News: To counter the aggressive China policies, India should not repeat its mistake and work towards consolidating Taiwan's position globally.

What China is doing to annex Taiwan?

China has taken many steps to annex Taiwan. It is now working to wipe its international identity by bribing Nations to break off diplomatic relations with Taiwan. China is vetoing Taiwan's presence in international organizations. Today, only 13 Nations and Vatican City recognize Taiwan.

Read here: [Taiwan reports largest ever Chinese incursion](#)

But Lithuania has taken a bold step by allowing Taiwan to open its embassy. Other Nations like the Czech Republic, Poland are seeking to deepen ties with Taiwan.

Why China's claim for Taiwan is not valid?

Taiwan was inhabited by Malayo-Polynesian tribes and had no ties with China until the island's Dutch colonial rulers in the 17th century invited Chinese workers to emigrate. So, accordingly, Taiwan is closer to the Philippines than China.

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

What should Taiwan do to secure its place?

Taiwan needs to create greater international space for itself. This will enable it to get the status of a nation, making it difficult for China to seize the island like it did in Tibet and Xinjiang in 1949.

Also, Taiwan needs to strengthen its defences with anti-Ship and anti-aircraft missiles and increase the cost on the Chinese of any attempted invasion.

What is the significance of Taiwan for India?

Taiwan plays an important role in the defence of India, as it keeps a sizable portion of Chinese forces occupied.

Read here: [Hello Taiwan: New Delhi should boost ties with Taipei not just because of Chinese threat. There are other benefits](#)

Why and how India should help Taiwan?

India needs to learn from its mistakes in Tibet. India had opposed Tibet's plea for a discussion in the UN and handed over telegraph and postal services to China. To help Taiwan, India must reinforce its defences.

Read here: [Confronting Xi: India should engage both the Dalai Lama and Taiwan](#)

India should follow Japan and USA in standing ties with Taiwan. It can also learn from Lithuania and allow Taiwan to rename its “**Taipei Economic and Cultural Center**” in New Delhi as the “**Taiwanese Representative Office**“. India should rebrand its own mission in Taipei as the “**India Representative Office**”.

Read here: [Potential opportunities in better India-Taiwan relations](#)

Taiwan is on the front line against Xi's totalitarianism. Major democracies therefore must act to save Taiwan.

6. India-Japan relations: How the India-Japan friendship can help global peace, prosperity

Source: This post is based on the article “**How the India-Japan friendship can help global peace, prosperity**” published in the **Indian Express** on **18th January 2022**.

Syllabus: GS2 Bilateral, Regional and Global Groupings and Agreements involving India and/or affecting India's interests.

Relevance: Understanding the relationship of India and Japan.

News: The year 2022 marks the 70th anniversary of the establishment of diplomatic relations between Japan and India. It is based on the theme “**building a future for our centenary**.” which means to create a future and propel both countries towards the 100th-anniversary landmark and beyond.

Read here: [Prospects of India- Japan Relations](#)

About the History of India-Japan relations

Formal relations: India and Japan started their formal relations in 1952. To ensure equality and honour after WW II, India chose to opt for a **bilateral peace treaty** with Japan instead of signing a multilateral **San Francisco Peace Treaty**. India also invited Japanese athletes in 1951 to the first Asian Games it hosted in New Delhi. It was an important occasion in Japan as it was one of the first occasions where the Japanese flag was hoisted after WWII.

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

Cultural Relations: In 752, an Indian monk, **Bodhisena**, performed the consecration ceremony for the **Great Buddha Statue at Todai-ji**, which is one of the most important temples in Japan.

Industrial relations: Many Japanese travelled to India to purchase cotton, iron ore, etc, in the late 19th century, when Japan was in need of natural resources to modernize its industry.

Exchange of artists: Exchange between artists was also visible like Nobel Laureate in literature, Rabindranath Tagore, and Okakura Tenshin, a Japanese philosopher.

What is the present status of India-Japan relations?

Today, India and Japan are working as **natural partners** and working together for a “**Free and Open Indo-Pacific (FOIP)**” and various other global issues. Japan is the largest ODA (Official Development Assistance) donor to India. It is also one of the largest investors in India. For example, both countries are collaborating in the [Mumbai-Ahmedabad High-Speed Rail project](#).

Read more: [High-Speed Rail Project and its challenges in India – Explained, pointwise](#)

Apart from it, both countries have together promoted economic cooperation in other countries to enhance social infrastructure and connectivity.

Also read: [Sri Lanka Writes Off Strategic Colombo Port Deal With India & Japan](#)

What are the future endeavours for India-Japan relations?

First, Both countries can work towards ensuring global peace and prosperity. Together, they can work in various fields like including cybersecurity, outer space, and economic security.

Also read: [India and Japan sign Memorandum of Cooperation in field of cybersecurity](#)

Second, India and Japan can work together to enhance their economic relations. This will help to further strengthen the economy of the Indo-Pacific, as well as the world economy.

Also read: [India, Japan, Australia to launch Supply Chain Resilience Initiative\(SCRI\)](#)

Third, There has been an increase in the number of Japanese learners in India. These cultural exchanges can be further strengthened to strengthen the foundation of both countries.

7. Pakistan's National Security Policy: Can Pakistan put off change again?

Source: This post is based on the article “**Can Pakistan put off change again?**” published in the **Indian Express** on **18th January 2022**.

Syllabus: GS2 Bilateral, Regional and Global Groupings and Agreements involving India and/or affecting India's interests.

Relevance: Understanding the reasons behind changes in the National Policy of Pakistan.

News: Pakistan has recently released its National Security Policy, which acknowledges the need for change in its state. But the policy did not talk about how the change will go.

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

What is the present crisis with Pakistan is struggling?

Most of the problems which Pakistan is facing today are similar to which India faced in the 1990s. These are:

1) Economic model, 2) Political instability which leads to weak coalition governments, 3) Social conflicts like caste and religion, 4) External pressure to bring domestic changes.

Read more: [On Pak's National Security Policy document: Pakistan gets serious](#)

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

What are the reasons behind new changes in Pakistan National Security Policy?

Below policy has led Pakistan to bring changes in its National policy:

Cross border terrorism: With the end of the Cold War, Pakistan chose to opt for cross border terrorism to bring instability to Kashmir and turn Afghanistan into a protectorate.

Economic modernization: Pakistan has done little to bring reforms to its economy. As a result, its economy in 2021 (GDP at \$280 bn) is well behind that of Bangladesh (\$350 bn). The Indian economy at \$3.1 trillion is also more than 10 times larger than that of Pakistan.

Foreign policy: In the past, Pakistan played a large role in the Middle East and more broadly the Muslim world. But today, its equities in the West have steadily diminished. It does not get a call from Joe Biden since he has been elected as USA president.

Backfire of policies: Pakistan's support for violent religious extremism has also started to backfire. Militant groups which were once seen as valuable instruments for Pakistan have now turned against the state. Also, severe financial penalties have been imposed on Pakistan by the international system for supporting terrorist activities.

Troubled relations: After USA intervention in Afghanistan, Pakistan had a chance to change its course. Instead, it has chosen to bring them back to power. This may lead to the wrath of the USA. And Taliban on the other hand is signalling it is not a proxy of China.

India has also changed its tactics of engagement with Islamabad. Now, India is not shy of using military power in response to terror attacks.

8. India's rights record, America's blinkered vision

Source: This post is based on the article "India's rights record, America's blinkered vision" published in **The Hindu** on 4th Jan 2022.

Syllabus: GS 2 – India – U.S bilateral relationship

Relevance: India – U.S relations

News: India's friendly diplomatic relation with the U.S is providing India a certain immunity from international criticism.

Instances where the U.S has taken an accommodating view w.r.t India, despite some concerns?

Firstly, the issues of purchasing S-400 from Russia. Despite the US voicing out their disinterest in purchasing military equipment, their administration did not think it was necessary to penalize India's actions.

Secondly, the US has taken an accommodating view despite India's downgrades in democratic norms and human rights. **For instance,**

The **U.S. State Department's Country Report on Human Rights Practices** itself recorded "significant human rights issues" in India. It includes extrajudicial killings, torture, arbitrary arrest and detention, violence against minorities, unjustified harassment of journalists, and censorship and blocking of websites.

India is rated poorly by the **U.S.-based Freedom House** which called it 'partly free'.

Sweden's V-Dem Institute dubbed India as an 'electoral autocracy'.

India was ranked 142 in the **World Press Freedom Index** of Reporters Without Borders.

The **U.S. Commission on International Religious Freedom** has for successive years recommended that India be listed as a 'country of particular concern' due to its treatment of Muslims and Christians.

India is ranked in the **Open Doors World Watch List** for 'extreme' Christian persecution below Syria, Iraq and Saudi Arabia.

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

The U.S. government has ignored all these findings due to Narendra Modi's positioning India as an indispensable partner.

Thirdly, criticism of India in world media has also been shielded to some extent due to India's close relationship with the U.S.

Western countries manage to shield their viewpoints, because, world media is being dominated by a handful of western capitals.

What are the issues/ concerns associated with the US?

West-dominated English-medium news ecosystem dominates globally. Western countries can direct unjust criticism towards their opponents using this dominant media system. Many times other countries have tried to create rival media platforms, however, they have failed to compete. Following are some of the unjust actions of western countries, shielded by western media.

Dubious Sanctions: Unilateral sanctions based on uncertain international laws have been the West's instrument of choice for penalising political adversaries. For instance, Threats of "massive consequences and severe economic cost" against Russia by G7 countries and the European Union.

Selective criticism: A boycott of the Winter Olympics in China by irrelevant western officials was promoted. However, the Football World Cup in Qatar was not opposed, even though, it is an absolute monarchy where there are scant civil and political rights, workers' rights are negligible and homosexuality is deemed illegal.

U.S tries to protect fundamental rights in other countries, whereas, in the last 12 months, its police have murdered 37 African-American people per million against 15 per million whites. African-Americans comprise only 13% of the population.

9. Forex party is ending: ON US Fed Balance Sheet Tapering

Syllabus – GS Paper 2 – International Relations – Effect of policies and politics of developed and developing countries on India's interests

Source: This article developed based on the article "**Forex party is ending: ON US Fed Balance Sheet Tapering**" in **Times of India** on **4th January 2022**.

News: US Federal Reserve (Fed) is increasing the speed of balance sheet tapering.

As mentioned in the news, US Federal Reserve (Fed) will double the pace of its balance sheet tapering and end its net asset purchases by mid-March 2022.

Balance sheet tapering means gradual slowing of the pace of the Fed's large scale asset purchases, which was aimed at providing monetary stimulus to the economy. It may also lead to increase in interest rates.

US balance sheet policies always have a major effect on the economies of emerging countries. When US cuts interest rates and expands balance sheet, it triggers capital inflows, local currency appreciation and higher asset prices in emerging markets.

Why India is better prepared against any ill-effect of US balance sheet taper?

Unlike 2013 taper, this time the affect will not be substantive in India, due to the following reasons:

First, federal reserve has communicated its intentions a bit early this time. It has provided some time to the economies, to be prepared.

Second, India is less vulnerable to external vulnerabilities now. It is because Rupee is not overvalued, as was the case in 2013. Also, India's current account is in surplus and Foreign Currency reserve currently cover nearly 12 months of imports.

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

Third, basic balance of payments (BBOP) is in surplus (BBOP is the sum of current account and net FDI inflows).

What are the causes of concern?

However, there are also, reasons of concern:

–**The Current Account trend** is changing. Merchandise trade deficit is widening.

–**Higher commodity prices** such as crude oil, metals, etc., and improvement in domestic demand is increasing India's import bill.

–**Gold imports** have surged over the last year, rising to \$55 billion in the 12 highest since 2013.

–**India's BBOP** is going into deficit from surplus.

–**High relative inflation**, compared to competitor Asian countries can erode its export competitiveness.

10. The road to regulatory capture isn't paved with good intentions

Source: This post is created based on the article "**The road to regulatory capture isn't paved with good intentions**", published in **Live Mint** on **4th January**.

Syllabus: GS Paper 2 – Indian Polity – Statutory, regulatory and various quasi-judicial bodies

News: Regulatory Capture is affecting Indian Economy.

Regulatory capture is common in all industry segments that have a **sectoral regulator**. It is a situation, when act in favor of companies or special interest groups of the sector, instead of protecting and promoting the public interest.

One example from US defines regulatory capture perfectly. An **addictive medicine OxyContin** was labelled by regulator Food and Drug Administration (FDA) as a non-addictive medicine, on the lobbying of drug maker Purdue Pharma.

What are the examples of regulatory capture in India?

First, the case of Yes Bank's repeated attempts to recover its money from defaulter Dish TV. In this case, **Debt Recovery Tribunal (DRT)** ruling frozen the Yes Bank's voting rights in Dish TV. The Delhi High Court in this case observed that the DRT's orders exhibited complete lack of judicial discipline. Not only that, but a state's police also attempted to freeze Yes Bank's voting rights in this case.

Second, on many occasions, SC has criticized **National Company Law Tribunal (NCLT)** for its rulings. On 13 September 2021, SC expressed its concern over the NCLT's long delays in resolving insolvency cases under the Insolvency and Bankruptcy Code (IBC). A parliamentary panel report showed that over 70% of IBC cases were pending for more than 180 days.

Third, the **Director General of Civil Aviation** is the part of the civil aviation ministry. Its majority of duties, written on the civil aviation ministry's website are mostly linked to airlines and aircraft. Thus, it tends to rank airline viability and profitability over the protection of passenger rights.

Fourth, the trend of regulatory capture in India is not practiced just by industries, but also by governments. It is done by either influencing the existing regulators or creating new ones. **For example**, proposed **Digital Protection Authority**, which will not only exempt the state from most data privacy norms, but would also wield the power to select the chairperson and other board members.

11. Is GDP data a reliable way to measure the health of the economy?

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

Source: This post is based on the article “**Is GDP data a reliable way to measure the health of the economy?**” published in **Indian Express** on 4th Jan 2022.

Syllabus: GS 2 – Issues related to the development of the Indian economy.

Relevance: GDP calculation

News: There are serious problems with India’s GDP data. Any analysis of recovery or growth forecast based on this data must be discarded.

The primary yardstick analysts use to measure the economy’s health is GDP. The RBI and multilateral agencies use GDP statistics to make claims about the future growth path.

The NSO released the current GDP series in 2015, using 2011-12 as its base year. Since then, the new series has been involved in controversy.

Scholars have pointed to measurement issues, both in the nominal and real GDP growth rates. Yet none of those issues has been addressed. As a result, the measurement errors still persist.

Why the GDP data, as a measure of economic recovery, is questionable?

First, the issue of Double deflation.

The NSO calculates real GDP by gathering nominal GDP data in rupees and then deflating this data using various price indices. The nominal data needs to be deflated twice. Once for outputs and once for inputs. But the NSO, deflates the nominal data only once. It does not deflate the value of inputs.

How it affects GDP numbers: Consider the following scenario. For instance, when the price of imported oil goes down, input costs will fall and the profits recorded by Indian firms will rise. Since NSO doesn’t deflate away the increase in profits, it records a purely nominal increase as a real increase in GDP. Thereby, it ends up overstating growth.

Similarly, in the opposite scenario, when the oil price rises, the growth rate could be underestimated.

Some have argued that the deflators were improved in the new series by shifting to the CPI. But the fact is that in many cases, the WPI (the cost of inputs is measured by the WPI) is still used for deflation.

Second, NSO has not updated the sectoral weights.

When NSO calculates GDP, it takes a sample of activity in each sector, then aggregates the figures by using sectoral weights.

To make sure that the weights are reasonably accurate, the NSO normally updates them once a decade.

It has now been more than 10 years since the weights were changed, and there are no signs of a base year revision.

As a result, the sectoral weights are still based on the structure of the economy in 2010-11. The fast-growing IT sector is being underweighted, which implies that GDP growth is being underestimated.

Third, NSO has not made any adjustments to its methodology for estimating the growth of the unorganized sector.

Usually, to estimate the growth of the unorganized sector, NSO assumes that the sector has been growing at the same rate as the organised sector.

However, starting in 2016 the unorganised sector has been disproportionately impacted by a series of shocks. For example, demonetisation, the implementation of GST, the problems in the NBFC sector, and the Pandemic. All these have severely impacted the unorganised sector more than the organised sector.

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

12. For sports heroes-Government must consider innovative funding, including legalizing betting

Source: This post is based on the article “**For sports heroes-Government must consider innovative funding, including legalizing betting**” published in The Times of India on 4th Jan 2022.

Syllabus: GS2- Government policies and interventions for development in various sectors.

Relevance: Development of sports in India

News: At a recent sports university inauguration, the PM of India said that Indian youth should be motivated to take up sports as a career.

Although India has had its best performance of the history at the Tokyo Olympics this year by winning 7 medals including a gold in Javelin, but the fact remains that except cricket other sports in the country lack an ecosystem of professionalism and excellence.

Must Read: [Sports sector in India: Issues and challenges – Explained, Pointwise](#)

Why is sports not a preferable career choice for most Indians?

Sporting **infrastructure** in the country remains very **underdeveloped and insufficient**.

The lack of funding at the grassroots level: Funding is mostly directed towards the few top athletes with international medal-winning potential. This makes sports a less viable career option for the majority of the others who lack the resources to pursue it.

Must Read: [Preparing India for a sporting future](#)

What is the way forward?

Lessons from other countries: India can learn from the sporting models followed by other countries. **For instance: USA** has strong **sporting cultures in universities** that not just produce top-ranked athletes but also employ trainers, sports doctors and scientists. However, India lacks any such university ecosystem.

Legalising betting: It can yield substantial **revenue in the form of taxes** for creating sports talent hubs across the country. For instance: **UK’s national lottery funding for sports** works on **legalising the sports betting**.

Also, Legalised betting would also **check illegal bookmaking and its link to match-fixing mafia**.

Once the foundational sports ecosystem are set up, the flow of private investment in the sector will be easier.

Must Read: [Making India a sporting nation | Every sportsperson is a champion | Why Funding sports is an Olympian hurdle](#)

13. Why is the IMF trying to be an aid agency?

Source: This post is based on the article “**Why is the IMF trying to be an aid agency?**” published in **Business Standard** on 4th Jan 2022.

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

Relevance: IMF

News: There are strong arguments for revamping the financial structure of the IMF.

The International Monetary Fund (IMF) attempting to modify itself into an aid agency, instead of embracing its traditional role of helping troubled debtor countries.

What is the issue with the IMF’s financial structure?

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Due to the absence of strict conditionality requirements, the vast bulk of the funding they provide takes the form of outright grants, rather than loans. Some recent cases are, One, Argentina received a massive \$57 billion loan in 2018 with uncharacteristically weak IMF conditions attached and is now resisting repaying.

Two, Unconditional loans to the Nigerian government that is restricting food imports to an under-nourished population. Thereby exacerbating the problems caused by the government's own exchange-rate controls.

Third, giving approval to countries with exploding debt-to-gross domestic product ratios based on very optimistic assumptions. For instance, the 2021 Article IV report for Ghana is a case in point.

Similarly, providing funds for large emerging markets such as Brazil and South Africa, arguing that dealing with the pandemic is the absolute top priority, despite soaring debt levels, rising inflation.

Consequence of irresponsible lending: Since the IMF is still very much structured as a lending agency, it eventually will have to be repaid or go bankrupt itself.

What is the root cause of such problems?

The root cause lies in its faulty design.

Firstly, the Rapid Financing Instrument, a lending facility that does not require countries to enter into a "full-fledged" adjustment program and that in practice requires few conditions or none at all.

Secondly, it has persuaded its members to approve an emergency issuance of \$650 billion in special drawing rights, which also have essentially no conditions. SDRs are basically direct aid that goes to every IMF member, including Russia and Iran.

What are the suggestions to reform the IMF financial structure?

One key condition should be that IMF funds are not used simply to repay private creditors. Forceful IMF conditionality is essential to establish financial stability and ensure that its resources do not end up financing capital flight, repayments to foreign creditors, or domestic corruption.

In a world where private capital flows far outweigh official lending, traditional IMF programs still have a critical role to play in mitigating and managing financial crises.

14. The future of trade

Source: This post is based on the article "The future of trade" published in **Business Standard** on 4th Jan 2022.

Syllabus: GS2- Bilateral, Regional and Global Groupings and Agreements involving India and/or affecting India's interests..

Relevance: RCEP, India and global value chain

News: **Regional comprehensive Economic partnership (RCEP)** which was signed in 2020 , **came into force** on New Year's Day. India was part of the RCEP process but eventually pulled out of joining.

RCEP's arrival is a reminder that the future of the international trading architecture increasingly seems to be coalitions of the willing i.e. **plurilateral or regional trade pacts.**

Why India didn't join the RCEP?

India has its reasons for not joining the RCEP like,

– The excess influence China will have in the pact

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- Apprehensions regarding its impact on dairy sector
 - Presence of a broader pessimism about trade may also be an underlying reason
- However, some recent happenings show that India is softening its approach towards trade agreements.

Must Read: [India exits RCEP](#)

What are these positive developments?

Renewal of discussion on [FTAs](#), such as with the European Union, Israel and the United Arab Emirates, UK.

Attempts at "[early harvest](#)" agreements with larger and more problematic trading partners like the UK

Though these will have a limited effect as compared to joining a trade pact like RCEP.

Must Read: [India must tread with caution on early-harvest deals, say experts](#)

What is the way forward?

India's continued **observer status in the RCEP** can be utilised to examine its pros and cons for the Indian economy, if India joins it in the future.

Also, there is need for a keener understanding of the **domestic reforms** necessary to become part of the value chains of the future.

Govt should work towards **introducing reforms and tariff rationalisation. New-age trade agreements** are as much about "**behind the border**" **adjustments** such as regulatory harmonisation as they are about tariffs.

Lastly, the tendency to increase tariffs on average in the Union Budget must end.

15. [CSR and NGOs: Aiding in governance](#)

Source: This post is based on the article "[Aiding in governance](#)" published in **The Hindu** on **4th Jan 2022**.

Syllabus: GS 2 – The role of NGOs, SHGs, various groups and associations, donors, charities, institutional and other stakeholders.

Relevance: To understand the cooperation between CSR and NGOs.

News: Recently, The Union Ministry of Home Affairs (MHA) refused the application for renewal of FCRA registration of Missionaries of Charity (MoC). Similar such instances impact the synergy between NGOs and Government. But, the research shows that it is the synergy of NGOs, Government and corporates is the way for development.

Must read: [Foreign Contribution \(Regulation\) Act and NGOs – Explained, pointwise](#)

About the Corporate Social Responsibility (CSR) and NGOs

Section 135 of the [Companies Act](#) mandates corporates who are beyond a certain level of profits and turnover to pay at least 2% of their net profits before tax to the development space. This law gives corporates the necessary impetus to collaborate with non-state actors like Non-Governmental Organisations (NGOs) and Civil Society Organisations (CSOs).

[Corporate Social Responsibility \(CSR\)](#) grants have assumed importance to provide the much-needed sustenance to NGOs and CSOs as key players in non-state governance. This strengthening of citizenry-private partnerships is a major component of development activities.

Read more: [FCRA Amendments are Crippling Work of NGOs](#)

How do CSR and NGOs help in India's development?

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-Non-state actors bring capital to corporate companies and help the state by engaging in welfare activities. When non-state actors take a large load off the state's shoulder, the state can focus more on governance.

-NGOs and voluntary groups/organisations have played a significant role in building the capacities of citizens to hold governments accountable.

-The Right to Information (RTI) campaign became law after decades-long efforts by NGOs. The law has brought a dramatic change in the degree of transparency in India, with most Government ministries falling under its ambit.

-The District Collector calls on vetted NGOs/CSOs to implement various schemes during the normal course of the day.

-NGOs and CSOs sometimes do the heavy lift and ensure that schemes reach the last person, even in the face of disaster.

The CSR law created a legal framework for corporates to work with NGOs and CSOs. NGOs and CSOs in India will play a major role in mobilising citizen action to right various wrongs. They can help contribute to the better polity as well as better governance. Most importantly, they have the legitimacy to operate as integral cogs in the wheel of good governance.

16. The 21st century challenge for democracy

Source: This post is based on the article “**The 21st century challenge for democracy**” published in Indian express on 4th Jan 2022.

Syllabus: GS 2

Relevance: Democracy, Nationalism, Erosion of democracy

News: The 20th century was seen as the century of **democracy's expansion**.

But the recent factors like rise of authoritarian regimes, parties with huge majority and hype of nationalism have somewhat endangered democracy.

If it has to be prevented from this decay, then the public discourse around questions of its meaning, purpose and limits needs to be revived.

What are the factors that are/may harm the institution of democracy?

An oversized image of the leader: Excessive majority and unbound faith prevents constructive criticism, which may lead to turning a democratic polity into an autocratic one.

If elected leaders are left unquestioned then they may use it for not just changing the physical structures of the polity, but to affect even the ideological foundations on which it stands.

Electoral majorities are sometimes projected as representing the view of a single community which may create **divergence** between different communities and may even lead to **prejudices and conflict** in the society.

And at the level of polity, this may lead to the sentiment of **communalism/ hyper-nationalism** overpowering the principles of **democracy**.

All of these factors are so much a part of institution of democracy that it becomes difficult to tough to identify them, critique them and isolate them. That's why scholars have been calling these as “**democratic**” ways of **subverting democracy**.

What are the challenges that India faces in protecting its spirit of democracy?

– Politicisation of Bureaucracy

– Allegations on **media of being biased towards** ruling party of the day at any time.

– Allegations that **Judiciary** has in some cases failed to prevent erosion of democratic credentials.

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How can democracies adapt and overcome these concerns?

Path of Protests, agitations and movements: This has seen the involvement of students, farmers and many other sections of the society. While these protests may not substantially alter the course of democracy's erosion, they do have the potential of rejuvenating people's agency.

Need of politics which is not person or one party centric: India is a multiparty democracy and only this normal politics will do justice to it. Normal politics means that no party, no leader, no idea, no dream is final or invincible.

Need for ideological engagement at the intellectual level: There is need to ponder over the question that what we mean by democracy and what we need to do with it.

Democracy can be practised in real terms only if there is **emphasis on inclusion, institutions, procedures and deliberation and power-sharing**.

Globally, **governments have turned into regimes**. The challenge is to break this regime-ness and treat elected representatives for what they are — **just power-holders, deservingly scrutinised for their use of power**.

These changes will not happen through any set grand political theory, but these pathways have to be **utilised daily, in matters of routine nature** where democracy is being compromised. **Political criticism** keeps democracy alive.

17. Poshan Abhiyan- Its time for national self reflection

Source: This post is based on the article "**Poshan Abhiyan- Its time for national self reflection**" published in **Livemint** on **4th Jan 2022**

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

Relevance: Nutrition status, Child care.

News: [National Family Health Survey \(NFHS-5\)](#) which was released a few months back indicates slow improvement in India's malnutrition situation.

What have been the positives regarding nutritional status in India?

Substantial improvement in **maternal-child health services, including antenatal care (ANC) services, child immunizations and diarrhoea management**.

Significant improvement in fixing the **underlying causes of undernutrition, such as improved sanitation services, a lower total fertility rate, 10 years of schooling** etc.

These positive outcomes were achieved through **greater political commitment**, and initiatives like Jandhan Yojana, Mission Indradhanush and Janani Suraksha Yojana under the National Health Mission, Swachh Bharat Abhiyan, Ujjawala Scheme, Beti Bachao Beti Padhao.

What are the areas where India needs improvement?

NFHS also presents some negative facts and figures like

Every third child under five and a fifth of women is undernourished, while more than every second child, adolescent and woman is anaemic.

Lack of essential nutrition interventions during the first 1,000 days of life (270 days of pregnancy and 730 days 0-24 months).

No maternal nutrition policy and weak implementation of Infant and young child feeding policy

Although, there has been an Infant and Young Child Feeding (IYCF) policy since 2000. **Caregivers are not well-informed about what, when and how often to feed a child**

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over six months, contributing to obesity, micronutrient deficiencies and increased chances of adult-onset non-communicable diseases.

Behavioural Changes: Some studies show that 20% of undernourished children are from communities with the highest wealth index which highlights that the main reason behind these issues is a failure to effect behavioural problems and lack of awareness.

Nutrition care is divided into prevention and care between our health system and ICDS: ICDS is the main government program to improve the nutritional status, but has no opportunities for direct contact with the young mother to influence nutrition practices.

On the other hand public health system that is in charge of ANC (Ante-Natal Care), child delivery and immunization has an advantage of a minimum of 15 contact occasions with mothers, from the start of pregnancy.

What is the way forward?

Training mothers for early care and breastfeeding: Only 9.8% of the children of such trained mothers were underweight at six months, compared to 18.1% of the children of untrained mothers.

Complementary feeding of semi-solids also needs attention. Only one in 10 children above 6 months receives an adequate diet in line with the recommended frequency of semi-solids.

Frequent interpersonal counselling by health workers/medical teams at the right time can be a game changer.

Merging the human resources of ICDS with India's primary healthcare system would strengthen maternal-child nutrition and healthcare workforce and teamwork. This could cost-effectively lower child mortality, as 68% of India's under-5 mortality is associated with undernutrition.

18. Pangong message-India's border infra better than before. But China far ahead. Project turnaround has to improve

Source: This post is based on the article "**Pangong message-India's border infra better than before. But China far ahead. Project turnaround has to improve**" published in **Times of India** on 4th Jan 2022.

Syllabus: GS2- India and its neighbourhood- relations.

Relevance: Border infrastructure along Line of Actual Control (LAC), Indo-China relations.

News: China already has a superior border infrastructure than India and has recently also finished a lot of projects along the Line of Actual Control (LAC) in Ladakh.

Years of investment and an easier bit of topography of the Tibetan plateau gives China an advantage.

What have been the recent Chinese advancements on the border areas?

China is ramping up its infrastructure along the LAC.

This includes a new bridge across the [Pangong Tso](#) as well as additional troop shelters, gun positions, helipads and jetties in the area between Finger 8 and its military bases at Sirijap-I and II.

What have been the efforts from the Indian side to counter China's border development?

India has for the longest time believed that inaccessibility on its side would actually deter the Chinese from intruding across borders. But the border clashes over the years have proved the contrary.

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So, **India changed its approach, especially in the last 15 years.** Since the **Galwan clash** in June 2020, the pace of Indian border infrastructure **development has quickened.**

– In June 2021, 63 bridges across six states and two Union territories along the LAC went operational.

– Government implemented the **Shekatkar Committee recommendations** regarding border infrastructure that enhanced the Border Roads Organisation's procurement powers from Rs 7.5 crore to Rs 100 crore.

What is the way forward?

India needs to focus on overcoming the problem of lack of **inter-ministerial coordination** and the **delayed environmental clearances.** **For instance:** Failure of the project involving the construction of over 40 integrated border outposts along the LAC due to poor coordination between the ministries of home affairs and Jal shakti.

To be able to counter China successfully, India must utilise its **limited resources smartly** by **cutting red tape** and **clearing border projects quickly.**

19. The bottom line in Blinken's foray into Southeast Asia

Source: This post is based on the article "**The bottom line in Blinken's foray into Southeast Asia**" published in **The Hindu** on 5th Jan 2022.

Syllabus: GS 2 – Bilateral, Regional and Global Groupings and Agreements involving India and/or affecting India's interests.

Relevance: Indo-Pacific, ASEAN centrality

News: Both China and the U.S. are trying to attract the Association of Southeast Asian Nation (ASEAN) countries to their side. The US wants to overcome the Chinese domination in the ASEAN by pitching the issue of ASEAN Centrality and by countering China's aggressive rise.

How the US is employing the ASEAN centrality tactics to attract South Asian nations?

In his speech at Universitas Indonesia on December 14, Mr. Blinken laid out the five core principles shaping the American strategy of a free and open Indo-Pacific. Alongside, he also underlined the mechanisms that the U.S. is adopting to implement these core principles.

He also stressed the following concerns made by ASEAN nations about China's aggressive actions. For example,

- Claiming open seas as their own,
- Distorting open markets through subsidies to its state-run companies,
- Denying the exports or revoking deals for countries whose policies it does not agree with,
- Engaging in illegal, unreported, and unregulated fishing activities.

How the US is trying to counter China's rise directly in the Indo-Pacific?

The US is trying to counter China mainly in two areas. One is the **South China Sea** and the second is the investment in the infrastructure development of Southeast Asian countries.

1. South China Sea

The U.S. has continued its **Freedom of Navigation** Operations in the disputed waters of the South China Sea to challenge unlawful maritime claims by China.

The US has also brought up the 2016 international tribunal ruling which had rejected the Chinese nine-dash-line claims.

2. Infrastructure development

Through infrastructural investments under its Belt and Road Initiative (BRI), China has attracted many ASEAN nations. For instance, Chinese investments have driven countries such

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as Cambodia and Laos to do China's bidding in the ASEAN, even at the cost of compromising ASEAN's unity.

To counter this, the US has reiterated that it remains committed to closing the infrastructure gap.

The US has pointed out that the members of the Quad (Australia, India, Japan, and the U.S.) have provided more than \$48 billion in government-backed financing for infrastructure for the region.

Further, the U. S is promising to do more under the **Build Back Better World initiative** and the **Blue Dot Network**.

The U.S. is also trying to showcase a **comprehensive economic framework** in the Indo-Pacific.

What is the way forward?

Providing proper alternative models of investments for development in sectors such as infrastructure, digital economy, supply chain, and health for the Southeast Asian nations will be critical.

The economic framework, investment plans, and promises outlined by Mr. Blinken need to be made operational quickly if the US is to show that it is indeed serious about sustained commitment toward the Indo-Pacific.

20. The state is not what one thinks it is

Source: This post is based on the article "The state is not what one thinks it is" published in **Business Standard** on 5th Jan 2022.

Syllabus: GS 2 – issues related to governance

Relevance: Idea of State

News: Conferring a limited form of legitimacy to traditional institutions is one way to bring society, nations and super-states back to reality.

The biggest challenge the world faces today is steady collapse of traditional institutions. For instance,

From the United Nations and supra-national bodies like the European Union or the World Trade Organization, not one functions with any amount of efficacy.

Monetary authorities have failed which is why we see such economic disruption and growing belief in non-state currencies like cryptos.

The judiciary has failed almost everywhere except in small countries with a common ethnicity (like the Nordics).

The rise of cult-like leaders in many countries is a desperate move by citizens to see if strongmen can do somewhat better than their failing institutions.

What is the reason for the collapse of traditional institutions?

The reason is we have defined the word "state" to largely conform to the Westphalian idea of it. State does not mean just government, legislature, judiciary or law enforcement. It has to include all institutions that exert authority on the individual.

The reality is many kinds of state which we can loosely define as any institution with some authority over individuals exist. For instance,

The family is a micro-state, for it exercises some control over a few individuals.

The tribe and community also constitute a state, for they influence how their members behave.

Corporate institutions are quasi states, for they can enforce behaviours among employees, vendors, and distributors.

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Google, Facebook (now Meta), Twitter and Microsoft are cyber states, and often they exert more influence and know more about their “citizens” than the regular state authorities do.

How the idea of flawed state is impacting Individual rights?

The idea of liberal state was originated to destroy the legitimacy of every other institution because other institutions had not been reformed, or were seen as instruments of oppression.

Though it is important to acknowledge that traditional institutions were oppressive to a greater or lesser degree, but using state power to destroy them completely makes state power itself illegitimate after a point. For example,

After some time when all traditional institutions are destroyed, state will gain so much power as to threaten individual rights itself.

This will force non state actors to overthrow the state and the state, allegedly to protect citizens, demands more powers to invade privacy and make laws that would have not been accepted earlier.

What is the way out?

Need to legally build some legitimacy back into traditional institutions and subject some freedoms of individuals to their rules and internal regulations.

State should be given overriding powers over traditional institutions, and individuals can always be given a right to appeal over the heads of these traditional forms of authority.

The social capital that exists within such traditional institutions, from religious authorities to khap panchayats, must be used for the greater good by making them more accountable and self-regulating.

21. The Chinese challenge uncovers India's fragilities

Source: This post is based on the article “**The Chinese challenge uncovers India's fragilities**” published in **The Hindu** on **6th Jan 2022**.

Syllabus: GS2 – India and its neighbourhood

Relevance: Indo-China relations

News: The Indo-China border crisis has brought out the political, economic and diplomatic problems between the two countries, which have been the result of choices made after 2014.

With the loss in the 1962 war against China, India lost its pre-eminent position in Asia. With the present display of weakness six decades later, India is in danger of losing its dominant influence even in South Asia.

It's time for the Indian PM to step up and personally resolve the crisis.

How has China pushed on with its aggressive gestures against India?

After border crisis, China has taken various aggressive military and diplomatic steps like:

Renaming of places in Arunachal Pradesh: Beijing recently renamed 15 places in Arunachal Pradesh, following the six it had done in 2017, weeks after the Dalai Lama visited Tawang. China justifies the renaming as being done on the basis of its historical, cultural and administrative jurisdiction over the area. It said that ancient names of these areas were changed by India after “illegal occupation”.

New land border law: On January 1, 2022, it's [new land border law](#) came into force. This law supports, and mutually reinforces — the construction of **Xiaokang border villages** by China along its disputed border with India.

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As per satellite images, at least two of these villages have been constructed on the Indian side of the LAC in Arunachal Pradesh. These villages will come in handy for Beijing when the **principle of 'settled areas'** is invoked to resolve the border dispute in the future.

Emboldened Chinese diplomats: Even the diplomats, posted at the Chinese Embassy in Delhi, have been emboldened by India's cautious response to Chinese Govt's gestures. Recently, Political Counsellor of the Chinese Embassy, Zhou Yongsheng wrote an angry letter to Indian Members of Parliament, including two Union Ministers, for attending a meet organised by the Tibetan government-in-exile. This angry missive (long official letter) from an Embassy official to two Ministers has earned no reaction or condemnation from the Government for the Chinese Ambassador.

What are the challenges before India?

Firstly, India has **run out of proactive options against Beijing** that will force its leadership to change course on its India policy. Tibet and the Dalai Lama are no longer effective deterrents.

Secondly, **Beijing does not care for its declining popularity** among the Indian populace.

Thirdly, there is a **huge trade deficit b/w India and China**, which is driven by Indian dependency on Chinese manufacturing. This situation has further worsened by the Government's mishandling of the novel coronavirus pandemic.

What is the way forward?

The **Quad** has remained a non-military grouping. Moreover, the signing of the **AUKUS** and the humiliating American exit from Afghanistan proves that India will have to deal with the Chinese challenge on the border on its own.

India can prevent any further loss of territory to China with extensive military deployment on the LAC, while hoping that the crisis is resolved with **Moscow's help**. Russia has offered a Foreign Ministers meeting Russia-India-China grouping, but India has stressed on China to take some steps first to resolve the border crisis.

Government should adopt a **collegial and deliberative model of decision-making**, which requires cooperation and consensus among different stakeholders.

22. Supreme court must ensure hate speech guilty are punished

Source: This post is based on the article "**Supreme court must ensure hate speech guilty are punished**" published in **The Indian express** on **6th Jan 2022**.

Syllabus: GS2-Indian Constitution- historical underpinnings, evolution, features, amendments, significant provisions and basic structure.

Relevance: Hate speech. Constitutional right.

News: Recently, some **hate speech incidents** have taken place in Uttarakhand and Delhi.

Here the speakers have given Speakers made statements about killing Muslims to make a Hindu Rashtra, shooting a former prime minister and calling upon the police, leaders and the army to take up arms to indulge in ethnic cleansing.

Although the **government has constituted an SIT** to look into the matter, there is need for **more concrete actions** in such which atters of this grave importance.

These can have **serious implications for peace and stability** in the country.

What has been the Supreme Court's views on hate speech?

Incidents like these involving the question of **the rule of law**, which is part of the **basic structure** of the Constitution.

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SC in **Pravasi Bhalai Sangathan v. Union of India** had defined “**hate speech**” as “**an effort to marginalise individuals** based on their membership in a group.”

It further said, “*Hate speech lays the groundwork for later, broad attacks on the vulnerable that can range from **discrimination to ostracism, segregation, deportation, violence and, in the most extreme cases, to genocide.***”

The court observed that: “*The root of the problem is **not the absence of laws but** rather a lack of their **effective execution.***”

How is Article 21 relevant to the current issue?

All citizens in India are guaranteed their right to life and personal liberty. Issuing threatening statements against anyone or any specific community is a clear violation of this right enshrined under Article 21.

Right to life and personal liberty (Article 21): Constitution of India affords all citizens equal rights.

SC has held that Article 21 must be interpreted in conformity with **international law**, as **India is a signatory to the [International Covenant on Civil and Political Rights, 1966](#)**.

The state therefore has an absolute obligation to ensure that this right is **not just preserved but protected**.

What are different views on the values of fraternity and equal rights?

Sardar Vallabhbhai Patel had stated in 1949 that “*It would be in the interest of all to forget that there is anything like majority or minority in this country and that in India there is only one community.*”

Constitutional framers had advisedly incorporated “**fraternity**” as one of the goals in the **Preamble**.

B R Ambedkar, had stated in the Constituent Assembly that: “**Fraternity is the principle which gives unity and solidarity to social life.**” “*If we continue to deny it for long, we will do so only by putting our **political democracy in peril.***”

In **I R Coelho v. State of Tamil Nadu** the Supreme Court itself held that “*Over the years, the jurisprudence and development around **fundamental rights** have made it clear that they are not limited, narrow rights but provide a **broad check against the violations or excesses by the State authorities***”.

What is the way forward?

Whenever there is an indication that rights of citizens or any section of it are compromised then **Supreme court must step in** as it is **the real custodian of the fundamental rights of citizens and their ultimate protector**.

23. On UGC’s letter to Central Universities: Wrong answer

Source: This post is based on the article “**Wrong answer**” published in The Indian express on **6th Jan 2022**.

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

Relevance: Higher education in India, UGC

News: University Grants Commission (UGC)’s letter has asked central universities to offer/teach courses **based on student demand** that is on the **basis of number of enrolled students**.

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Why it can be a problematic move?

Students often enrol for a course depending upon whether the course boosts their chances of employment or not.

For a University, this **should not be the sole criterion** in determining the span of its academic ambition.

Universities should not only provide a gateway to the job market but also focus on producing **knowledge**, training students in **critical thinking** and **pushing ideas towards new frontiers**.

What will be the implications of the move?

This can have grim consequences **for social science and language** departments as they are given less value in the society as compared to science field.

It can also **lead to job losses** for those who teach in them.

What are the challenges that Indian higher education system faces?

Although universities need to ensure the employability metric, but there are some other **challenges also that Indian higher education needs to overcome**.

Degree of autonomy: There is a need to give universities the **freedom to design courses, and draw up syllabi**. This is a basic demand, but only few public universities have this autonomy.

Lack of funds and inequality between institutes: There is huge gap in terms of funding requirement for research, availability of resources in different institutes, etc.

National Education Policy (NEP)'s emphasises for greater autonomy to higher, interdisciplinary learning, will be affected by the reduction in the number of courses.

What is the way forward?

Each university is **unique** and should find the answer for its **requirements on its own terms**.

UGC must **not impose a top-down criterion** that can further shrink the space for experimentation and innovation in higher education.

Higher education needs a **comprehensive** reform, not a lopsided one.

General Studies Paper - 3

General Studies - 3

1. Taxing Cryptocurrency transactions

Source: This post is based on the article “**Taxing Cryptocurrency transactions**” published in **The Hindu** on **17th Jan 2022**.

Syllabus: GS3 – Economy

Relevance: Challenges in taxation of Cryptocurrency

News: As many as 10 crore Indians may already have investments exceeding a total of \$10 million in Cryptocurrencies.

This not only creates an avenue for generation of tax revenue, but also puts forth a huge challenge for the tax authorities who have to track and tax transactions involving cryptocurrencies.

What is the current legal framework for taxing Crypto transactions?

The **Income Tax Act, 1961** does not specifically mention cryptocurrencies. Still, it has the following categories under which Crypto transactions can be taxed:

- **Capital asset:** Trading in cryptocurrency may be classified as transfer of a ‘**capital asset**’, taxable under the head ‘capital gains’.
- **Business income:** However, if such cryptocurrencies are held as stock-in-trade and the taxpayer is trading in them frequently, the same will attract tax under the head ‘business income’.
- **Other sources of income:** Even if one argues that crypto transactions do not fall under the above heads, Section 56 of the IT Act shall come into play, making them taxable under the head ‘Other sources of income’.

But, this is not sufficient for an effective Cryptocurrency taxation regime. Many challenges need to be overcome.

What are the challenges that need to be tackled with?

1) Absence of explicit tax provisions has led to uncertainty and varied interpretations related to mode of computation, applicable tax head and tax rates, loss and carry forward, etc.

For instance, the head of income under which trading of self generated cryptocurrency (*currencies which are created by mining, acquired by air drop, etc.*) is to be taxed is unclear.

2) Identifying tax jurisdiction: It is often tricky to identify the tax jurisdiction for crypto transactions, as taxpayers may have engaged in multiple transfers across various countries. Moreover, the cryptocurrencies may have been stored in online wallets, on servers outside India.

In such cases, it becomes difficult to pinpoint which jurisdiction’s tax laws would become applicable, especially when various nations have differing tax structures for crypto assets.

3) Anonymity provided by Cryptocurrency: Each crypto address comprises a string of alphanumeric characters and not the person’s real identity, giving tax evaders a cloak of invisibility. Tax evaders have been using this to park their black money abroad and fund criminal activities, terrorism, etc.

4) The lack of third party information on crypto transactions makes it difficult to scrutinise and identify instances of tax evasion. Crypto-market intermediaries like the exchanges, wallet providers, network operators, miners, administrators are unregulated and collecting information from them is very difficult.

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

5) Even if the crypto-market intermediaries are regulated and follow KYC norms, there remains a scenario, where **physical cash or other goods/services may change hands in return for cryptocurrencies**. Such transactions are **hard to trace**, and only voluntary disclosures from the parties involved or a search/survey operation may reveal the tax evaders.

What is the way forward?

- **Clear Income-tax laws** pertaining to the crypto transactions with **detailed statutory provisions**.
- **Extensive awareness generation** among the taxpayers
- **Mandatory disclosure requirements** in tax returns for both taxpayers and intermediaries (as is the case in the United States)
- **Strengthening the existing international legal framework** for exchange of information. This will enable collecting and sharing of information on crypto-transactions. This will go a long way in linking the digital profiles of cryptocurrency holders with their real identities.
- **Training officers in blockchain technology**. United Nations Office on Drugs and Crime's 'Cybercrime and Anti-Money Laundering' Section (UNODC CMLS) has developed a unique cryptocurrency training module, which can aid in equipping tax officers with requisite understanding of the underlying technologies.
- Authorities should have access to **latest forensic software** (such as **Elliptic Forensics Software** is being used by the USA Internal Revenue Service and GraphSense used in the European Union) which can analyse a high volume of crypto transactions at a time and raise red flags in cases of suspicious transactions.

2. The Cryptocurrency deception

Source: This post is based on the article “**The Cryptocurrency deception**” published in **The Indian Express** on **17th Jan 2022**.

Syllabus: GS3 – Economy

Relevance: Need to scrutinise Cryptocurrencies

News: Cryptocurrencies are neither a currency, nor an asset. They are a fraud which needs extensive scrutiny by the government agencies.

Why Cryptocurrencies are not a currency?

For any instrument to classify as a currency, it must have the following features:

- **One**, it is a promissory note wherein the issuer is promising the bearer or the holder a value.
- **Two**, it is backed by a sovereign nation and, therefore, there is never a question of any default in executing the promise.
- **Three**, the printing of currency in either physical or digital form is always based on some tangible asset, like gold or a basket of goods.

From the above, it's clear that cryptocurrency can never be a currency.

Why Cryptocurrency are not an asset?

An asset is something that has a **tangible value**. Even if its immediate utility is intangible, an asset should have some tangible benefits.

The cryptocurrencies are nothing but gaming points.

For instance: Whenever a discussion on cryptos takes place, promoters talk of blockchain technology. This technology is just a technique to account for transactions. It has nothing to do with cryptocurrencies, except that the cryptocurrencies' digital exchange is being maintained in

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

blockchain format. In other words, the points which are earned through a gaming application are stored and transferred through blockchain technology.

Therefore, cryptocurrencies have **absolutely no value** and cannot be considered an asset.

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

3. How do SDRs help maintain balance of payments?

Source: This post is based on the article “**Surplus liquidity in the system: How it came and how it may go**” published in **Live Mint** on 17th Jan 2022.

Syllabus: GS 3 – issues related to Balance of Payment

Relevance: Balance of Payment, SDR, IMF

News: In July-September 2021, India received \$31.2 billion foreign exchange reserves. Out of this, \$17.86 billion was by way of Special Drawing Rights (SDR) support received from the International Monetary Fund.

SDRs being one of the components of foreign exchange reserves (FER) of a country, an increase in its holdings is reflected in the BOP.

What is SDR? Read here: [Special Drawing Rights](#)

What are the key components of BOP?

BOP: It divides transactions of a country with the rest of the world into two accounts: the current account and the capital account.

Current account: it consists of net trade of exports and imports of products and services, net earnings on cross-border investments, and net transfer payments.

Capital account: constitutes a country's transactions in financial instruments i.e., assets and liabilities constituting of direct investment, portfolio investment, loans, banking capital, and other capital.

International reserves and IMF transactions: IMF transactions are also a key component of the BOP.

What does the SDR support signify?

The present support of \$17.86 billion in August 2021 by way of SDR indicates two things,

One, the domestic business environment is failing to attract foreign direct investment.

Two, FPIs move away from host countries such as India due to US Federal Reserve's plans to increase interest rates.

Is dependence on SDR a matter of concern?

A BOP dependent on an SDR-dependent capital account surplus to cushion the country's widening current account deficit is a matter of concern.

Because IMF support comes with conditions. For instance, in 1991, the support came with the condition that India has to initiate big-ticket economic reforms. It impacts India's sovereign rights to design its policy strategy.

What has been India's BOP position in recent years?

In the January-March quarter of FY20, the country's current account had recorded a surplus on the back of a higher decline in imports.

However, In the July-September 2021 quarter, India's current account slipped into a deficit of \$9.58 billion as against a surplus of \$6.57 billion in the April-June 2021

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

4. Account aggregators are ready to widen Indian access to credit

Source: This post is based on the article “Account aggregators are ready to widen Indian access to credit” published in **Livemint** on 17th Jan 2022.

Syllabus: GS 3 – issues related to financial inclusion.

Relevance: Account aggregators framework, Pradhan Mantri Jan Dhan Yojna

News: Complementing the PMJDY, India recently unveiled the [account aggregator \(AA\) network](#) to overcome the challenges of access to micro-credit for individuals and micro, small and medium enterprises (MSMEs)

The AA network along with [Pradhan Mantri Jan Dhan Yojna](#) (PMJDY) would help India formalize credit and boost economic growth in the post-covid era.

What is the objective of PMJDY and how it has fared? Read

here: <https://blog.forumias.com/7-years-of-pm-jan-dhan-yojana/>

What is an Account Aggregator (AA)? Read here: <https://blog.forumias.com/account-aggregators-new-framework-to-access-share-financial-data/>

What are the Benefits of Account Aggregator?

First, it is a paradigm shift from physical collateral to information collateral.

Second, it will unlock access to affordable credit in a streamlined and trustworthy way.

Third, it will reduce the transaction cost and time taken to sanction loans.

Fourth, it will make lower-sized loans more feasible for banks, and empower them to provide personalized loans and more innovative financial products.

How the account aggregator (AA) network privacy protection principles are different?

Protection of user privacy is ingrained in the network. For example,

-It requires the individual’s permission to share data with an FIU.

-The consent method is designed on the principles of [Data Empowerment and Protection Architecture](#) (DEPA), a policy proposed by Niti Aayog.

-The data shared on the AA network is end-to-end encrypted. It is encrypted by the sender and can be decrypted only by the recipient.

-AAs are not allowed to store, process, and sell the customer’s data.

These design principles ensure that ownership of the data lies with individuals and is not monetized. So, no conflict of interest arises when data is shared across the AA platform.

What is the way forward?

First, there is a need to expand the adoption of the AA platform in India. All stakeholders in the AA ecosystem need to play a pivotal role in this. Only four Apps have operational AA licences. (Finvu, OneMoney, CAMS Finserv and NADL)

Second, AAs should focus on marketing and create awareness of the services they provide.

Third, AAs should develop intuitive apps for feature phones. Because all four apps are available only on Android smartphones.

Fourth, the process to onboard other financial information providers (FIPs), like the goods and services tax network (GSTN), insurance companies, National Pension System, etc., needs to be fast-tracked. As of now, only 8 banks have joined the network.

Fifthly, any technical glitches on the platform should be quickly resolved to build trust in the AA ecosystem.

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

5. Search for tax evasion

Source: This post is based on the article “**Search for tax evasion**” published in **Business Standard** on 17th Jan 2022.

Syllabus: GS 3 – issues related to India’s fiscal policy

Relevance: Tax evasion

News: The tax department has conducted a record level of searches in the current fiscal year. As reported by Business Standard last week, so far, the department has found an undisclosed income of Rs 32,000 crore.

While it is encouraging that the tax department is working hard to make sure that everyone pays his or her share. However, the basic issues linked to tax collection have not been resolved.

What are the issues in India’s present tax regime?

First, the tax-to-GDP ratio in India remains low and stagnant. Consequently, weak revenue collection puts pressure on government finances and limits the capacity of both the Central and state governments to spend on developmental needs.

Second, the underperformance of GST has put more pressure on direct tax collection.

Third, The Finance Act, 2017, did away with the need for tax officials to declare to a court as to why in their opinion a search is necessary.

Tax officials have now been given the powers to search if, they believe to have credible information that income has escaped assessment over the last three years.

This has predictably increased the level of searches and will affect taxpayers.

What are the issues/challenges due to increased scrutinization?

First, only a small fraction of what the tax department has found, ultimately, reaches the treasury. For instance, in 2018-19, it filed over 3,500 cases for prosecution and got convictions only in 105.

Second, it has also resulted in numerous disputes with taxpayers. Many such disputes create an environment of fear and uncertainty. Further, it also burdens judicial capacity and significantly raises the implicit cost of tax collection.

What measures were taken by the government to reduce income tax disputes?

The government introduced the [Vivad se Vishwas scheme in 2020](#) to settle direct tax cases with the disputed tax amount of about Rs 9.7 trillion in over 500,000 cases.

It is reported to have settled cases involving about Rs 1 trillion. However, most of these were disputes with relatively small amounts, and large taxpayers did not come forward.

What is the way forward?

With increasing digitisation, it should become relatively easy for the tax department to detect evasion.

At the policy level, India needs to broaden its tax base significantly.

6. [Predatory pricing is prising Indian livelihoods apart](#)

Source: This post is based on the article “**Predatory pricing is prising Indian livelihoods apart**” published in **The Hindu** on 17th Jan 2022.

Syllabus: GS 3 – Issues related to New age companies.

Relevance: Anti-competitive policies, Predatory pricing,

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News: Recently, all consumer goods distributors in Maharashtra were protesting against Colgate's alleged unfair treatment of traditional distributors with respect to B2B technology companies such as JioMart, Udaan, and others.

What is the issue?

The manufacturer, Colgate, sells its product to the distributor for ₹40 and the distributors sell Colgate toothpaste to retail stores for ₹45.

The kirana stores further sell a 100g tube of Colgate toothpaste to the consumer at an MRP of ₹55.

Whereas, the new age technology B2B companies (JioMart, Udaan) were able to supply Colgate toothpaste to the local store for ₹35, lower than the ₹45 charged by the distributor.

India's distributors claim **these are unfair practices** and want manufacturers such as Colgate to stop supplying goods to the technology companies.

Colgate has refused to do so and, hence, the distributors have decided to boycott its products.

How B2B companies were able to sell at lower prices?

Creative disruption: B2B companies have developed technologies to connect directly to the retail stores through mobile phone apps, bypassing the intermediaries. This results in cost reduction. Also, the common citizen benefits from these lower prices at their local store.

However, this is not the only reason.

Predatory Pricing; These B2B companies are able to bear a 15%-20% loss on products they sell to the local stores. They deliberately offer their product at a price lower than what it costs them, to lure local stores away from the traditional distributors.

This predatory pricing becomes possible by the funds from big domestic and foreign venture capital firms. They are able to sustain huge losses for several years until they destroy existing market players and gain dominant market share. Also, this fund is available to only few

In other words, these technology companies rely not just on their mobile phone app innovation, but also steep price discounting and cheaper financing to win.

For instance, Udaan has suffered total losses of more than ₹5,000 crores in just five years and JioMart reports even greater losses.

What are the implications of this disruption?

Firstly, consumers may benefit from lower prices for a shorter period. However, as soon as, big techs are able to eliminate the competition, they start raising their prices.

Secondly, in India, the **livelihood of more than 20 million families** (100 million people) depends upon the role of intermediaries. Whereas foreign funding is available to a few selected firms, who eventually can displace the millions. It can result in enormous social unrest in the country.

Is it a problem in India only?

This is not just an Indian problem but a global one. For instance, social media companies such as Facebook give away their products for free and e-commerce companies such as Amazon sell at lower prices, benefiting consumers enormously, but also causing immense social strife and disharmony.

The new Chairperson of the Federal Trade Commission in America, Lina Khan, is seeking to frame new rules to check such anti-competitive behavior.

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

7. The deafening silence of scientists

Source: This post is based on the article “**The deafening silence of scientists**” published in **The Hindu** on **4th Jan 2022**.

Syllabus: GS3- Science and Technology- developments and their applications and effects in everyday life.

Relevance: Scientific temper, pseudoscience.

News: Recently there have been various instances where many political representatives and public figures have presented ideas and boasted facts that are nothing but pseudoscience.

But what is even more surprising is the lack of opposition from the leading scientists of the country.

What are these instances?

Many speakers at the **102nd Indian Science Congress** which was held in 2015 proposed unscientific facts.

- They argued that **ancient ‘Bharat’ was a repository of all modern knowledge**, some of which is yet to be invented in this century.
- Recently, a prominent public figure said that **DNA of all the people in India has been the same for 40,000 years**. His message clearly goes against the proven fact that Indians have mixed genetic lineages originating from Africa, the Mediterranean, and Eurasian steppes.
- **IIT Kharagpur** has now **issued a 2022 calendar**. The purpose of it is to argue for a **Vedic cultural foundation for the Indus Valley Civilisation** — a theory that goes against all the available evidence.

What are the implications of such incidents on the society?

- They encourage **intolerance and superstition**.
- **Endangers Freedom of thought:** For the creation of knowledge, all stakeholders should be able to think and express themselves freely. One also needs to have a space for dissent, which is a fundamental requirement for democracies to thrive.
- Pseudoscience provides a foundational base for a huge money-making industry that successfully **help sustain quackery by exploiting the people’s ignorance**. **Example:** Cow products to cure COVID-19.

What are the reasons for the lack of any opposition?

- Scientific research relies almost **entirely on funding from the government**, this makes dissent difficult.
- Contemporary science researchers remain entirely **cut off from liberal intellectual discourse**, unlike in the initial years after Independence. In the early **20th century**, many leading scientists were **deeply engaged with philosophy** and always thought that how **science will affect society**. They were much more proactive about societal issues.
- Globally, **STEM (science, technology, engineering and mathematics)** students demonstrate **less social concern** than students from other streams. This is because of the pedagogy followed in our science education system. For many of them, **exposure to the social sciences is minimal at university**.
- We are also living at a time when **scientific advice is marginalised in public policy debates** ranging from natural resource use to environmental impacts.

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What is the way forward?

Science education must include pedagogical inputs that help learners take a stand against false theories that could undermine **progress of society and democratic structures**.

8. Safety at all costs: On implementation of safety protocols in fireworks industry

Source: This post is based on the article “**Safety at all costs**” published in The Hindu on **4th Jan 2022**.

Syllabus: GS3 – Disaster Management

Relevance: Accidents in firecracker Industry, reasons and way forward

News: Four workers lost their lives in a blast at a fireworks unit in Tamil Nadu on the day of the new year. The accident happened due to mishandling of chemicals.

What are the reasons behind the accident?

Non enforcement of safety protocol.

Leasing out the industry unit to others and **unauthorised manufacturing products**.

What can be done to prevent such incidents in future?

Although the Firecracker Industry has seen some improvements like reduction in child labour, but **adherence to safety protocols needs serious reforms**.

These incidents should not be termed as ‘accidents’. This **absolves those who are responsible for the implementation and the enforcement of safety protocols** from taking any responsibility for the incident.

Govt should consider implementing some of the recommendations of the **eight-member K. Kannan committee** (*former judge of Haryana, Punjab and Madras High Court*) **constituted by the National Green Tribunal** after a blast in the district that killed over 20 people in February 2021.

– The panel had suggested that the Explosives Act be amended to make **punishments more stringent than now**.

– Only **certified persons should be employed** for operations including mixing, filling of chemicals and the making of colour pellets, and using drones for surveillance of various units. Government should ensure that there is **no compromise on the enforcement of the safety protocols**. As it involves the question of precious lives and also their livelihood.

What is the economic significance of Firecracker industry to Tamil Nadu?

The firecracker industry **employs around eight lakh people**, directly and indirectly, in a backward region of Tamil Nadu with no assured irrigation.

It also contributes to the economy of the state and thus of the Nation.

9. Taiwanese manufacturers face unfamiliar conditions in India

Source: This post is based on the article “**Taiwanese manufacturers face unfamiliar conditions in India**” published in **Livemint** on **4th Jan 2022**

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

Relevance: Ease of doing business in India, labour issues.

News: Taiwanese firms like Foxconn, Wistron, Pegatron and Quanta Computer have come to dominate global electronics manufacturing Industry and have had a very strong presence in China till now.

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

But, recently, they have started to shift their base to India as China is facing labour shortages and to cut their overreliance on China.

However, they are facing some challenges in adapting themselves to the Indian business environment.

What have been the recent incidents that point out towards this?

Incidents at Foxconn and Wistron's plants in India point out at the difficulties the Taiwanese firms are facing in adjusting to the local business ecosystem.

– **Foxconn Technology Group**, a Taiwanese supplier of Apple is facing **labour upsurges** due to concerns about food safety and accommodation standards. More than 17,000 people work at the facility, and in mid-December hundreds of workers contracted food poisoning. More than 150 were hospitalized.

An apple investigation has found that food sanitation and employee accommodation is below the optimal standard.

– A year earlier, **workers at a Wistron plant** near the tech hub of Bengaluru ransacked that factory after being fed up with **delayed and underpaid wages**.

How are Chinese and Indian business environment different from each other?

India has its own unique traits and characteristics which are as follows-

Language and cultural barriers: Common language and successive leaders' pro-business policies in China made it easier to set up production units and hire workers there. In India, they face **language barriers, cultural differences and changed political set up**.

Infrastructure: India lacks the infrastructure Taiwanese companies are accustomed to relying upon when setting up local facilities.

Management style: Taiwanese businesses generally used their own executives in China, while in India they will have to increasingly rely on local leaders to set up and run operations. This requires adequate training and support so that they can mix the rigid Taiwanese approach to operations with a more relaxed worker culture found in India.

Local governments: Local governments in China will mostly side with companies over workers. That's less likely in India, where leaders need voter support at election time.

Time availability: When they were setting their plants in China the Taiwanese companies faced similar challenges like in India, but then they had decades to adapt to the local landscape and the demand was also low.

10. Climate crisis in Kerala: An integrated approach is needed to mitigate impact

Source: This post is based on the article "**Climate crisis in Kerala-An integrated approach is needed to mitigate impact**" published in **Down to earth** on **4th Jan 2022**.

Syllabus: GS3- Disaster and disaster management.

Relevance: Kerala and its vulnerability to climate disasters.

News: Kerala has seen various instances of heavy rains, floods, landslides and droughts over the last few years.

What are the natural disasters that Kerala is prone to?

Landslides: These are triggered by the slope of an area, rainfall intensity, soil saturation capacity, soil depth and geological structure of a location.

Flash Floods: Low-lying areas in the western part of Kerala are prone to flash floods. If the construction is done in areas with drainages, the natural flow of water can be obstructed. It is then highly likely that water will flow into areas where it can flow. It can sometimes be through

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

cities or even places where houses are located. **Example:** Flood in Kochi airport in 2018.

Must Read: [Has Kerala learnt anything from extreme weather? Apparently not, say experts](#)

Drought: Although Kerala receives an annual average rainfall of 3,000 mm, but there is possibility of drought also. Kerala experienced drought in 2017. The southern parts of the state (Kollam), central Kerala (Palakkad) and North Kerala (Kannur and Kasaragod districts) generally experience summer droughts (February to May).

What factors make Kerala more vulnerable to the climate change induced disasters?

It is a **densely populated** (859 per sq km) and **geographically small state** (38,863 sq km). The maximum distance **between the eastern and western parts of Kerala is only 120 km** (*in some places it is only 35 km*). Within this 120 km, there are places above 2,695 metres (*Anamudi, Idukki district*) and places up to 2 metres below sea level. Therefore, in case of heavy rainfall, water needs to flow smoothly from the eastern hills of Kerala to the west coast. When this is interrupted, the effects worsen.

Further, Kerala has around **41 rivers and around 58 dams**.

Must Read: [Did poor Govt handling in Kerala cause 2018 floods? Yes, says CAG](#)

What are the reasons for these recurrent natural disasters in Kerala?

Climate change in Kerala is likely due to the **combined effect of geography, land-use change, urbanisation, development activities and population density** of the state.

Large number of dams impede the natural flow of rivers. Those living along the river banks are most affected when the dams are opened during the rainy season.

Migration of people to the foothills of the Western Ghats for agriculture and housing. The origin of many rivers in Kerala starts from these portions of the Western Ghats. Buildings, roads, agriculture and construction activities obstruct the natural flow of rainwater.

Quarrying, mining and large-scale construction activities can impact the ecological stability of the landscape and can even cause landslides. There are over 5000 quarries in Kerala.

Must Read: [Floods in Europe and lessons for India – Explained, Pointwise](#)

What is the way forward?

Flood risk zones should be prepared at the micro level to identify, locate and manage the regions most vulnerable to floods.

Rainwater harvesting and protection of watersheds can help alleviate drought to some extent, as this will replenish the groundwater level also.

There's **also a need to create awareness** in Kerala

An **integrated approach** is needed to manage climate change impacts

11. Expect a torrid pace of policy action in our tech space

Source: This post is based on the article “**Expect a torrid pace of policy action in our tech space**” published in **Live Mint** on 5th Jan 2022.

Syllabus: GS 3– Achievements of Indians in Science & Technology; Indigenization of Technology and Developing New Technology.

Relevance: Reforms in tech space

News: In 2022, the tech policy space is going to witness a number of new regulations across a number of areas.

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Over the past year-and-a-half, the government has undertaken a number of bold and progressive regulatory reforms. We need to ensure that there is no let-up in the pace and progressive approach to regulatory reforms, especially in the tech space.

What were the recent reforms/steps taken in the tech policy space?

Personal data protection Bill: The Joint Parliamentary Committee has submitted its report, and, even though there is some dissent, the bill is on track to becoming a law. Replacing the Other Service Providers regime with a more benign framework.

Opening up map-making

Enacting new, industry-friendly drone regulations.

Account Aggregator ecosystem for lending. As more banks and financial institutions come on board, many innovative lending products will enter the market.

Launch of the health ID and the establishment of registries for healthcare professionals.

What more reforms are required?

One, the government can establish an easy-to-use framework that **enables companies to generate valid, electronically-signed contracts.** It would help to significantly streamline a major business bottleneck.

Two, measures should be taken to make it possible to pay stamp duty digitally and electronically register documents that need registration. It will radically simplify business processes, resulting in cost and time savings.

Three, by encouraging mediation and enabling online dispute resolution, the government could make our judicial system much more efficient. It will help in diverting the most contentious disputes away from the courts.

Four, integration of the Unified Payments Interface (UPI) into the administrative machinery of courts, will allow us to pay court fees digitally, resulting in more streamlined processes and greater accountability.

Finally, need to ensure that the digital systems reference a common, standardized data taxonomy. It will enable us to use data to provide insight into how the system can be improved.

What further developments are expected in the technology space in 2022?

Re-imagining digital commerce. With all the building blocks are in place; such as robust payment infrastructure, delivery and fulfillment capabilities, and a large mobile-first consumer base. There will be significant progress in building this new paradigm over the year

Crypto Assets: With more effort being invested into integrating these technologies into the mainstream, there will be more activity in this space. India is also more likely to enact some sort of regulatory framework for crypto that will establish an enabling environment for crypto in the country.

Web 3.0 and Metaverse: Though no clarity exists on these technologies, their arrival is imminent.

Greater global cooperation between like-minded countries: With more and more countries having begun to realize the value of developing population-scale data-sharing systems. There will be global cooperation to agree on a set of common principles that will guide the development of these systems.

12. A partnership to carry India into net-zero future

Source: This post is based on the article “A partnership to carry India into net-zero future” published in **Indian Express** on 5th Jan 2022.

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Syllabus: GS 3 -Issues related to Climate change

Relevance: Net zero emission

News: With active cooperation from the private sector, India will be able to help build a more sustainable world.

What are the steps taken by India to reduce GHG emission?

New climate targets have been pledged by India at COP26: Read here:

<https://blog.forumias.com/indias-panchamrita-pledge-at-cop26-explained-pointwise/>

New cutting-edge renewable technologies: India has already announced a Hydrogen Energy Mission for grey and green hydrogen.

Energy efficiency: the market-based scheme of Perform, Achieve and Trade (PAT) has avoided 92 million tonnes of CO2 equivalent emissions during its first and second cycles.

e-mobility transition: with the Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles Scheme. It helps to support the electric vehicle market development and enable its manufacturing ecosystem to achieve self-sustenance. The government has also announced a slew of incentives for customers and companies to promote e-vehicles.

Emission norms Upgraded: India leapfrogged from Bharat Stage-IV (BS-IV) to Bharat Stage-VI (BS-VI) emission norms by April 1, 2020. A voluntary vehicle scrapping policy to phase out old and unfit vehicles now complements these schemes.

Transition from coal: Indian Railways is targeting the full electrification of all broad-gauge routes by 2023.

Deployment of clean energy: The Pradhan Mantri Ujjwala Yojana has benefitted 88 million households with LPG connections. More than 367 million LED bulbs have been distributed under the UJALA scheme. It has led to energy savings of more than 47 billion units of electricity per year and a reduction of 38.6 million tonnes of CO2 per year.

INDC commitment: India has already achieved a reduction of 24 per cent in the emission intensity of its GDP between 2005 and 2016, and is on track to meet its target of 33 to 35 per cent by 2030.

Contribution from Indian Industries: for instance, The Indian cement industry has taken pioneering measures and achieved one of the biggest sectoral low carbon milestones worldwide.

Why the role of Private sector is important?

Since industries also contribute to GHG emissions, any climate action will need to reduce or offset emissions that emerge from industrial and commercial activity.

Transition is relatively easier for Service Sector companies. However, the low-carbon transition is a challenge for bigger companies that are largely coal-powered and contribute more than half of our country's emissions.

The business fraternity must make the best possible use of this opportunity to invest in climate technologies and expand the use of renewable energy sources.

13. Some ideas for the budget

Source: This post is based on the articles “**Shortfalls again,**” published in **Business standard** and on “**Some ideas for the budget**” published in **Times of India** on **4th Jan 2022**, respectively.

Syllabus: GS3 – Government Budgeting.

Relevance: Ideas for the upcoming Budget

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News: Budget serves as an appropriate way in the hands of government through which it can shape the nation's destiny. Article presents with ideas for the upcoming Budget.

What are the reforms that the government needs to take in the upcoming budget?

1) **Free Trade agreements:** Impact of the reforms like [GST](#), [IBC](#), and [labor codes](#) etc, can be considerably enhanced by improving access to the world markets for entrepreneurs and exposing them to global competition via [Free Trade Agreements \(FTAs\)](#).

– FTAs with EU, UK, Canada, Australia and the UAE will serve our **economic interests as well as our geopolitical objectives**.

– Duty-free access for Indian products to these large markets would **accelerate growth**.

– These will also help in countering **China's growing influence** in the world and specially in Asia.

2) **Introducing some changes in the SEZ law:** This would make Indian manufacturing firms **globally competitive**.

– Firms within SEZs need to be given the right to lay off the workers after due compensation. This would contribute to the emergence of large-scale forms in labor-intensive sectors in SEZs.

3) **Need to bring some of the very high custom duties down:** This unjustifiably punishes the buyers while highly inefficient producers.

4) **Education:** Govt should bring [Higher Education Commission of India \(HECI\)](#) Act that was promised in the budget of 2019-20. Bodies such as All India Council for Technical Education and National Council for Teachers' Education should be subsumed in HECI.

– India needs to give **similar autonomy to at least its leading colleges and universities** like that given in the UK on which we have modelled our education system. UK abolished its own University Grants Committee in 1983.

– India must open the door to **foreign universities to establish campuses on its shores** and to domestic institutions to do the same abroad.

– Finally, **research should be moved to universities from the councils**, as they have not been very effective.

5) **Disinvestment:** The government has been setting very huge targets for disinvestment and consequently failed to meet those targets. **For instance:** In the Union Budget for 2020-21, the target was Rs 2.1 trillion, and it was missed by almost Rs 1.8 trillion.

– The government needs to **detach the disinvestment and privatisation programme** from the year-to-year **fiscal needs**.

– It can introduce an **institutional set-up** which identifies the companies for privatisation on **some set rules and standards**, and not on the basis of the revenue they are likely to bring in. There is also a need to improve the standards and quality of their paperwork to the levels expected by private sector bidders.

14. Can people's behaviour change for better?

Source: This post is based on the article "[Can people's behaviour change for better?](#)" published in **Times of India** on **6th Jan 2022**.

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

Relevance: Effecting behavioural change in people for pushing them towards an environmentally sustainable lifestyle.

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

News: Indian PM gave the idea of LIFE (Lifestyle for Environment) at COP26 climate summit at Glasgow.

But, in order to create a mass movement of an environmentally conscious lifestyle we need to bring changes in people's beliefs, habits and behaviours.

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

How can we address the complex issue of behavioural change?

– **Behaviour change starts with the individuals.** Making small changes in individual habits, by spreading awareness and modifying existing beliefs and perceptions, can significantly impact the environment.

– **Making people think:** Often, there is a disconnect between people's values and actions. Being creatures of habit, people engage in activities either unconsciously or subconsciously. In such cases, mere issuing of rules, directives and memos may not be as effective. Research suggests these do not work, as people feel that someone else is attempting to control their lives and behaviour. Creating awareness and involving citizens is key to bridging the gap.

For example, instead of asking people not to waste water, questions like “Do you think you are wasting water?” can be asked. These questions ask people about their opinions, thereby forcing them to pause, reflect upon them, and appropriately behave as it will be harder for them to justify their wrong behaviour.

– **Not just data, but stories:** Focus must be on sharing stories, not just plain statistics. Data can only inform. Stories and personalised messages can connect by evoking emotion in the people. **For instance:**

“Raising the AC setting by 1°C can save you 6% power, and such an energy conservation measure has the potential to save crores annually.” – This statement doesn't elicit any emotion.

“If we raise the AC temp by 1°C in 100 urban homes, we can help 10 rural children to study under an electric light bulb in place of kerosene oil.” – This statement connects and inspires people to take action, effecting a behavioural change.

– **Making interventions rewarding:** Interventions are usually in the form of rules, mandates or penalties. Instead, they could also take the form of nudges. A nudge costs much less and steers people in a particular direction while also allowing them to choose their path. Research on behaviour change suggests the need for accessible, automatic and rewarding interventions.

For instance: An example of a nudge gaining popularity is providing nutrition facts of different foods on restaurants' menus. It is effortless and compelling for consumers to choose what they want while nudging them towards a healthier option

– **Using digital technologies:** Digitally enabled tailored recommendations on healthy food, engaging in exercise and other interventions can also help in changing people's eating habits and behaviours in the long run.

15. A must-surge year for climate goals

Source: This post is based on the article “A must-surge year for climate goals” published in **Business Standard** on **6th Jan 2022**.

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

Relevance: Tackling climate change, renewable energy initiatives in India, Shift towards clean energy.

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News: The year 2022 will be critical for India's renewable energy industry if it is to hit the country's ambitious 2030 and 2070 climate goals. If we don't speed up the pace in 2022, it will make the targets more difficult to reach in each succeeding year.

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

What is the present situation wrt renewable energy in India?

India recently crossed [100 GW of renewable](#) capacity, leaving around 350 GW to install to hit 450 GW (excluding nuclear and hydro). This means adding 30-40 GW installed capacity annually for nine years straight.

The target is achievable, but not easy. **For example**, in 2021, India added 14 GW through solar and wind capacity, of which ReNew contributed 1.72 GW.

Why India is optimistic to achieve its renewable energy climate goals on time?

The base prepared in the preceding years gives India a good shot in 2022 and beyond at hitting its climate goals.

Enabling policy environment: Govt's focus on public private partnerships and a conducive policymaking environment have created a strong base for RE that can be ramped up. **For instance**,

– it allowed up to **100% FDI in renewables via the automatic route**

– it announced a **productivity-linked scheme to boost manufacturing** in the sector.

Friendly finance: With climate change becoming a huge focus internationally among political and business circles, as well as concerned citizens, climate finance has attracted very serious funding. By the end of COP26, 450 financial firms have vowed to put green investments at the heart of finance.

Renewable rush: Another factor enabling the renewable sector to grow fast is the sharp increase in the number of participants, attracted by a generally enabling policy environment and massive scope for long-term growth.

What is the way forward?

SECI and a demand boost: Given that the country would need to conduct 20-30 auctions for a total of 30-40 GW a year, it would be important to **expand and strengthen SECI (Solar Energy Corporation of India)** in 2022 to ensure enhanced auction activity.

– For this we need **more electricity demand**. In this context, both the Govt and industry can take measures to boost demand, which, in turn, will lead to expansion of renewable capacity. The increased requirement can then be harnessed by SECI to undertake more auctions.

Ease taxes: India's renewable push over the next few years will require **strong local manufacturing to de-risk supply chains**, especially amid Covid-linked economic uncertainty. It is essential that **taxes and duties** on RE equipment such as turbines, modules, and electrolyzers (*including for battery storage*) are **lowered and rationalised**.

– **For instance**, the **GST** on renewable equipment should be capped at a maximum of 5% for viability of manufacturing, and electricity should be included under GST to reduce prices for end consumers.

Pass the [Electricity Amendment Bill, 2021](#): The Bill needs to be urgently passed and implemented effectively, putting the 4 Cs—customer, competition, compliance, and climate—at the centre of the sector. Passing the Bill will allow the delicensing of distribution, letting private firms enter distribution and compete with discoms. This'll give **more choice to consumers** via lower tariffs and better service. This will **attract fresh capital** and **new technologies**, resulting in **lesser losses** for the sector overall.

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

Green hydrogen: India needs to push for **green hydrogen** to help meet its climate goals, especially in addressing the emissions from sectors responsible for significant carbon emissions, like such as chemicals, industrial, fertiliser and heavy transport.

16. Gains from trade

Source: This post is based on the article “Gains from trade” published in **The Indian express** on **6th Jan 2022**.

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

Relevance: Exports, Imports, Global trade.

News: Preliminary data from Ministry of commerce and Industry shows an **increase in exports and imports over the pre-pandemic level**.

What are the indications of a positive momentum in India’s export and imports?

Exports:

- Merchandise exports rose to \$37.3 billion in December 2021, recording a **growth of 37% over last year**, and a similar increase over the pre-pandemic levels
- The mark of exports worth **\$300 billion has been achieved in the first nine months alone**, which was the amount of exports trade for the whole year in 2019 (*Pre pandemic*).
- Increase of **almost 25% over the pre-pandemic levels in exports**. This growth is observed **across product categories** from engineering and electronic goods to textiles.

Imports:

- Imports have **risen by almost 22% over the 2019 levels**, leading to a widening of the trade deficit. The surge in imports was led by **electronic goods, machinery and chemicals**, which suggests a broad-basing of demand.

How is the global trade scenario currently like?

According to a report by UNCTAD, the **value of global trade in goods is about 15% higher than before Covid struck**,

- Trade in services is yet to recover to earlier levels.
- This means that the global trade has surpassed its pre-pandemic levels.

What are the current government policies to promote India’s share in global trade?

- **Trade agreements with the EU, Australia, UK and UAE**, among others, are being worked upon with greater urgency.
- Government is also focussing on **gaining access to markets for textile products** through free trade agreements.
- The upcoming **Union budget** is also expected to focus more heavily on **trade-related packages**.

What is the way forward?

Govt should try to build on this momentum, which will help India **to increase its share in global trade**. This can be done if it reorients its **broader trade policy**.

Govt should further seek greater integration with **global supply chains**. This can be done by forging **FTAs**, moving away from **protectionism, bringing down tariffs**, and pushing for reforms that boost **export competitiveness**.

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

17. Protect the Aravalli Range

Source: This post is based on the article “**Protect the Aravalli Range**” published in **Business standard** on **6th Jan 2022**.

Syllabus: GS3 – Conservation, environmental pollution and degradation.

Relevance: Degradation of the Aravalli.

News: **Forest Survey of India** has found that more than **30 hills** in the Rajasthan segment of **Aravalli range have vanished** due to the flattening of land by the mining mafia.

In recent years, Aravalli has seen **a lot of destruction** and this is impacting not just the area around it but also the surrounding areas up to NCR.

According to a desertification-related study undertaken by the Central University of Rajasthan this **menace is only going to exacerbate due to climate change**.

About Aravalli

It has characteristically **served as the green wall**, or a natural fence, **between the desert and adjoining fertile plains**.

Read more [here](#)

What is causing degradation of Aravalli?

- Increasing **population pressure**
- Changes in **rainfall pattern**
- Spreading of **sand dunes**
- Flawed **plantation drives**.
- **Unchecked quarrying** and **illegal felling** of trees
- **Clearing of land** for the construction of farm houses and residential colonies
- **Over-exploitation of resources** and **reckless urbanisation**.

What are the implications of this damage?

Compromised capacity of the Aravalli to control the **spread of the desert**. Due to this, desert would spread towards the east, causing **aridity in the fertile plains**.

- **Thinning of the vegetative cover** creates large openings for the sand-loaded winds to cross over to Delhi and nearby areas, **aggravating urban pollution** in the region.
- Dusty winds from the desert are already raising the **PM₁₀ content of the NCR's air**, worsening pollution in Delhi. It is also posing a **grave threat** to the **ecology of the agriculturally vital north-western states**.

Impact on the rich biodiversity of the Aravallis comprising a large variety of plants, animals, and birds.

What is the issue with the Draft NCR Regional Plan 2041?

Governments of the four north-western states are aware of the danger from the unrestrained denudation of the Aravallis, but **little substantive work** has been done to improve the situation.

The draft NCR Regional Plan 2041 also does not deal with this issue with required urgency.

On the contrary, It redefines the natural conservation zone, **keeping most part of the Aravallis out of it**.

Curbs regarding construction activity will virtually be lifted if the Regional Plan 2041 is adopted and enforced in its present shape.

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What is the way forward?

Draft NCR Regional Plan 2041, therefore, **needs to be revisited and suitably modified** to include the entire Aravalli range in the natural conservation zone.

Although ideally, the govt should prepare a **separate plan for rejuvenating the Aravallis** to allow it to play its inherent role as the Thar Desert's outer barrier.

18. WHY DIVESTMENT IS AN ELUSIVE TARGET

Source: This post is based on the article **“WHY DIVESTMENT IS AN ELUSIVE TARGET” & “Let's exorcise the ghost of stalled asset sell-offs”** published in **Livemint** on **6th Jan 2022**.

Syllabus: GS 3 – Issues related to resource mobilisation.

Relevance: Disinvestment

News: In the Air India case, one of the prominent politicians(MP) is demanding a court-monitored or CBI (Central Bureau of Investigation) inquiry.

He had petitioned the Delhi high court alleging that Air India's disinvestment process was “arbitrary, unconstitutional, unfair, discriminatory and, therefore, shouldn't be allowed to go through.

The government regularly faces multiple headwinds in the sale of its holding in the public sector companies.

As a result, the overall performance of the government on the disinvestment front in 2021 is particularly disappointing.

Last year, it fell short of its ₹2.1 trillion aim by ₹1.78 trillion. Even pre-covid, it met its goal only twice in the six years starting 2014-15.

For 2021-22, the government had set a target of ₹1.75 trillion from strategic as well as non-strategic stake sales in public sector enterprises (PSEs). It also wanted to privatize two public sector banks and one national insurer.

In this context, the various challenges posed to the Disinvestment process are analysed in this article.

What are the various challenges/issues posed to the Disinvestment process in India?

Firstly, there are regular protests from unions and requests for reconsideration from state governments.

Secondly, rising uncertainty in the global markets due to the pandemic, divestment plans seem to have fallen short of their fiscal targets in the past two years.

Thirdly, litigation issues. For instance, as mentioned above, a court-monitored or CBI (Central Bureau of Investigation) inquiry in the Air India case is demanded.

Fourth, potential investors backing out at the last minute. For instance, the BPCL disinvestment program where the ISquared Capital opted out of the race.

Fifth, the lack of political will to back divestment is the biggest issue. The problem is that due to politics, selling at a lower price can create a problem for the government.

Sixth, the issue of bureaucratic risk aversion. No government official would want to be caught post-retirement, just in case, there is an investigation on selling at a lower price.

Seventhly, there are other internal factors that are stumbling blocks. These include certain preparatory activities at the level of the PSU such as addressing any special dispensation available to these entities, issues around the land title, identifying and carving out non-core assets.

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

Eighthly, one of the key issues stems from the value that the government aims to get from the stake sales. The value may be more than the actual value or real value of the asset on the block, more so in the case of loss-making units.

So, what could be done?

First, the government should find ways of redeploying people, given that employment is a big issue today. It may help close down loss-making units.

Second, merging with other PSUs where possible if the product is the same (as has been done for banking) is another option.

Third, in order to address the concerns of the bureaucracy, more assurances need to be given through the disinvestment ministry, which takes ownership of the decision, also backed by the prime minister's office. Bureaucratic reforms may also be the need of the hour.

Fourth, decisions ought to be taken quickly. Else, the value of the unit (like plant and equipment) depreciates to a large extent. Timely divestment can increase the sale value and stakeholder returns.

Fifth, not all PSEs should be disinvested. Many of them are high performers in core economic sectors. Good units should not be sold, like NTPC or oil companies, which have either monopoly power or have sector benefits, as this becomes useful for the government to garner resources.

A new PSE policy: Read here: <https://blog.forumias.com/govt-releases-new-public-sector-enterprise-policy/>

19. The infrastructure push

Source: This post is based on the article “**The infrastructure push**” published in **Business Standard** on 6th Jan 2022.

Syllabus: GS 3: Issues related to Infrastructure development.

Relevance: Capital Expenditure/ Investments in infrastructural development

News: The Gati Shakti panel, led by the cabinet secretary, has asked the DPIIT (the Department for Promotion of Industry and Internal Trade) to identify high-impact projects that can be included in the Budget.

Projects related to rail, roads, and airports may be included. The department has also been asked to make sure that projects are completed on time. Besides, it is expected to review the infrastructure gap for long-term needs.

Since, Covid-related uncertainty would continue to affect output and growth, it is encouraging to see that the government is pushing infrastructure projects.

Why Infrastructure investments/capital expenditure push is important?

Firstly, Infrastructure investment with better planning and focus would yield higher returns and make Indian businesses more efficient.

Secondly, private investment, which has been weak for quite some time, is unlikely to pick up. For instance, the Reserve Bank of India's recent “Report on Trend and Progress of Banking in India” noted, non-financial companies in the private sector have been net savers for the past three years. They are unlikely to make large investments in the near term because of existing capacity and weak demand.

Thirdly, it would not only help sustain the recovery, but also make it more durable by crowding in private investment over time.

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What are the concerns that need to be addressed by the government?

First, though the government had increased the allocation for capital expenditure by over 30 percent in the current fiscal year, the actual spending has been lagging.

Second, the government has increased expenditure in other areas. It will be critical to ensure that it doesn't affect capital expenditure. Since the government has to progressively reduce the fiscal deficit.

Finally, the government must make sure projects are not delayed. The latest report of the Infrastructure and Project Monitoring Division showed that delays in projects costing over Rs 150 crores had resulted in a cost overrun of more than Rs 4 trillion.

The Gati Shakti platform, hopefully, would be able to minimize delays. Cost overruns and delays will undermine the benefits of these projects and affect India's growth over the medium term.

20. It's the year to turbocharge our renewable-energy drive

Source: This post is based on the article "It's the year to turbocharge our renewable-energy drive" published in **Livemint** on **7th Jan 2022**.

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

Relevance: Tackling climate change, attaining new climate targets set by India

News: 2021 saw the world joining hands to mitigate climate risks. 2022 will need a doubling down of efforts to achieve the renewable energy targets that were recently reset by India.

Must Read: [A must-surge year for climate goals](#)

What is the way forward?

Govt needs to take the following key measures in 2022 to enable the Renewable Energy (RE) sector to accelerate its capacity expansion and innovate rapidly.

– **Protect Contracts:** Ensuring contractual sanctity is critical to ensure certain states don't question signed power purchase agreements (PPAs) or inordinately delay payments to RE players. If PPA contracts are not honoured, it impacts the business climate in any sector. While substantive legal precedents exist in the power sector for enforcement of contracts, the Centre can work more closely with states to ensure greater adherence to contracts.

– **Battery storage systems:** These will go a long way in addressing the challenge of intermittency of RE sources and improve the generation profile of renewable energy projects.

– Moreover, as the share of renewables in the country's energy mix increases, there will be a **need to improve grid flexibility and enhance transmission networks.**

21. Defence Ministry's year-end review: Looking ahead to 2022

Source: This post is based on the article "Looking ahead to 2022" published in **Business Standard** on **6th Jan 2022**.

Syllabus: GS3 – Various Security Forces and Agencies and their Mandate

Relevance: Regarding Defence Ministry's Year-end review

News: The Ministry of Defence (MoD) has released its traditional year-end review. The review focuses almost exclusively on the military's successes and achievements during the year gone by, while playing down its shortcomings.

What are some of the key achievements mentioned in the report?

Defence management reform:

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

– **Appointment of a tri-service chief of defence staff (CDS) and the creation of a department of military affairs** – Report calls it the most significant and transformative defence reform undertaken by any government since independence.

– A comprehensive agenda for the “**optimum utilisation of scarce national resources, enhancing synergy and jointness between the three services.**” This was set forth by the first CDS, General Bipin Rawat.

– Towards revamping the logistics structure, three Joint Services Study Groups are developing **common logistics policies.**

– A pilot project has kicked off, based on **establishing Joint Logistics Nodes** at Mumbai, Guwahati and Port Blair.

– Three “**joint doctrines**” were formulated in 2021, while four new joint doctrines — namely **capstone, space, cyber and intelligence, surveillance and reconnaissance**— are at an advanced stage.

– Closing or scaling down of logistic installation of the Indian Army to **enhance combat capability and balance defence expenditure.** This has resulted in substantial savings to the exchequer, besides increasing the “teeth to tail” ratio.

Atmanirbhar Bharat: Under this slogan, the report talks about boosting indigenous equipment development.

– induction of the Tejas light combat aircraft into the Indian Air Force (IAF)

Strengthening border infrastructure: Since the Chinese intrusions into Ladakh in April-May 2020, the MoD has focused on developing border roads and transport infrastructure. This boosts defence preparedness while also supporting local economic development in the border regions. **For instance:** Inauguration of a road over **Umling La Pass** in Eastern Ladakh, which, at 19,024 feet above sea level, is now the **world’s highest motorable road.**

Ordnance Factory Board (OFB) has been converted into seven new Defence Public Sector Undertakings (PSUs). This has been done to provide autonomy and enhance efficiency.

The **new Defence PSUs** will become operational from 1st Oct, 2021.

Theatre commands: A “Tri-services Joint working Group” has been established to work out the details of integrating communications networks between the services. Besides, a review is being carried out to right size/reshape army units.

Indian Air Force: During the face-off with the Chinese in Eastern Ladakh, the IAF moved its sensors, aerial platforms and associate equipment to the region to deal with any contingency.

– The Tejas fighter, Arudhra and Aslesha radars, Astra air-to-air missiles, Akash surface-to-air missile system, Dhruv Advanced Light Helicopter and Light Combat Helicopter were added to IAF’s inventory.

Indian Navy:

– The first indigenous aircraft carrier, INS Vikrant, successfully accomplished its maiden sea voyage in August 2021.

– The first destroyer of Project 15B, INS Visakhapatnam, was commissioned in 2021.

– Two Scorpene submarines, INS Karanj and INS Vela, were commissioned, with over 75 per cent indigenous content.

– Meanwhile, five naval vessels were decommissioned, including the destroyer INS Rajput, a survey vessel, INS Sandhayak, and a missile corvette, INS Khukri.

What are some issues mentioned in the report?

– **Army’s resistance to indigenous Arjun tanks:** The Army operates about 4,000 tanks. After accounting for the recently placed orders for Arjun Mark 1A tanks by the MoD, Army’s Modern Battle Tank fleet will have just 6% Arjun Tanks. This is despite the fact that the tank proved

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

itself a match to the Russian T-90 in a comparative trial conducted in the Rajasthan desert in March 2010.

An ingrained prejudice against indigenous tanks has been cited as a reason for this. But it was officially stated that the Arjun tank was too heavy for roads and bridges along the Pakistan border, and too wide to be transported by train.

22. Why India's policy to produce ethanol-blended petrol is short-sighted

Source: This post is based on the article “**Why India's policy to produce ethanol-blended petrol is short-sighted**” published in **Business Standard** on 7th Jan 2022.

Syllabus: GS 3 – issues related to India's Energy & Food security.

Relevance: Ethanol Blending Programme (EBP)

News: Recently, the government revised the EBP program by advancing a 20 percent blend target (E20) to 2025 from 2030.

The ambitious policy to promote ethanol-blended petrol will be bad for India's food and water security.

Because, in a world moving towards electric vehicles (EVs), batteries and hydrogen, ethanol is less suited for India amid scarce land and water. We may end up compromising food security in the longer term.

In this context, this article illustrates the Ideological flaws/concerns with respect to the EBP program and the future challenges posed by it to India's economic and food security.

Reasons why Ethanol was seen as a national imperative and an important strategic requirement?

Niti Aayog's “Roadmap for Ethanol Blending” report was prepared primarily on the following Premises.

Savings on crude imports from ethanol substitution: shifting to Biofuels will help India to save on its import bill. For instance, a successful E20 program can save the country \$4 billion/year, or, Rs30,000 crores.

Decarbonization: Ethanol is a less polluting fuel.

Price support system and income generation for sugarcane farmers: blending was seen as a solution to the nation's growing sugarcane and grain surpluses

What are the issues/concerns associated with NITI Aayog's report?

First, the damage to the water table from an overproduction of sugarcane, one of the most water-intensive crops, or from that of other food grains is never accounted for.

Second, the report did not adequately address the possibility of substitutes such as an EV environment.

As a result, implementing an Ethanol blending program based on NITI's Strategic vision will have implications on India's economic and food security

What are the issues in India's EBP program?

First, the issue of water scarcity.

India has to produce much sugarcane (It takes 2,500 liters of water to produce one kg of sugarcane.) and then convert surplus molasses into ethanol.

A task force on sugarcane and the sugar industry, under Ramesh Chand (Niti Aayog), estimated that sugarcane and paddy combined are using 70 percent of the country's irrigation water.

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

On the other hand, India ranks 13th for overall water stress globally according to the World Resources Institute (WRI) data in 2019

Moreover, Groundwater resources are severely overdrawn in India for irrigation purposes. For instance, water tables declining at a rate of more than 8 cm per year over the 1990-2014 period.

Additionally, the government is promising thousands of crores in incentives for new distilleries and an administered price mechanism for the produce. Pricing guarantees may lead to excess sugarcane cultivation in the coming decade, sending underground water tables lower.

Secondly, issues in the timing of the EBP Policy.

The U.S decided to promote biofuels over two decades ago, when fossil fuels were critical and the US depended on West Asia for crude.

Moreover, The US was the world's biggest producer of corn and Brazil of sugarcane, and it made sense for both nations to divert a portion of the output to ethanol.

The ecosystem suited traders, farmers, and politicians. Ethanol also helped stabilize corn prices.

But in India's case, India is 20 years late to the ethanol party, when petrol is losing ground to EVs.

Thirdly, savings on crude imports from ethanol substitution is insignificant. Given India's impressive revenues from in taxes on petrol and diesel alone in the last three fiscals (Rs8 trillion) and bulging forex reserve (\$650 billion).

Fourthly, it is also unclear where the excess ethanol will go if EVs gain traction, or how viable will ethanol be if crude prices fall down in the future on the account of a shift towards renewable energy sources.

Fifthly, recent protests against farm laws and minimum support prices show how difficult it is for any government to take back government support given to support higher crop production.