

9pm

Compilation

7th to 12th Mar 2022

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General

Studies

Paper - 1

General Studies - 1

GS1 – SOCIETY – WOMEN ISSUES

Abortion care and related issues

1. New guidelines on abortion care will help prevent more than 25 million unsafe abortions: WHO

Source: This post is based on an article “**New guidelines on abortion care will help prevent more than 25 million unsafe abortions: WHO**” published in the down to earth on 11th march 2020

Syllabus: GS-II Social Sector (Health Sector)

Topic: Reproductive rights, Abortion Laws

News: The WHO released more than 50 recommendations that include clinical practice, health care delivery and law and policy interventions to support quality abortion care. The WHO also presented new guidelines on abortion care.

What were the reasons that compelled the WHO to bring these guidelines?

Globally, between 13,865 and 38,940 lives are lost yearly due to the failure to provide safe abortion.

Around **97%** of unsafe abortions are done in developing countries. As per records, 53.8%, 24.8% and 19.5% of all unsafe abortions happened in the Asia (mainly in south and central Asia), Africa (mainly in eastern and western Africa) and in Latin America and the Caribbean respectively.

Abortion related laws in different countries

Most countries allow **abortion** under certain circumstances. About 20 countries do not provide any legal basis for abortion. More than 3 out of 4 countries mandates legal penalties for abortion like long-term imprisonment or heavy fines for people who perform or assist with the procedure for the abortion.

Why should the political barrier be removed?

The unsafe abortions occur more in those countries where abortion laws are highly restrictive than in those countries where laws are less restrictive.

It is because political barriers lead to critical delays in accessing treatment. Therefore, it put women and girls at a greater risk of unsafe abortion, etc.

Restricting access to abortions does not reduce the number of abortions. In fact, it pushes women and girls to resort to unsafe practices. For example, in countries where abortion is mostly restricted, only 1 in 4 abortions are safe, whereas, in countries where the procedure is mostly legal, almost 9 out of 10 abortions are safe.

What are the new guidelines for abortion care?

It includes many simple interventions at the **primary care level**. Such interventions will improve the quality of abortion care provided to women and girls.

These include **task sharing** by a wider range of health workers; and making ensure that accurate information on care is available to all those who need it.

It includes providing **safe abortion services** to women like ensuring access to **medical abortion pills**,

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It proposes **telemedicine** for abortion and family planning services during the COVID-19 pandemic.

It proposed removal of **political barriers to safe abortion**, such as criminalisation, mandatory waiting periods before receiving a requested abortion, third-party authorisation for abortion, restrictions on which health workers can provide abortion services.

What benefits can be accrued from the new guidelines?

It will support interested countries to strengthen as well as ensure better implementation of the national policies and programmes which are related to contraception, family planning and abortion services.

The WHO claimed it would prevent more than 25 million unsafe abortions annually.

Conclusion: New guidelines can help provide the highest standard of care for women and girls

POLITICAL EMPOWERMENT OF WOMEN

2. MORE WOMEN IN POLITICS WILL STRENGTHEN DEMOCRACY

Source: This post is based on the article “More women in politics will strengthen democracy” published in the Indian Express on 08 March 2022

News: After Covid-19, the position of role of women is strengthening in the political and civic life of democracy in South Asia.

Trends of Women Role in Politics

Global level: women leaders, such as Jacinda Ardern (New Zealand), Tsai-Ing Wen (Taiwan), Sanna Marin (Finland) and KK Shailaja (Kerala) has shown superior performance in handling the pandemic.

Local level: The panchayat sarpanches and health officials such as Roorkee’s Daljit Kaur, Singhwahini’s Ritu Jaiswal and the mayor of Chandannath municipality in Nepal, Kantika Sejuwal, among many others, have also performed very well.

What are the issues?

Paradox Situation in South Asian democracy: On one side, a strong women leader such as Sirimavo Bandaranaike, Chandrika Kumaratunga, Indira Gandhi, Khaleda Zia, Sheikh Hasina, and Benazir Bhutto have been in the power in South Asia. On the other side, women’s condition in society at large, continued to be appalling.

Underrepresentation of Women in political parties as members of key decision-making bodies. For instance, India has fallen several places in the *Inter-Parliamentary Union’s* global ranking of women’s parliamentary presence, from 117 after the 2014 election to 143 as of January 2020. In fact, India is currently behind Pakistan (106), Bangladesh (98) and Nepal (43) and ahead of Sri Lanka (182).

Some good developments towards political empowerment of women

Strength of Women Member of Parliament in India Has Increased: Currently, women make up 14.6% of MPs (78 MPs) in the Lok Sabha. It is a historic high.

Winnability of Women Politician is high: For example, BJP women candidates won at a strike-rate of 7% as opposed to their male counterparts at 66 per cent. Additionally, 27 of 41 women MPs were able to retain their seats as well.

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Voluntary Parliamentary Quotas for Women: In the 2019 general elections, West Bengal under Mamata Banerjee and Odisha under Naveen Patnaik fielded 40 per cent and 33 per cent women candidates, respectively.

High Female Voter Turnout in 2019: Women are increasingly asserting their citizenship rights. For example, in the 2019 Lok Sabha elections, women's participation exceeded that of men for the first time.

Influence of growing turnout of women voters: For example, The TMC ran many women-centric schemes like Swasthya Sathi, Kanyashree Prakalpa and Rupashree Prakalpa, that potentially played a central role in their victory.

Suggestions for improvement

Passing of the Women's Reservation Bill.

Inspirational From Some States like West Bengal and Odisha must be replicated in other states.

Promoting Women Voter Turnout: It could influence political parties' programmatic priorities and improve their responsiveness to women voters' interests, preferences, and concerns, including sexual harassment and gender-based violence.

Ramoni, a 15th century Bengali poet, a low-caste washerwoman, sang, "*I'll not stay any longer in this land of injustice/ I'll go to a place where there are no hellhounds*". We will need to sympathise with this which is also the voice of the present generation of women.

ECONOMIC EMPOWERMENT OF WOMEN

3. India's gender empowerment enigma

Source: This post is based on an article "**The India's gender empowerment enigma**" published in **Business Standard** on **09th Mar 22**.

Context: International Women's Day was celebrated. But, the focus on gender inequality has not been adequate in the country.

What are the steps taken to tackle gender inequality?

The government has made reforms which mandated longer maternity leave for women, the provision of better child care facilities in workplaces, the subsidized cooking gas distribution scheme, and the legislation to ban triple talaq among Muslim women of Indian Society.

Status of Indian Women

India slipped 28-rank in the World Economic Forum's latest Global Gender Gap.

A sharp decline in female **labour force participation rate (FLFPR)** and there is growing **female unemployment**.

Reasons for poor performance of India in the global ranking

India's score fell sharply on account of the "**political empowerment**" dimension. The study only takes into account the **representation of women in Parliament**, not women's participation at the level of local self-government, in which India performs very well.

India also stands at rank 114 in terms of **educational attainment** and in health and survival it stands at 155.

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India ranks among the worst performers in terms of **economic participation** and access to opportunity. It means women have a low chance of finding jobs.

What are the ultimate causes behind poor status of Women in Indian Society?

Patriarchal Society: It is validated by the troubling resistance to criminalising marital rape.

Disempowerment of women across Indian society. Indian society thinks that men have priority in terms of access to job opportunities and are viewed as principal bread-earners. It adds burdens of housework and childcare on working women and discrimination and/or harassment in the workplace.

The performance of Indian economy: It has shrunk steadily since 2017. It took unemployment rates to new highs. It was impacted by demonetisation and the goods and services tax reform measures. It was worsened by Covid-19. It slowed down the economy, and narrowed the scope for women to participate in the economy. It can continue longer if the Russia-Ukraine war is prolonged and fourth wave of the virus lashes the country.

Way Ahead

An **expanding economy** automatically enlarges the job market and eventually creates conditions in labour markets that compel businesses to overcome their gender prejudices and hire women.

Government Policies: The gender-focused government policies can serve to complement the expanding economy process

4. If women are not empowered, the economy loses

Source: This post is based on the article “**If women are not empowered, the economy loses**” published in **Indian express** on **9th Mar 2022**.

News: Women in India have been in top positions in almost all the sectors like politics, administration and financial sector as well. However, despite this progress, we have a long way to go before we could say that there is complete gender equality in every respect. Glass ceilings are beginning to shatter, but there is a lot more to be done.

How giving equal opportunity to women can help Nations advance in their journey of growth?

Economic Growth: It has been proven time and again that when more women enter the workforce, economies grow faster. Studies conducted in various nations have proven that there is a direct correlation between greater gender diversity and higher GDPs.

Poverty eradication: Empowerment of women helps in poverty eradication.

Human Capital: By empowering women, we increase their right to economic resources, as well as their decision-making powers. This, in turn, benefits their households and their communities. Women begin investing more in their children's education, and thus the quality of human capital improves, which leads to economic prosperity.

Also, If women are not empowered, the nation's economy loses. A recent study by the World Bank found that countries lose \$160 trillion in wealth due to the differences in lifetime earnings between men and women.

What is the situation in India like?

According to **World Bank Women's participation in the workforce** in India is still among the **lowest** in the world at 19.9%. Only 3.7 per cent of the leadership positions in corporate India are occupied by women.

What is the way forward?

The traditionally male-dominated sectors like mining need to improve not only in terms of their gender representation, but also in terms of the **work culture**.

It is the culture at the workplace that determines not just whether a woman gets a seat at the table, but also whether her **voice is heard**.

5. Reaping the potential of the female workforce

Source: The post is based on article "Reaping the potential of the female workforce" published in "The Hindu" on 8th March 2022

News: The large-scale adoption of digital and smartphone technologies and the increased need for personal care for the sick, elderly and children have opened up employment opportunities, especially for women.

Status of Participation of Women in the Workforce of India & Comparison with other Countries

In 2019, 21% of women were either working or looking for work, compared to 32% in 2005 in India.

India's female labour force participation (FLFP) rate is lower than some of its neighbours in South Asia such as Sri Lanka and Bangladesh.

India's FLFP rate is the lowest among the BRICS countries

Why Women Employment is Very important?

Demographic dividend: India's population is among the youngest in the world. In 2020, the median age in India was about 29. Women and girls form a significant part of India's demographic dividend.

Further, Increasing FLFP in India is crucial for **economic growth, inclusive growth** and **achieve the Sustainable Development Goals**.

Lesson from other countries: Countries like China, Singapore, Taiwan and South Korean achieved fast-paced economic growth due to reaping of the demographic dividend.

What are the potential sectors for creating employment for women?

The care service sector: The **health, education, and other personal care services** are **labour-intensive** sectors. As per the **ILO Report on Care work and Care Jobs for the Future of Decent Work: Key findings in Asia and the Pacific (2018)**, increased investment in the care economy has the potential to generate a total of 69 million jobs in India by 2030. For example, the child care services can be provided in office complexes through collaborative models

Digital Platforms and The Gig Economy: Due to increasing use of smartphones, the low cost of Internet and other initiatives like Digital India campaign, the work from home has increased in India. It provides job flexibility which are particularly important for women. Digital platforms that allow remote work are, in principle, accessible to men and women in any location.

What are the suggestions to improve FLFP rate?

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Closing digital accessibility gap: according to the GSMA Mobile Gender Gap Report, only 25% of women owned smartphones compared to 41% of men in India in 2020. It can be significant in giving boosting women's employment in the gig and platform sector.

Greater investment in better **health and care facilities** can lead to more employment opportunities for women.

Providing access to **higher education** (beyond secondary education): It can be done by motivating women and their families through incentives such as scholarships as well as transport and hostel facilities.

Skill training: It should be aligned to the gig, platform and care sectors as well as other emerging sectors such as those covered under the Production Linked Incentive Scheme. Online skill training can be provided. It is because they had to face constraints in physical mobility due to social norms, domestic responsibilities or concerns over safety.

Enabling women to acquire physical assets (through credit facilities, revolving funds, etc.)

Involvement of All Stakeholders: Governments, skill training partners, private firms, corporates and industry associations as well as civil society organisations all need to come together to create enabling measures for women.

Cooperative federalism: Constant dialogue and engagement with the States on action strategies will be required. It may include Inter-ministerial coordination.

6. Women and Indian society

Source: This post is based on the article "Women and Indian society" published in Business Standard on 7th March 2022.

News: Recently, Pew research Survey highlighted India's low female labour force participation rate (FLFPR) and few reasons behind that.

FLFPR has worsened with the slowing of the Indian economy before the pandemic came. an FLFPR of 33.1 per cent in 2011-12 slipped to 25.3 in 2017-18, coinciding with a 45-year high in unemployment, and further to 20 per cent now, among the lowest in the world.

What can be the possible reasons behind low FLFPR?

Many theories have been given as a reason behind India's low female labour force participation rate (FLFPR). Some of those are the following:

First, women typically exit the workplace when unemployment is high, to make way for the male workforce.

Second, many females step out of the workforce to educate themselves.

Third, as per Pew Research study, the deep-seated conservatism of Indian society is the reason behind India's persistently low FLFPR.

What are the findings on conservatism of Indian society on FLFP?

The Pew Survey showed that more than half the Indians think men should get job preferences when jobs are scarce.

Fully 80 per cent of the Indians with college education believe women must obey their husbands.

As per UN Global Attitudes Survey (2019) a quarter of the Indians surveyed favoured the traditional family dynamic of the wife taking care of the house and children.

What are the effects of conservatism?

Following are the proof of effect of conservatism on the Indian workforce:

- According to the Centre for Monitoring Indian Economy (CMIE), women accounted for 10.7 per cent of the workforce in 2019-20. However, they accounted for 13.9 per cent of the job losses in April 2020, during lockdown.
- During the three months ended September 2020, the unemployment rate among women touched 15.8 per cent against 12.6 per cent among men workers.

Some of the employments are considered “suitable” for women, such as tourism, retail, housekeeping services, and so on. These sectors have borne the brunt of pandemic the most.

As a result, on the World Economic Forum’s Gender Gap Index, India has been ranked, 140th among 156 nations. India is third-worst performer in South Asia, ahead of just Pakistan and Afghanistan.

GS1 – SOCIETY – POPULATION RELATED ISSUES

ELDERLY POPULATION OF INDIA

7. A new Vision for Old age care

Source: This post is based on the article “**A new Vision for Old age care**” published in **The Hindu** on **10th Mar 22**.

News: According to the UN World Population Ageing Report, India’s ageing population (those aged 60 and above) is projected to increase to nearly 20% by 2050 from about 8% now. Also currently, as India becomes increasingly urbanised, families are breaking up into smaller units which has led to several homes for the elderly coming up in various cities.

How capable are the old age homes for taking care of the needs of elderly?

Typically, such homes are run by NGOs, religious or voluntary organisations with support from the government, or by local philanthropists. But as there is a **lack of regulatory oversight** the quality of service is not uniform.

Basic Healthcare– Some recent research has pointed out that these homes lack in fulfilling even the basic health needs of their elderly residents.

These health issues though if properly taken care of require some very basic treatment, but if left unaddressed can be the cause of problems like depression in the patient.

Our **homes, buildings and social environment are not built keeping the elderly (or people with disabilities) in mind**. In such scenario, in order to prevent them from injury, their mobility is reduced. This reduces their sociability, their sense of independence and well-being — all leading up to mental health issues and depression.

What can be done to make elderly care better?

Screening–There is need for basic health screening at homes and public health facilities. This can include screenings for blood sugar, blood pressure, periodic vision. Such interventions hardly require some big sum of money, but go a long way in identifying health issues and offering support.

The next step would be to build **formal pathways** to address any health issues that such screenings identify.

There is also a need for **robust public policy** to support homes for the elderly. A comprehensive policy will guide elderlies to make their facilities, buildings and social environment elderly- and disabled-friendly.

GS1 – SOCIETY – URBANIZATION

GS3 – INDIAN ECONOMY - INFRASTRUCTURE

8. Rethinking the 100 new cities plan

Source: This post is based on article “**Rethinking the 100 new cities plan**” published in the **Business Standard** on **07 Mar 2022**

News: The idea of creation of 100 new cities in India has not taken off. It was an important mission launched by the public authorities in 2014 which included the **Smart Cities Mission**.

Why new cities are needed in India?

Economic Growth and Job Creation: Urban real estate development is a part and parcel of economic development and job creation. Therefore, it has to be properly focussed.

Very little land is needed to build new cities: For example, top 10 most populous cities occupy only about 0.2 per cent of the national land mass. Even urban areas as a whole occupy 4 per cent of the land base in India.

Only Few Cities Developed in India: India is a huge country with 28 states and eight Union Territories. Only a few new cities have come up since 1947

Low Level of Urbanization: The urban population in India still remains very low. It is at about 35 per cent which is very low in comparison to China (65 per cent)

What are the challenges in the development of cities?

The Land Acquisition Act, 2013: It makes acquisition difficult and costly. An Attempt to amend the 2013 Act has also been failed. However, there is still a way out.

A variant of Inspector Raj was abolished in manufacturing sector but its variant remained in the urban real estate sector: The private sector is still not allowed to provide infrastructure for the much-needed additional real estate development on a large scale.

Demand Supply Mismatch in Cities: There are unsold inventory of apartments built up in several cities. It is because real estate developers keep their supply limited relative to the demand. They build costly apartments. However, the demand for low-cost apartment is high which remains unmet. Therefore, the market price of urban real estate is high.

Inadequate Availability of funds for Mission of 100 Cities: A huge amount of finance or funds is required for development, or the planning and the implementation machinery.

Way Ahead

Participation of private players: There is a need to have an appropriate long-term policy framework to incentivise the participation of big private real estate companies in making the mission of 100 new cities real. They can be involved to plan, raise resources, construct, marketing, for instance, the development of much of Gurugram is an example.

Abolishing a variant of the **licence-permit-quota Raj** in the real estate sector:

Promoting construction of all variants of property: At substantially lower prices, we have massive demand. The construction in this segment is important.

It is imperative that we have several new cities, and not just extension of existing cities, which can be a messy and costly affair.

General

Studies

Paper - 2

GS2 – GOVERNANCE – ISSUES RELATED TO DEV &MGMT OF EDUCATION

GS2 – INTERNATIONAL RELATIONS – EFFECTS OF POLICIES AND POLITICS OF DEVELOPING AND DEVELOPED COUNTRIES

MEDICAL EDUCATION IN INDIA

RUSSIA-UKRAINE CONFLICT

1. Why India may not get a sizable role in post-war reconstruction of Ukraine

Source: The post is based on the article “**Why India my not get a sizable role in post-war reconstruction of Ukraine**” published in the business standard on 09th March 2022.

Context: After Ukraine crisis, major international bodies will be framing world order. India might not be a participant in decision making due to its weak presence on international institutions.

After World War II, the Global Reconstruction was handled by newly created international organizations, like the United Nations (UNs), the IMF, and the World Bank. Later Specific continent-based development banks, like the Asian Development Bank and the African Development Bank, also joined.

However, the approach of reconstruction was guided by the nations holding pole positions in these institutions. Voting rights, for instance, became important in this context.

This global power play will become active again after the end of Russian invasion of Ukraine. In this context, it is important to note that India has not been in senior secretariat positions in any of the major global institutions. Thus, India’s modest presence in these multilateral organisations may devoid it of any active role in decision making.

As a result, India, the **world’s sixth largest economy, will be** obliged to follow the rules set by most of them.

What are the other reasons behind India’s weak position in major multilateral organizations?

No Major institution in India: India does not host any major global institution.

Not part of few important rule making institution: India is not a member of the United Nations Convention on the Law of the Sea (UNCLOS). UNCLOS sets rules for marine and maritime activities. Whereas Pakistan is a member country.

India’s strategy: India develops deep partnerships with a number of countries to gain positions at the high table. For example, the Quad Grouping in which India is a significant member. But this is not a viable option because multilateral institutions are more important in global power play.

Some positive developments in the recent past

Indian bureaucrats now also feel that the **weaponization of the global financial system** to target countries, has made it essential that India sits in positions of authority at the rule-making bodies.

India has chairmanship of the G20 at the end of this year.

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India is advocating for combining the issue of Special Drawing Rights with enhanced voting rights at IMF. India argues that those nations that provide the support should also get larger voting rights.

India is also keen to secure the chairmanship of the **Heads of State Council** of the **Shanghai Cooperation Organization (SCO)** India is a keen supporter of a **new G10 grouping**.

2. What ails medical education in India

Source: The post is based on an article “What ails medical education in India?” published in the Indian Express on 10th March 2022.

Context: India’s medical education system has attracted a lot of adverse attention due to the medical students being evacuated from Ukraine. There are issues like delay in post-graduate counselling because of reservation-related litigation. Also, Tamil Nadu legislating to opt out of NEET.

Issues in Indian Medical Education

A serious demand-supply mismatch: The MBBS degree continues to be an attractive option and there are inadequate seats in terms of population norms. The seats in the private college are priced between Rs 15-30 lakh per year.

Paucity of Faculty: The government’s initiative to open new medical colleges has run into a serious faculty crunch. All that the new colleges do is poaching faculty from a current medical college.

Academic quality continues to be a serious concern. There are loopholes of ghost faculty and corruption.

Salaries of Faculty: In many states’ government-run and private colleges, the faculties are low and private practice is common. This ruins the academic atmosphere.

A complete disregard for students’ welfare: The private institutions do not treat students and their parents who come for counselling in a well way. The system is designed for non-resident and other wealthy Indians to capture the seats left unfilled due to their high prices. This is done using a percentile system for defining eligibility and not per cent, so that students with money and low scores can get through.

Mushrooming of dental colleges of dubious quality: Many students who don’t get seat in medical colleges settle for a Bachelor in Dental Surgery degree. Such colleges in number and of poor quality. Thus, India produced far more dental surgeons than were in demand.

Middlemen problem: The aspiring students are bombarded with offers from agencies ensuring seats in Nepal, Mauritius, Ukraine, Russia, China and so on. Many students who get admitted, often fail to clear the foreign medical graduate examination (pass rate of 15%).

Corporatisation of the health sector: The health sector is treated like a service industry with a profit motive, medical education provides human resources — like business managers. Universal need and information asymmetry are among the many reasons often cited to make the case for the exclusion of market forces in health services and medical education.

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Increasing need for specialisation: It leads students to prove their worth at every level or pay through their noses. This explains the decline in attraction for the MBBS among a section of students.

So, what needs to be done?

Increasing Medical seats: It can be done by converting district hospitals into medical colleges through private-public partnership model (NITI Aayog seems to be moving in this direction).

A functional regulatory framework: Recent efforts by the National Medical Council (NMC) to regulate college fees is a step in the right direction.

Subsidising medical education: The government can do so even in the private sector, or look at alternative ways of financing medical education for disadvantaged students.

Quality assessments of medical colleges should be regularly conducted, and reports should be available in the public domain. The NMC is proposing **a common exit exam** for all medical undergraduates as a quality control measure.

Conclusion

It is hoped that the current scaling up efforts, which are most welcome, are re-envisaged to focus on quality and societal needs along with commercial viability.

3. What the plight of students in Ukraine reveals about medical education in India

Source: This post is based on article What the plight of students in Ukraine reveals about medical education in India published in the **Indian Express** on **8th Mar 22**

News: Odisha's CM requested PM of India, to ensure uninterrupted education for medical students coming from Ukraine. He has requested him to enable their admission to Indian medical colleges.

Almost 18,000 Indian medical students have come back from Ukraine's war zones. Such a situation also arose post-Partition, when the refugee medical students had migrated from medical colleges located in the newly-created Pakistan.

Why Indian students go abroad to pursue their medical education?

Less number of seats available for medical education in India: Number of aspirants who want to become doctors after 12th are more than seats. For example, only 89,875 out of 1.6 million students who appeared in NEET-2021, were selected for 596 medical colleges in the country.

Thus, the remaining students are left with the option to either enrol in non-medical courses in India or seek admission to foreign medical colleges.

Problems faced by returning Indian medical students

Dilemma: It is unlikely that students may go back to Ukraine even if situation normalise. However, they also won't be able to get direct admissions into Indian medical colleges due to regulatory and social issues. Thus, they will have to go through qualifying exam to get admission.

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Qualifying Exam to Intern in India: On return, they need to pass a qualifying examination to intern in the medical institutions recognised by the National Medical Commission (NMC).

Poor passing rates: Mostly below 20% due to several reasons: (a) Varying Training standards across foreign institutions, (b) The language of instruction other than English and (c) Different curriculum in foreign colleges, for example, a student training in Russia or Ukraine is unlikely to learn much about kala-azar or malaria.

Vast Syllabus of Screening Examination: Syllabus encompassed the entire gamut of medical education.

What can be done for overall improvement in the medical education in India?

Don't hand over district hospitals to the private sector. It will exacerbate inequities in healthcare and disconnect secondary care from primary health care (PHC) which is organized by the government

Upstream and Downstream Linkages of the District Hospital: link downstream to primary healthcare services and upstream to tertiary care hospitals to provide the students with a full range of clinical exposure while functioning as the main centre of education.

Online Classroom Teaching: Common classrooms can be created by virtually linking several of the medical colleges in a state

Financial Assistance to State governments: It is to be done for transformation of district hospitals.

Reduce urban-rural disparities in healthcare: For example, a centrally sponsored scheme aims to set up 157 new medical colleges attached to existing district/referral hospitals in areas that do not have any medical college.

Paramedical Training: Nursing colleges and allied health professional training centres may also be added to district hospitals to create a multi-layered, multi-skilled health workforce.

As an ultimate solution, the government can enroll the returning students in a **BSc (Public Health) program**. The National Health Policy of 2017 calls for Public Health Management cadres to be established in every state. Thus, it can lead to initiation of a programme for large-scale training of public health professionals.

HIGHER EDUCATION AND RELATED ISSUES

4. A safety net for students abroad

Source: This post is based on the article "A safety net for students abroad" published in Indian Express on 7th March 2022.

News: Recently, the issue of higher education is under discussion due to evacuation of students from Ukraine.

Before the pandemic, more than 7,50,000 Indian students were studying abroad, spending \$24 billion in foreign economies. It is around 1% of India's GDP. The number is expected to rise to around 1.8 million students, spending nearly \$80 billion outside India.

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Indian students are going abroad for education?

Around half of the population of India is under the age of 25. Thus, demand for quality education is increasing. None of Indian universities come in the world's top 100. Demand- supply gap of quality education in India is on increase.

What are the challenges facing Indian students in abroad?

Armed conflict: The most recent example is the Ukraine in this category. After Russian invasion of Ukraine, around 20,000 Indian students were stranded.

Crackdown on bogus colleges: In Canada, recently, some colleges were abruptly closed, due to bankruptcy. It led to protest by 1000s of students.

Similar thing happened in UK, when hundreds of 'bogus' colleges being closed.

Closure of borders can result in stranded students in or outside the host country. Most recently, borders were closed due to covid pandemic.

A considerable number of students who study abroad are not from wealthy families. They take expensive loans from institutional and non-institutional sources to finance their education. Thus, all these difficulties endanger the future of students.

Why must students studying abroad be supported by the government?

India can be benefitted by Indian students abroad in terms of soft power, knowledge transfer and remittances.

Former External Affairs Minister, Sushma Swaraj referred to Indians abroad as **"brand ambassadors"**. Prime Minister Narendra Modi and U.K. Prime Minister Boris Johnson call Indians in the U.K. the **"living bridge" between both countries**.

Achievements of Indians like Sundar Pichai and Satya Nadella abroad has **increased the country's goodwill manifolds**.

Indian students can significantly contribute to India's development by transferring advanced knowledge and best practices, if a proper ecosystem is given to them by the government.

What steps can the government take to ensure the welfare of students abroad?

India is currently negotiating many international agreements. These **agreements must include some provisions that oblige host countries** to ensure the welfare of Indian students during times of crises and contingencies.

Provisions should include a **mandatory student insurance scheme** as well as the responsibility of foreign countries for the welfare of students in their country. It is possible because higher education is an attractive export for many countries. For example; the U.K. is generating £28.8 billion in revenue from education export.

QUALITY EDUCATION FOR ALL

5. Phygital education can prove transformative for the country

Source: This post is based on the article “**Phygital education can prove transformative for the country**” published in **Live Mint** on **7th March 2022**.

News: Government’s vision of a digital university to reach all students across the country is a landmark step.

However, there are many challenges associated with these digital only courses.

What are the challenges of teaching students in a digital only mode?

Students hardly complete their ‘digital only’ courses. This has been the case with many top global universities.

Students struggle in their transition to online learning, feel demotivated in the absence of a mentor or peer group, and also struggle with tests and assignments.

Teachers, on the other hand, struggle with producing online content and find it difficult to keep children engaged.

Are there any better alternatives?

Phygital model of learning that **combines online course instruction with weekly or fortnightly in-person educational sessions** can be a better alternative.

It makes it easier for students to transition to learning online and also helps teachers keep students engaged, read behaviour patterns among them that may be of relevance, and tailor their delivery accordingly.

What is the way forward?

Apart from the Phygital approach, there is need for some foundational steps.

- **Making Learning more accessible:** Language barriers are a key challenge to online learning in our country, as videos and frequently asked questions (FAQs) are primarily in English.
- Content for digital learning need to be made available in prominent regional languages. There is also the need for making these courses accessible for people with disabilities.
- **Helping in adapting to e-learning:** Students should be helped to build their digital literacy. This can be done through simple, concise learning modules on how to operate a device or by providing on-call support with minimum wait time via call centres.
- **Create engaging, immersive learning experiences:** Teaching-learning experiences that have dipped because of the use of a virtual interface can be rebuilt by promoting a spirit of competition. This can be done by holding periodic contests and weekly in person interaction between teachers and students.

Peer Network: One of the big challenges in digital education is the absence of a peer network. Students cope with the difficulty of studying alone, coupled with the boredom of online education, which can lead to discontinuity and drop-outs. This can be overcome by creating peer learning communities which will lead to healthy competition and cross-learning.

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Improve the quality of instruction on digital platforms: Teachers face unique challenges with infrastructure required to teach online. There is need to support educators to create quality content.

GS2 – GOVERNANCE – GOVT POLICIES AND INTERVENTIONS

POLICIES RELATED TO MEDIA

6. Disruption@gov.in

Source: This post is based on the article “[Disruption@gov.in](#)” published in **The Times of India** on **8th Mar 22**.

News: State government of Bengal has ordered an internet shutdown in a few districts for a week in order to curb cheating in the ongoing State board exams.

How frequent are the internet shutdown in India?

According to Access Now, a non-profit which advocates for digital civil rights, from about 155 global shutdowns it documented in the year 2020 109 were from India.

What are its negative impacts?

Internet is a **commercial and social lifeline**. The telecom industry estimated it loses Rs 2.4 crore an hour in every circle area where there's a shutdown.

Apart from this, the losses incurred by other businesses that increasingly rely on the internet go unnoticed.

What is the legislation that governs internet shutdowns in India?

The umbrella legislation governing this area is **Indian Telegraph Act**.

However, problem arises due to a **new set of rules** introduced by GoI in August 2017 to provide statutory cover for temporary suspension of telecom services. These rules identify **public emergency and public safety** as ground for imposing internet shutdowns.

As these terms don't have any particular description they are many a times **interpreted subjectively** by the executive and may also lead to their misuse.

What have been the Supreme court's observation in the case of internet shutdowns?

The shutdowns imposed by states are inconsistent with a relevant Supreme Court verdict.

In January 2020, the apex court said that the freedom to carry on trade over the internet enjoys constitutional protection under **Article 19**. Therefore, any restriction has to meet the **test of proportionality**.

GS2 – INTERNATIONAL RELATIONS – EFFECT OF POLICIES AND POLITICS OF DEVELOPED AND DEVELOPING COUNTRIES ON INDIA'S INTERESTS

RUSSIA-UKRAINE CONFLICT

7. On resumption of international flights: Skies wide open

Source: This post is based on the article “Skies Wide open” published in **The Hindu** on **12th Mar 22**.

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

Relevance: Tourism sector, aviation, Pandemic.

News: Government from next month will allow scheduled commercial international flights to resume operations. This will come as a big relief to the travel, tourism and hospitality sectors, which have been among the hardest hit by the pandemic.

How has been the tourism and aviation sector been affected by the pandemic?

The tourism and hospitality industry supports the aviation sector for its earnings and jobs growth, which was hit hard due to the COVID-19 and the accompanying curbs on overseas travel and domestic mobility.

According to the Official data show that in just nine months from march 2020 to December 2020, 21.5 million jobs were lost in tourism.

How will the Ukrainian crisis impact the tourism and aviation sector?

Oil prices have been soaring due to fears of disruptions to global energy supply chains.

– As a result, aviation turbine fuel (ATF) prices have also jumped by almost 60% year-on-year. Fuel costs typically constitute about one fifth of a global airline’s operating expenditure and will definitely hurt the profit margin available to airlines.

A range of commodities have seen a sharp jump in prices, this will lead to high inflation across the globe and will also affect the cost of overseas travel.

Economic uncertainty triggered by the conflict in Eastern Europe and the residual fear among travellers of new variants of the SARS-CoV-2 virus will make revival of tourism and aviation sector tough.

What is the way forward?

Although restoring visitor confidence through enforcement of COVID-19 protocols and widening vaccination coverage is a positive step.

Government must also consider lowering ATF prices by cutting duties.

8. A fresh blow to globalisation

Source: This post is based on the article “**A fresh Blow to globalisation**” published in **Business Standard** on **10th Mar 22**.

News: There are two broad possibilities that may arise as an effect of the present Ukraine crisis – one is the **reordering of international relations**, and the other is **declining globalisation**.

How the western countries have responded to the Ukraine Crisis?

The West has imposed what are supposed to be the harshest sanctions ever faced by any country.

The US has **banned oil and gas imports from Russia**.

The UK is curtailing oil imports.

Russia has been **cut off from the SWIFT messaging system**. Select Russian banks have been **barred from the payments system**.

What, as per experts, led to the Ukraine crisis?

Majorly, the narrative that has been commonly accepted and which the western world is also supporting is that conflict in Ukraine has happened because **Russia wants to recreate the Soviet empire**.

An alternative narrative is that Russia sees the **inclusion of Ukraine in NATO as an existential threat** and the intervention in Ukraine as necessary to prevent a nuclear conflagration in the near future. This view was earlier also proposed by thinkers like **Henry Kissinger** who had warned that conflict with Russia was inevitable if the expansion continued.

How the present crisis can negatively affect world trade and globalisation?

Foreign entities are facing issue to access Ruble payments parked with Russian banks, and repayment of dollar-denominated Russian bonds are also in doubt.

Although Russia has not yet curbed the oil and gas supplies, however, there **prices are still rising**. Due to this the world will have to suffer the costs of **higher inflation and lower growth**.

Rising protectionism, concerns about national security and the Pandemic had already slowed the momentum of world trade and investment flows. The **current crisis will deliver another blow to globalisation**.

What are some key lessons for India from this emerging scenario?

Russia is facing severe restrictions on its **access to its central bank foreign currency reserves parked in the West**.

This raises questions about Nations parking foreign exchange surpluses with central banks in the West. This has led many to point out that **greater integration with the outside world makes an economy more vulnerable** to external pressures and could compromise a nation's sovereignty.

9. Navigating economic uncertainties caused by Ukraine war

Source: This post is based on the article “**Navigating economic uncertainties caused by Ukraine war**” published in the **Indian Express** on **09th March 2022**

Context: The ongoing conflict between Ukraine and Russia is going to have a significant impact on emerging market economies, including India. The main concern largely comes from the impact of higher crude oil prices which has hit crude \$139/bbl.

Present Macroeconomic situation of Emerging Countries including India

They are running current account deficits. They have witnessed depreciating currency and a hardening of interest rates.

Problems being faced by Emerging Market Situation (Apart from the consequences of Present Oil Prices)

US dollar is appreciating and US treasuries are strengthening. The US runs the largest current account deficit in the world (23 times higher than that of India). But, by this logic, US treasuries should now have been at all-time lows (But it is not so, because of Triffin paradox).

Triffin Paradox

The US current account deficit is purely a reflection of the US supplying large amounts of dollars to fulfil the world’s demand. There is also a “saving glut” i.e., emerging economies were accumulating foreign exchange reserves in dollars, and diverting domestic savings to buy US treasuries.

Analyzing Possible Solution

Global Analysis: the dominance of the US dollar is inevitable in the global financial architecture. The dollar’s dominance will not decline ever in future as 90% of global trade is dollar-denominated. Also, the Renminbi and the Euro do not find a larger space in the foreign reserves’ basket of an emerging market economy today.

Domestic Analysis: We must find domestic solutions by managing our government finances better

Challenges in Domestic Solution

Although heavy interventions by the RBI in the foreign exchange market could pull the rupee up from the record lows. But the larger concern is how the government and the RBI will do so now. Because now the government is doing record government borrowings, and how to prevent domestic interest rates from hardening.

Way Ahead

First, the government and RBI may **spread the borrowings** of the government over **four quarters** of the financial year, instead of the traditional approach of completing 60 per cent of the borrowings in the first half of the year.

Second, The RBI and the government can induce market players to buy bonds in this uncertain time. Further, a higher proportion of short-and medium-tenor securities can be offered in the

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initial months of the year, while longer tenor securities can be offered in the second half of the year.

Third, the **small savings collections** are an important part of the government borrowing. Therefore, the government can encourage fresh registration in the small savings schemes such as the Sukanya Samriddhi Yojana (SSY)

Fourth, The Life Insurance Company (LIC) which holds a large share of government bonds. As a result, LIC's listing should signal positively for the bond market. It is because the insurance behemoth may be forced to invest a larger portion of its inflows in safer domestic assets. The current market volatility could push investors readjust their exposure to countries like India.

Conclude

In such a scenario it is best to follow unconventional policy measures as those listed above to ensure that the government's borrowing programme passes through with the least disruptions.

10. THE MACROECONOMIC FRAMEWORK THAT CAN GUIDE OUR POLICY CHOICES

Source: The post is based on the article "**The macroeconomic framework that can guide out policy choices**" published in the Live mint on 09th March 2022.

News: Indian policymakers have been gradually rolling back the Covid-19 pandemic stimulus, given since 2020. The ongoing Ukraine Crisis-2022 will have multiple economic implications for policymakers now.

Upcoming Challenges to due to Ukrainian Crisis

International Crude Oil Prices: Since Russian tanks rolled into Ukraine. International prices of crude oil have gone up sharply up to \$140 a barrel.

Inadequate Forecasts in India: RBI's inflation forecast as well as the budgetary calculations of the Union government have been made assuming crude prices at \$75 a barrel.

Balance of Payment: The higher energy import bill will put pressure on the Balance of Payments. India is nowhere near unmanageable stress in its balance of payments, as a comparison with 2013 will show.

Headline Inflation: The prices of other industrial commodities have also gone up in tandem with energy prices. It will also influence headline inflation.

Government budget: The effect on budget will depend on the extent to which the government passes on higher oil prices to consumers and how much it absorbs through reductions in excise duty on petrol or higher fertilizer subsidies.

What should be the policy Reponses?

The **Australian economist Trevor Swan** gave a very good framework to understand how a country should respond to various combinations of internal and external imbalances in its economy. The **Swan framework** provides clues that are relevant even today, depending on where a country is in the *macroeconomic space*:

Fig: The Swan Diagram

Internal balance: When there is full employment or economic growth is at potential or when inflation is not accelerating.

External balance: When an economy has neither a large current account deficit nor surplus.

Interactions between Internal and External balance: study of the interaction between them is most closely identified with the work of international economists such as James Meade and Harry Johnson. J.P. Morgan.

Macroeconomic spaces:

Following are the 4 macroeconomic spaces that are depicted in the diagram above:

1. A current account deficit with growth below potential.
2. A current account deficit with rising inflation.
3. A current account surplus with rising inflation.
4. A current account surplus with growth below potential.

Combined Responses for external and internal balance:

Any country that seeks to maintain **an internal and external balance** at the same time has to **maintain a balance between the levels of real exchange rate and the domestic demand.**

Changes in the real exchange rate (on the Y-axis) which affect the composition of demand between imported goods and domestically produced goods in an economy. It may include the depreciation of the real exchange rate to reduce the current account deficit or appreciation to bring down a current account surplus.

Changes in monetary and fiscal policies (on the X-axis in diagram) to affect the size of domestic demand, or expenditure control in the domestic economy. Meanwhile, interest rates and net government spending have to be calibrated to manage domestic demand.

India will thus have to adapt its mix of fiscal, monetary and exchange rate policies to maintain a balance in case global turbulence persists for an extended period of time. It will ensure that neither internal nor external imbalances get out of hand.

11. Global stagflation risk

Source: This post is created based on the article “**Global stagflation risk**” published in The Hindu on 9th March 2022.

News: Russian invasion of Ukraine is set to halt the global economic recovery after the Covid-19 pandemic.

IMF had already reduced the global growth outlook due to the Omicron variant to 4.4%, now after the Ukraine crisis situation has become much worse.

How Russian invasion of Ukraine is affecting the global economic scenario?

Sanctions on Russia have led to a drastic **fall of more than 60% in the value of the Rouble** (Russian currency).

Prices of several commodities like wheat and corn, nickel, aluminum, oil, and gas have surged due to conflict. For example, the price of Brent Crude is 29% higher than before the invasion began on February 24.

An embargo on energy supplies from Russia could result in soaring electricity prices in European and other dependent countries. It is notable that Russia supplies Europe about 40% of its gas requirements, roughly a quarter of its oil and almost half its coal needs.

How would it impact India?

In a 2019 paper on 'The Impact of Crude Price Shock on India's Current Account Deficit, Inflation, and Fiscal Deficit', 2 senior RBI researchers gave an idea of the impact of oil price rise.

They estimated that a \$10 increase in the price of oil from a \$65 level would raise headline inflation by about 49 basis points (bps) or widen the Government's fiscal deficit if it decided to absorb the entire oil price shock.

Thus, Indian policy makers will have to make a tough choice between revenue shortfall in case they cut the fuel taxes and higher inflation plus slow economic growth i.e. stagflation.

12. How invasion of Ukraine could transform nuclear landscape of Asia

Source: This **post** is based on the article "How invasion of Ukraine could transform nuclear landscape of Asia" published in the Indian Express on 08th March 2022

News: Putin's nuclear sabre-rattling in Ukraine has triggered a consequential debate on the importance of atomic weapons in deterring Chinese expansionism in Asia.

Geopolitical Impact of nuclear threats and Ukraine developments in other parts of the world

(a) In **Japan**, Ex-PM of Japan, Shinzo Abe, called for a national debate on hosting American nuclear weapons on Japanese soil, (b) In **South Korea**, Presidential runner Yoon Suk-yeol talked of strengthening Seoul's nuclear deterrence against both Pyongyang and Beijing, (c) In **Taiwan**, a nuclear-powered submarine is being reportedly developed, and (d) In **Australia**, nuclear-powered submarines are being built while working with the UK and the US to build.

Why China's eastern neighbours are taking a fresh look at the nuclear option?

American Commitment does not cover Taiwan: The current US policy does not explicitly state that its armed forces will come to the rescue of Taiwan if it is attacked by China.

Legal Guarantees Are Not Substitute for nuclear weapons: In 1994, Ukraine agreed to give up the nuclear weapons that it inherited from the Soviet Union in return for guarantees on Kyiv's sovereignty and territorial integrity.

Whether US Nuclear umbrella or the so-called extended deterrence will work: For example, The US actively discouraged Taiwan, South Korea and Japan from developing nuclear weapons in return for American security commitments, including the shelter of the American "nuclear umbrella".

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Threat of China emulating Russia: China has been giving signals of following the policy of great-power chauvinism and territorial expansionism. For example, China appropriated the territories of its neighbours in the South China Sea, and forcibly absorbed Hong Kong completely.

Growing China-Russia Alliance: Recently, an “alliance without limits” was unveiled by both Russia and China at a summit meeting in Beijing. They agreed for the unprecedented commitment to stand by each other.

What are the possible solutions?

Developing a nuclear arsenal: Taiwan, South Korea, and Japan have significant technological capabilities. But it would be the last and most politically risky option.

Strengthening the military alliance: These countries could develop an alliance with the US and boost national defence capabilities including advanced missile systems.

Nuclear Sharing Agreements: Japan and South Korea talking about potential nuclear sharing arrangements with the US. In Taiwan and Australia, the emphasis is on developing nuclear-powered submarines.

IMPACT OF UKRAINE CRISIS (GS3 – ENERGY)

13. How to handle impact of Ukrainian crisis on India's energy sector

Source: This post is based on the article “**How to handle impact of Ukrainian crisis on India's energy sector**” published in **Indian Express** on 7th Mar 2022.

News: Ukrainian crisis will result in negative effects on Indian energy sector. The article explains how would it effect the Indian economy.

Read – [How high oil prices will affect the Indian economy?](#)

In addition to the factors mentioned in the previous articles, uncontrolled increase in crude oil prices will have following impacts on Indian economy:

Exports: It will negatively impact our earnings from petroleum products (diesel, petrol, naphtha). In 2021, these products accounted for the highest share of export earnings.

India's assets in Russia: ONGC has stakes in many holdings in Russia. After the Ukraine conflict, the value of these assets has eroded sig significantly. Similarly, in India, Rosneft (the Russian national oil company) operates the 20 mtpa refinery in Vadinar through Nayara Energy. Now, Indian traders will face difficulties in looking for alternatives.

What are the significant factors that are changing global energy scenarios?

First, Energy cooperation between Russia and China is increasing after conflict. Only in the last week, an agreement has been signed to build a second gas pipeline to China christened “Power of Siberia 2”.

Second, the US, as the largest producer of oil in the world, will be able to make up for the shortfall, however, the energy sector in the US is controlled by profit-maximising private corporations. Supplies will head towards the highest bidder.

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Third, Saudi Arabia (SA) has significant spares, low cost, producible capacity (approx 3 mbd) of crude oil. However, the US, even after pressurizing SA, has not been able to get this done.

Fourth, China is holding significant amount of rare earths, minerals and components that are required to make the transition to clean energy possible.

What are the lessons for India from the current energy crisis?

India needs to understand the supply, demand and geopolitical trends to understand the trajectory of the energy market. The following points can be taken into account while framing the energy policy:

5. India should frame its policies with the expectation of energy market volatility in the future.
6. Strategic reserves should be built to safeguard against the unexpected.
7. Reviving the negotiations with Turkmenistan and Iran about a transnational gas pipeline.
8. Strong efforts are required to decouple the supply chain dependence on China for the minerals and components required for the clean energy transition.

14. Risks Rise Above Earth Too

Source: This post is based on the article “Risks Rise Above Earth Too” published in Times of India on 7th **March** 2022.

News: The Ukraine crisis will have affects for space programmes globally, and also harsh lessons for India.

Read – US not ready for a solo space ride

Other than the International Space Station Program, the risks to space cooperation could come in three ways: First, due to sanctions. Second, due to physical destruction or control of aerospace facilities in Ukraine. Third, potential attempts by either side to disrupt the other’s use of space for military purposes.

How the present developments hinder India’s space program?

Due to sanctions: Sanctions are likely to place limitations on India’s ability to work simultaneously with Russia, the EU, and the US. India’s Gaganyaan human spaceflight project, which relies on Russian cooperation, will probably experience delays. For example, in 2014, the US placed restrictions on two Russian military-linked outfits that work on space technologies.

However, this situation can turn positive for India, as Russia may offer more favorable terms of cooperation to India. India can also jump into the business of launching satellites stranded due to sanctions.

Due to destruction in Ukraine: India’s own collaborative projects with Ukraine are under threat. For example the development of semi-cryogenic engines that could have allowed ISRO to launch heavier payloads into geostationary orbit.

Furthermore, even if Ukrainian capacity is not destroyed, it will be subject to political equations.

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Warfare in space: Present crisis may lead to conflict among powers in space because they will be able to deny other parties the intelligence and power space provides.

What should be done by India?

First, India should start making its own efforts to defend its assets in space. The Tri services Defense Space Agency was formally set up in Bengaluru in 2019 but it has made little progress.

Second, Besides capacity building, India should publish a military space doctrine that clears the air on how it will respond to any attempts to contest its use of space.

Third, India must reduce risks to itself by diversifying its space partnerships and encouraging foreign direct investment into its private space sector.

Finally, India must develop the capacity to defend its ability to use space for its own prosperity and security.

15. Do economic sanctions work as a deterrent?

Source: This post is based on the article “Do economic sanctions work as a deterrent?” published in **Livemint** on **7th Mar 2022**.

News: The US, UK, and the EU have imposed several types of sanctions on Russia for going to war against Ukraine. This could prove to be detrimental to the country.

What do you mean by economic sanctions?

Economic sanctions are penalties or bans that are levied against a country to push it to modify its strategic decisions. Sanctions can be of the following types:

- 1) **Full sanctions:** It includes withdrawal of customary trade and financial relations. It could result in cutting economic ties in every respect including terms of trade, financial assistance, transit support, travel bans, asset freezes, and trade restrictions.
- 2) **Targeted sanctions:** It includes restricting transactions with certain businesses, groups, or individuals.

How do sanctions impact an economy?

Supply chain disruptions due to import restrictions. It can cripple the economy which is dependent upon imports of critical raw material.

It becomes very difficult to reach out to the export markets.

What are the economic sanctions against Russia?

Assets of some major Russian banks have been frozen and they have been banned from the SWIFT financial messaging service.

Sanctions have been levied on the Russian Direct Investment Fund and some Russian wealthiest people.

How India managed curbs after Pokhran-II?

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The government appealed to Non-Resident Indians for assistance to replace India's external assistance of more than \$100 billion. As a result, NRIs' subscription to government bonds was more than double the annual foreign assistance.

Furthermore, none of the scientists involved were trained abroad, thus India was able to show its scientific and economic independence.

GS2 – SOCIAL ISSUES – ISSUES RELATED TO PUBLIC HEALTH

CONSUMPTION OF TOBACCO

16. Revive tax increases, stub out tobacco product use

Source: The post is based on the article "Revive tax increase, stub out tobacco product use" published in the Hindu newspaper on 09th March 2022.

Context: Apart from COVID-19 pandemic (which is reported to have killed half a million Indians over the past two years), tobacco is a silent killer in our midst that kills an estimated 1.35 million Indians every year.

Impact of Tobacco Consumption

Tobacco Related Death: 3,500 Indians die every single day, as estimated by scientific studies.

Economic Burden: It comes with an economic cost of ₹1,77,340 crore to the country or more than 1% of India's Gross Domestic Product (GDP).

How pricing and taxation determines Tobacco Consumption?

Research shows that a **price increase** induces people to **quit** or **reduce tobacco** use as well as **discourages non-users** from getting into the habit of tobacco use. Taxation is one of the most cost-effective measures to reduce the demand for tobacco products.

Challenges in Discouraging Tobacco Consumption in India

Inadequate Taxation: There has been no significant tax (GST) increase on any tobacco product for four years, barring a minor increase in the National Calamity Contingent Duty (NCCD) during the Union Budget 2020-21 which only had the effect of increasing cigarette prices by roughly 5%.

The Union Budget 2022-23 also didn't hike tax on any tobacco product. ITC stocks gained by more than 6% and outperformed most other stocks.

Cess applied on cigarettes has remained unchanged for four years in the face of increasing inflation.

Consequence of not increasing the taxes on tobacco products

Loss of Revenue: Absence of hike of taxes on tobacco product means foregone tax revenues for the Government. In fact, Government of India is looking forward to increasing the share of public

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spending on health. For example, in the recent Union Budget, it has budgeted 2.2% of the total expenditures towards health.

Making Tobacco Products Affordable: The lack of tax increase in a country makes all tobacco products increasingly more affordable.

Increase Tobacco Users Base: It is known that more affordable tobacco products could attract new users, especially among the youth.

Suggestions

The Goods and Services Tax (GST) Council should raise either the GST rate or the compensation Cess levied on tobacco products.

Expanding the Tobacco Products under Taxation Domain: Bring in *bidi* under taxation as it does not have a Cess levied on it under the GST while all other tobacco products attract a Cess.

GS2 - INTERNATIONAL RELATIONS – INDIA AND ITS NEIGHBORHOOD

INDIA'S CHINA RELATED POLICY

17. Clear signals: On India-China ties and the new global currents

Source: This post is based on the article “Clear Signals: On India-China ties and the new global currents” published in the Hindu newspaper on 09th March 2022.

News: The Chinese Foreign Minister, Wang Yi claimed that the **U.S. Indo-Pacific strategy** is aiming to create “**an Indo-Pacific version of NATO**”. His statement has deeper interpretations for India.

Challenges in India-China Relations?

Revival of QUAD (called as “**Asian NATO**” by China) having Australia, Japan, U.S. and India as member.

However, apart from this, U.S. is also **Strengthening the Five Eyes** (An intelligence alliance), formed other exclusive clubs like **AUKUS** as well as the USA is also tightening bilateral military alliances.

How these developments impact India-China relations?

China is continuously situating India as a part of the U.S. “**exclusive club**” by targeting Quad.

Beijing’s also making aggressive moves along the LAC in 2020 as a warning sign to deter India-U.S. relations.

Some experts view China’s aggressive moves along the LAC in 2020 as a warning sign to deter India-U.S. relations.

Consequences of ongoing geopolitical developments

How has India responded to China?

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New Delhi has rejected the claims of China about India. India's External Affairs said "interested parties" were making a "**lazy analogy of an Asian NATO**" and India was not a U.S. treaty ally.

In response, India has been continuously deepening ties not only with the U.S. and the Quad but also other Indo-Pacific partners to underline it will not be swayed.

Russia being common friend of both China and India: Both Russia and China claimed to have "**rock solid**" relationship on a summit on February 4. China backed Russia on its concerns on NATO's eastward expansion in Europe, and Russia returned the favor with both criticizing the U.S. Indo-Pacific strategy.

GS2 – GOVERNANCE – GOVT POLICIES AND INTERVENTIONS

DRAFT INDIA DATA ACCESSIBILITY & USE POLICY 2022

18. An open data policy won't work without earnest implementation

Source: The post is based on an article "An open data policy won't work without earnest implementation" published in the Live mint" on 11th March 2022.

News: On 22 February, India's ministry of electronics and information technology (MEITY) released its draft India Data Accessibility and Use Policy 2022 for public consultation.

Need for bringing the draft Data Accessibility and Use Policy 2022

Utility in delivery of public services: The data generated through routine administrative processes is important for the better delivery of public services.

Already in practice in other countries: Such policies exist in many countries being used for an efficient use of such data in improving services.

Demands of academia and other stakeholders: i.e., large volumes of such data have remained unutilized.

What are the challenges associated with the policy?

Conflict of interest: There are chances of misuse of such data for commercial or political purposes. It is because data is "the new oil". Thus, the monetization of valuable public sector data without adequate safeguards can be counter-productive.

Issues of data integrity: As public data is a by-product of government administration; its quality is only as good as that of the administration.

Administrative control over data has also been used to thwart attempts by users and citizens to obtain data for public use. For example, the Right to Information (RTI) Act, has been diluted over the past decade like many RTI activists losing their lives.

What are the benefits associated with policy?

It can lead to realizing the potential of this large volume of data. It can be shared across various ministries and between central and state governments. It can be used to encourage better utilization of large-scale data collected by the government machinery.

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Public data can be complementary to a systematic evaluation of administrative functioning and independent surveys and research.

Challenges in using public data as complementary to other evaluating measures

Public data is being used to discredit independent credible surveys: For example, Data from the EPFO and E-Shram portal used to argue that jobs are being generated, as against separate evidence from the Periodic Labour Force Surveys of the National Statistical Office (NSO).

Public data used to suit a political narrative: Assault has been made on NSO data on open defecation, access to potable water, and so on. Even a basic exercise such as our decennial population census has become political, e.g., It is being linked with a National Population Register.

What are the suggestions to tackle issues?

The data accessibility-and-use policy has to be completed by a comprehensive data protection framework.

The data integrity: Our statistical system needs strengthening. Public data can be verified independently, i.e., open databases for public scrutiny and academic analysis. For example, social audits being used in the Mahatma Gandhi National Rural Employment Guarantee Act. Its social audit has not only raised the quality of data available on this job programme's functioning, but also helped improve the scheme itself.

Protection from unnecessary attacks: It is needed to be protected from the very institution that generates it, i.e., administrative machinery as well as the political leadership.

General

Studies

Paper - 3

GS3 – INTERNAL SECURITY - Role of media and social networking sites in internal security challenges

REGULATION OF SOCIAL MEDIA

1. Conflicts and a settings change for social media

Source: This post is based on the article “**Conflicts and a settings change for social media**” published in **The Hindu** on **7th March 2022**.

News: Armed conflicts within and between states like the current Ukraine-Russian conflict have also have had some influence on cyberspace over the years.

Social media platforms have gone by the mantra of “tech neutrality” to avoid taking decisions that may be considered political for too long. However, there is need for some norms for social media as they have a huge amount of influence on our daily lives.

What is the need for a framework of conduct for social media platforms wrt global conflicts?

There is need for content moderation on these platforms. Information here can be operationalised and **used to exacerbate conflicts**. However, most social media giants are yet to create institutional capacity to deal with such situations.

They act as **conduit for further amplification of content** on other platforms. Major social media platforms such as Facebook, Instagram, and Twitter also provide space for extremist views from smaller platforms, which makes the identification of original user of content difficult.

There is a huge **issue of Misinformation and disinformation** on these platforms. Although, algorithmic solutions are widely put to use to address them, these algorithmic solutions sometimes have harming the already resource-scarce party.

What role can India play?

The lack of coherent norms on state behaviour in cyberspace as well as the intersection of business, cyberspace, and state activity is an opportunity for India.

- India can initiate a new track of conversations here which can benefit the international community at large.
- Ultimately, this will contribute to maintaining a rule-based world order that can greatly benefit India.

What is the way forward?

There is a need

- for a protocol that outlines the norms of behaviour on social media during such situations that can help in addressing the multitude of evolving factors.
- **to create a balance** between the business interests of social media platforms and their intersection with global public life in critical situations.

EMISSION REDUCTION AND TRANSITION TOWARDS CLEAN ENERGY

2. Pumped storage hydro projects can help meet our energy goals

Source: This post is based on the article “Pumped storage hydro projects can help meet our energy goals” published in **Livemint** on 07th March 2022.

News: As per a study done by the Central Electricity Authority (CEA), our storage requirement by 2030 is forecast at 41GW. So, there is a need for adopting grid-scale energy storage technologies to complement India’s energy sources and achieve India’s nationally-determined contributions (NDC).

About the status of India’s electricity production and consumption

India is the third-largest producer and consumer of electricity globally, with annual electricity production of around 1,200-1,300TWh and one of the largest synchronous power grids.

As of December 2021, the installed generation capacity of the country stood at 393GW, comprising 235GW of thermal, 151GW of renewable (wind, solar, hydro and biomass) and 6.78GW of nuclear.

What is pumped storage hydro (PSH) plants?

Pumped storage hydro (PSH) plants are storage systems based on hydropower operations between two or more reservoirs (upper and lower) with an elevation difference. At the time of demand, downward water flow generates electricity with a hydraulic turbine, and water is pumped back to the upper reservoir using power from grid or RE sources, with an overall efficiency of 75-80%.

PSH Plants in India

The country has 5,745 large dams, which provide an excellent opportunity for developing PSH plants by placing them in between two large dams or by using one dam and a second reservoir on a hill-top in a manner.

In India, the PSH potential of about 120GW has been identified at about 120 sites. Only nine plants with an installed capacity of 4,785MW have been commissioned so far, and three with a capacity of 2.7GW are under construction.

Significance of Pumped storage hydro (PSH) plants

-PSH plants are highly useful options for the integration of Renewable Energy power with the power system.

-The PSH plants will have a very **low impact on biodiversity and involve very few resettlements and rehabilitation (R&R)** challenges.

-Promote Atmanirbhar Bharat: PSH plants use domestically produced material and even the electrical mechanical parts are made in India.

What are the challenges associated with the PSH plants?

1) PSH plants have to obtain land, forest and environmental clearances, 2) Users like discoms find them too costly and less attractive as a storage option. 3) With High investment costs and long gestation for a PSH project, private participation has been low, 4) Hydro and PSH projects are a state government legislative subject, and require the support of many policymakers and electricity regulators, apart from state governments.

How to promote PSH Plants in India?

Power storage is a major part of India's clean-energy mission, and India must enable the setting up of PSH plants through steps like,

1) There is a need to **adopt the sustainability guidelines** of the International Hydropower Association and to **carry out an ex-post analysis of a few operational storage projects**, which might help to dispel some apprehensions related to energy storage projects, 2) States should **decide and announce a basis for PSH-project allotments** through a process that is transparent but different from that for conventional hydro projects, 3) PSH projects should be **delinked from a per-unit energy cost basis** for speedy development.

4) The benefits of PSH projects can be shared across state and national boundaries. 5) India must **develop market mechanisms and innovative economic models** that let energy-storage technologies be evaluated on the basis of merit, 6) **Prioritizing projects** based on location, duration of storage, availability of a pre-feasibility report, detailed surveys, investigations and project reports, etc.

GS3 – ENVIRONMENT – BIODIVERSITY AND CONSERVATION

ENVIRONMENTAL IMPACT ASSESSMENT AND RELATED ISSUES

3. Strengthen environmental clearances

Source: This post is based on the article “**Strengthen environmental clearances**” published in **Business Standard** on 7th March 2022.

News: A robust system of Environmental Impact Assessment (EIA) is required to find the balance between the environment and development, and to mitigate harm.

Many projects are being given environmental clearance, without paying attention to how many should be allowed and in what conditions.

What are the changes present EIA process required?

First, credible baseline data about the proposed project should be made available and easily accessible to the public.

Second, Environmental Impact Assessment (EIA) system has been unnecessarily made difficult. All clearances – i.e. – environment, forests, wildlife, and coastal, should be streamlined and consolidated. In the Budget 2022-23, a single-window clearance system has been announced, however, it is solely aimed at the ease of doing business.

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Third, Public assessment process is not useful as of now. Public hearings are held, not heard. Risks from projects can be mitigated if the community concerns are heeded.

Thus, mandatory videography of any public hearing should be live-streamed. The committee assessing the project must be made accountable for taking those concerns into account.

Fourth, the role of the environmental assessment committees must be revised properly. At present these committees are not responsible for the compliance or monitoring of the project. Furthermore, they make the government less accountable for the decisions that are taken during the scrutiny of the project. Thus, these committees should be should either be made accountable or disbanded.

Fifth, at present, there are many monitoring agencies after clearance and yet enforcement is weak. there is a need to integrate the functioning of all agencies — from state pollution control boards to coastal- and forest-related institutions.

GS3 – ENERGY AND INFRA – ENERGY SECURITY

ENERGY SECURITY

4. Risks of imported energy gets real

Source: This post is based on the article “**Risks of imported energy gets real**” published in **Business Standard** on 8th March 2022.

News: India imports 36 per cent of its total energy needs and biomass still accounts for a fourth of India’s energy supply.

The current spike in energy prices due to sanctions on Russia have the potential to derail India’s post-Covid recovery.

This crisis should strengthen policymakers’ resolve to focus on self-sufficiency in energy over the medium-term.

What has been the rise in energy prices been in the last two years?

Current Oil Prices at \$120 per barrel is \$40 higher than the price in the December 2021 quarter Which will have an additional burden of \$60 billion.

Prices of other forms of dense energy like gas, coal, edible oil and fertilisers have risen too primarily because Russia and Ukraine are net suppliers of these commodities.

Together with oil, the increase in energy imports for India could be \$100 billion, close to 3 per cent of GDP.

What are the impacts of the rise in energy prices?

Value of India’s energy imports as a share of gross domestic product (GDP) is now close to the highest among major economies.

– Higher energy costs may make **consumers to shift to foreign alternatives** from costly locally produced goods and services. This will negatively impact the GDP growth because the benefit

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will go outside the country. Although government may cushion this impact by cutting taxes on fuel, import duties on edible oil, etc but it also has little fiscal room to absorb the total impact.

– Across the world and in history, economic productivity strongly correlates with the use of dense forms of energy. However, higher prices (of petrol, diesel and LPG or of plastic products) means lower usage and a drop in energy use means lower GDP, as improvements in energy efficiency occur over a longer period.

– Higher energy prices as well as geopolitical uncertainty are likely to **hurt global demand**, and this may negatively impact India's manufacturing exports.

What if the current scenario doesn't end in the short term?

This may lead to India's balance of payments transitioning from a reasonable surplus to a very **large deficit**.

This may also lead to a **huge negative impact on the current account**, which may push Reserve Bank of India to let the rupee depreciate.

If the current crisis lasts longer, then the government may have to let the **petrol and diesel prices rise**, accelerate electrification and shift to a less-import-dependent energy mix.

GS3 – INDIAN ECONOMY – ISSUES RELATED TO GROWTH AND DEV

INDIA'S TRADE POLICY

5. An alternative export strategy

Source: This post is based on the article “**An alternative export strategy**” published in **Business Standard** on 10th March 2022.

News: In a recent interview Raghuram Rajan, the former governor of the Reserve Bank of India, has suggested that India should focus primarily on exports of information technology-enabled services (ITeS) along with professional services such as consultancy, legal, medicine, accounting, etc.

What are the problems associated with making service export as the mainstay of India's export strategy?

Unemployment- Professional services involve skill-intensive jobs, and thus they may not provide a solution to the difficulty of rising levels of unemployment and underemployment among low-skilled workers.

Unequal Growth- An expansion of high-skill professional activities will only lead to a relatively greater demand for the more qualified consultants and professionals, further aggravating the unequal, K-shaped recovery pattern that has been evident during the pandemic.

Data Privacy- The necessary regulatory policies for liberalisation of the services include various issues. **For instance:** issues of data privacy, storage and localisation

Movement of Professionals- India's predominant comparative advantage in the services sector has been its human capital. Thus this has been the single most important factor for India's

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prolonged and often stalled services sector negotiations in preferential trade agreements as well as at the WTO Doha Development Agenda.

What is a better alternative?

India may actually consider focusing on services that are an integral part of manufacturing sector exports, and hence adopt an integrated approach to its services sector exports. This will include putting emphasis on employment-intensive services supporting manufacturing activity.

This approach has been in use globally and is widely referred as **“servicification” and/ or “servitisation” of manufacturing** where services are increasingly exported as “embodied” and “embedded” in manufactured goods and processes. The United Nations Conference on Trade and Development or UNCTAD observes that for a select set of economies when services within manufacturing are considered, the services sector value addition to overall exports is close to two-thirds.

Recent literature on the subject provides evidence of such services contributing to higher manufacturing sector productivity, export capabilities and employment.

What will be the factors that can hinder such a policy’s smooth implementation?

Rail freight and distribution services are among the most employment intensive sectors, but remain relatively more restricted in India. Undue restrictions in services supply and discriminatory regulations on foreign entry have been found to limit the positive economic gains from these services.

Reforms and further liberalisation towards creating a facilitative regulatory framework for private/ foreign ownership and participation in these sectors will lead to not just enhanced services, but also to manufacturing productivity.

What is the way forward?

So, it is essential that India’s export strategy views services as an integral part of manufacturing. This will provide multiple benefits like enhanced productivity, manufacturing competitiveness, export and employment.

GS3 – ENVIRONMENT – ENVIRONMENTAL ISSUES

WATER CRISIS AND RELATED ISSUES

6. Water Management needs a Hydro Social Approach

Source: This post is based on the article **“Water Management needs a Hydro Social Approach”** published in **The Hindu** on 10th March 2022.

News: The fact that freshwater resources are under stress is very widely acknowledged, and also that the principal driving force behind this situation are human activities in their various forms.

According to the IPCC estimates the gap between demand for and supply of fresh water may reach up to 40% by 2030 if present practices continue.

What have been international efforts for conservation of water?

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2030 Water Resource Group was formed in 2008 at the instance of the World Economic Forum, it has been promoted by World Bank since 2018.

This Group will help in achieving the Sustainable Development Goal (SDG) on water availability and sanitation for all by 2030 (SDG 6).

How are some current water management techniques a cause of concern?

Water resources are not distributed uniformly. Thus, world over intra- and inter-basin transfer (IBT) of water is used as a major hydrological intervention to rectify the imbalance in water availability due to naturally prevailing unequal distribution.

However, World Wide Fund (WWF) for Nature has suggested a cautious approach and the necessity to adhere to sustainability principles set out by the World Commission on Dams, while taking up IBT projects.

What has been India's approach towards IBT projects?

Recently, inter-basin transfer of water drew attention in India due to a provision made in Budget 2022 for the Ken Betwa river link project which is a part of the National River Linking project (mooted in 1970 and revived in 1999).

This decision raises larger questions about hydrological assumptions and the use and the management of freshwater resources.

What are the factors that are making the situation of water scarcity worse?

The basic idea behind IBT is to export water from the surplus basin to a deficit basin. However, the status of basin as surplus may change if factors of present and future land use, especially cropping patterns, population growth, urbanisation, etc are considered.

Besides this, rainfall in many surplus basins has been reported as **declining**.

There is also concern about the **present capacity utilisation of water resources** created in the country. The average water use efficiency of irrigation projects in India is only 38% against 50%-60% in the case of developed countries.

Even at the crop level, we consume more water than the global average. The agriculture sector uses a little over 90% of total water use in India. And in industrial plants, consumption is 2 times to 3.5 times higher per unit of production of similar plants in other countries.

There is also **lack of proper disposal and reuse of grey water** in our country. It is estimated that 55% to 75% of domestic water use turns into grey water depending on its nature of use, people's habits, climatic conditions, etc. This untreated grey water and industrial effluents get into freshwater bodies and becoming a source of pollution.

Apart from the **inefficient use of water in all sectors**, there is also a reduction in natural storage capacity and deterioration in catchment efficiency.

What is the way forward?

There is a need to involve non-state actors in decision-making processes.

Hydro-social cycle approach is one such approach that studies water resource in sync with the human-nature interactive structure.

A hybrid water management system is necessary, where (along with professionals and policy makers) the individual, a community and society have definite roles in the value chain.

GS3 – INDIAN ECONOMY – INDUSTRIAL POLICY AND GROWTH

INSOLVENCY LAW AND RELATED ISSUES

7. Insolvency proceeding deadline problem

Source: This post is based on the article “**Insolvency proceeding deadline problem**” published in **Business Standard** on 11th March 2022.

News: Insolvency and Bankruptcy Code (IBC), 2016 aims for time bound corporate insolvency resolution process or CIRP.

Although initially these timelines were adhered, but with time, considerations of factors like livelihood of those related to the company have led to delays.

Due to this, the focus has shifted to revival rather than on timely resolution.

How does the IBC 2016 goes about the resolution process?

IBC 2016, prescribes **time limits for the corporate insolvency** resolution process, or CIRP, and for each task in the process, starting from initiation till closure. The time prescribed for CIRP is mandatory.

An early resolution increases the likelihood of a company being revived and, in turn, of productive assets being turned around quickly.

CIRP envisages two options for resolution — namely, (a) **revival of the company** through a resolution plan, or (b) **liquidation of the company**. It lets the market choose the options sequentially. The market first makes an attempt to revive the company, failing which the liquidation process is initiated.

Is the timeline proposed been adhered to in practice, what has been the experience?

The code provides for consequences for not adhering to the time schedule.

– These timelines were **adhered strictly in the initial days. For example:** 23 CIRPs, which concluded with resolution plans in 2017-18, took on an average **243** days.

However, over the years a perception emerged that the livelihood of many is linked to the survival of a company and thus **revival took precedence, even at the cost of time and value.**

Subsequently, the **code was amended** in 2019 to extend the period given for resolution and also to allow for extensions and exclusions, which became a major reason for delay.

As a result, 98 CIRPs that concluded with resolution plans during April-December 2021 on an average took **709** days, which is far more than the prescribed timeline.

Apart from preference for revival, there is another reason for delay. CIRP requires several constituents to play their respective roles, and it is possible that any of them may fail to perform its role in time, causing delay.

What is the way forward?

Market and adjudicating authority should be given a specific timeline to finish their respective tasks. This will prompt the market to complete the process in time.

Timely resolution will help to **reclaim the economic value of an enterprise** under stress.

STARTUPS AND RELATED ISSUES

8. Why society gains when start-ups fail

Source: This post is based on the article “**Why society gains when start-ups fail?**” published in the **Indian Express** on **10th Mar 22**.

Context: Start-up culture should be promoted in India. It is economically beneficial without any harm.

Status of start-ups investment in India in 2021

India attracted **\$77 billion** worth of private equity investment in 2021. Out of this around \$42 billion was gone to early-stage ventures.

Why do we need to have start-ups?

Most start-ups are expected to fail: Indeed, most start-ups fail. But this high failure rate is not a problem per se. It is because society only needs a few successful start-ups. These few are enough to compensate for the losses of others as they alone can harness the gains of innovation, productivity, and job creation. Therefore, start-ups failures should not be treated as a disease as discouraging them will never create innovation, immunity, and jobs.

Startups don't socialise their losses: Corporate bank loans to crony capitalists create a huge amount of bad loans, leading to the need to bail out banks with public money. Whereas the cost of start-up failure is borne by consenting adults (entrepreneurs) with the support of foreign institutions, angel investors, and entrepreneurs with successful previous exits. The coming venture capital losses leave behind assets, generate learning and breed valuable alumni, unlike NPAs.

Startups will solve real problems for Indians: India's poverty is not because of a shortage of land, labor, or capital. But it is due to issues in total factor productivity (combination of three factors). Therefore, we need higher productivity regions, cities, sectors, firms, and individuals. Startups can play a major role and can pledge to solve the problems of India.

What are the issues associated with startups?

First, the **global capital supply** for funding start-ups is facing challenges due to fiscal and monetary policy normalization. For example, Investors are now not investing recklessly, they are looking for financial sustainability and capital efficiency along with addressable markets. For example, the risk-free return in the US bond market.

Second, the **explosive start-up funding has created excess of funding for many start-ups by using manipulative methods**. For example, criminal fraud done by Elizabeth Holmes, founder

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Blood-testing company (Blood-testing company) Theranos by raising \$700 million by acceptable hyping of her product and lying about performance.

Conclusion

We only need a few startups. Their survival will raise India's soft power and prosperity by using improbable ideas to solve impossible problems.

GS3 – INDIAN ECONOMY – MONETARY POLICY

VALUE OF CURRENCY AND RELATED ISSUES

9. Managing the rupee

Source: This post is based on the article “Managing the Rupee” published in **Business Standard** on **09th Mar 22**

News: Due to Russian Invasion of Ukraine, US imposed a ban on energy imports from Russia and its other allies could do the same. Their corporations in the energy sector are moving out of Russia. It could permanently reshape the dynamics of energy sector.

Energy prices might stay elevated in the foreseeable future even if a diplomatic solution is reached in the coming days and weeks.

All this will result into a weaker rupee, which will add to inflationary pressures. Inflation reduces the purchasing power and will be reflected in the external value of the currency as well.

Challenges to India Rupee (External Value of Rupee)

Due to a number of global backdrops, the Indian Rupee is under pressure. A pressure is borne by Indian Rupee from both the current and capital accounts.

Impact of Higher Commodity Prices: India is a large importer of crude oil and several other commodities. Since beginning of this year, Oil prices have gone up by over 70 per cent. Thus, Indian Rupee slipped to an all-time low recently. On the other hand, due to the current scenario, the demand for US dollars may increase, pushing up its price.

Foreign portfolio investors: They are moving out of Indian markets. For instance, foreign investors, have sold Indian stocks worth over Rs 26,000 crore. Funds are flowing to the US, which has led to a decline in government bond yields, and is pushing up the dollar. Thus, dollar demand is increasing.

Increasing Interest Rate in USA: The Federal Reserve is expected to start increasing interest rates. It will tighten financial conditions in the coming months. In fact, risk aversion started much before the Ukraine crisis. It is because markets began to adjust to the possibility of higher-than-expected rate hikes by the Fed.

Suggestions for monetary policy adjustments

The **Reserve Bank of India (RBI)** should not use large forex reserves to contain Rupee volatility. Obstructing this currency adjustment could create bigger imbalances.

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An **orderly adjustment in currency** should be undertaken. It would actually help stabilize the current account. A stable and manageable deficit on the current account would, in turn, make the currency more stable.

The RBI should reassess its **inflation outlook** and act accordingly. RBI's earlier projections for the next fiscal year are outdated. They need to be updated as ignoring inflation could increase risks, including external.

GS3 – INDIAN ECONOMY – GST AND RELATED ISSUES

10. Addressing uncertainty – Necessary changes in GST must be made in time

Source: The **post** is based on an article “Addressing uncertainty” published in the Business Standard” on 11th Mar 22

News: The Goods and Service Tax (GST) is going to complete its five years in a few months. Therefore, it has triggered a debate for big structural change in the system.

GST was expected to reduce complications in the indirect tax system, contain tax evasion, and boost revenue and economic growth over time. However, it has fall short of expectations.

What are the issues linked with GST?

Compensation Issue: Provision of the compensation cess against the shortfall in revenue for the first five years may be removed with completion of five years. It is expected that the compensation cess will continue, but the proceeds will be used to repay the loans taken to compensate states for the revenue shortfall during the pandemic period.

Uncertainty for the states: The fact that cess will not be used to compensate the states for revenue shortfall will create significant uncertainty for the states. It is particularly important when economic activity is weak and states are expected to reduce their budget deficits.

What are the suggestions?

Compensation Issue: To compensate the states for their revenue shortfall, additional cess might need to be imposed. It is because the cess will remain beyond June 2022, and will be used to repay the loan.

Changes in tax structure: The group of state finance ministers is reportedly expected to recommend increasing the **5 per cent slab to 8 per cent**, which is projected to increase revenue collection by Rs 1.5 trillion annually.

Inclusion of some items: The Group of Minister (GOM) in its report is also expected to recommend the removal of items from the exemption list.

Operational Issues: The GST Council should review operational issues in the GST system. It can lead to improvement in the ease of filing, which will help boost compliance and revenues.

CREATOR ECONOMY IN INDIA

11. Unshackling the creative sector

Source: The post is based on the article “Unshackling the creative sector” published in the Business Standard on 12th March 2022

Syllabus: GS-III Indian Economy

Topic: Creator Economy

News: A report commissioned by YouTube (YT), provide a glimpse of the “creator economy” in India.

Scope of YouTube Channels in India

YouTube platform hosts around **40,000 Indian channels** with over 1 lakh subscribers and the number of channels earning revenues in excess of Rs 1 lakh jumped by 60 per cent year-on-year in June 2021.

The cost of setting up a YT channel is negligible. The big influencers end up hiring teams, setting up studios with fancy equipment and exploring alternative marketing and revenue generation options as well.

YouTube created the equivalent of *6.8 lakh full time jobs*. It generated a “contribution” of Rs 6,800 crore (roughly \$890 million) to India’s gross domestic product in the “creator economy” in India in 2020.

Other Creative Ecosystem

YT is the biggest player in this digital entertainment ecosystem, but it is also paralleled by other creative ecosystems

Indian Movie Industry: In 2019-20 (the pre-Covid year), the Indian movie industry (all languages) generated over Rs 14,000 crore in revenues from ticket sales, channel subscriptions, etc.

TikTok: Despite being banned in India; it still has a huge fanbase in India. Example, dozens of people circumvent the ban to access TikTok, and we can see desi TikTok content popping up on WhatsApp all the time.

Instagram: It is another platform for big influencers. It has a user-base of 180 million-plus. Plus, there’s Spotify, podcasters, and gamers, as well as smaller communities on Twitch.

What are the few challenges faced by the creator economy?

Indian Smartphone Mobile Users: Only about half of India’s mobile users have smartphones

Internet Connectivity: Most of India lives with pathetic 4G speeds, which is a big barrier. In contrast, some 90 countries already have commercial 5G, while India hasn’t even auctioned spectrum.

It can be described as a “hyper-pareto” market: – In these markets 95-99% of the revenue is being cornered by 1-5% of players. It is in contrast to a normal Pareto system, in which 80% of the revenue is accrued by 20% of the players in the system.

The practical barriers for a digital creator are mostly policy-related: TikTok is banned; creators pay 18% GST and fill in lots of intimidating paperwork on revenues.

What can be done?

More attention is required at removing policy barriers and red tape would help creators to maximise their potential.

If 5G rolls out, and smartphone penetration improves, growth rates in this digital creator economy could be turbocharged, despite the already large base of users.

GS3 – INDIAN ECONOMY – COVID AND ITS IMPACT

LESSONS FOR THE FUTURE

12. Shock-proofing the economy: Quality jobs the best possible safety net

Source: The post is based on an article “**Shock-proofing the economy: quality jobs the best possible safety net**” published in the business standard on 11th March 2022.

Syllabus: GSIII- Inclusive Growth

Topic: Shock-Proofing Economy, Social Security Net etc.

Context: India’s policy must be aligned with the present realities to make its economy shock proof to any external development.

India has gone through a number of crises in the Indian economy since 1962. For Example like India fought three wars, suffered droughts, first oil shock, double-digit inflation, which peaked at 26 per cent, imposition of Emergency 1975, the 1991 foreign exchange crisis, the Asian and then global financial crisis, and so on. In recent years, including, the “twin balance-sheet crisis”, the demonetization of 2016, the covid-induced crisis.

Now, there is a need to take an account of the resilience of economy to the past shocks and make it prepared for the present and future shocks. Only it will make it shock-proof.

What has been done by India to shock proof the economy, so far?

At commodity level: The food shortages are over; and the oil reserves have been built to mitigate the risk of an oil price shock.

At macroeconomic level: The foreign exchange reserves are more than comfortable, inflation has been trending lower, and therefore the currency is more stable.

At the firm level, the corporate balance sheets are better than before. For example, the debt-equity ratios have improved, profit margins have improved, and overseas debt is being discouraged. Therefore, there are now fewer zombie firms that lock up capital in half-dead enterprises and the Banks are better-capitalised.

At the individual level, the food security programme for two-thirds of the population, the rural employment guarantee scheme, the rolling out of a free health insurance programme for the bottom half of the population, and modest cash payments to different categories of individuals have been provided as safety net at many front

At governance level: There is also greater transparency and better regulation (However, with scope for improvement in both.)

What are the ways to make economy shock-proof?

At individual Level: The rural employment guarantee act needs to be better funded, and the old-age pensions needs to be stepped up.

At commodity level: India has energy dependence on imports, for which there is no solution for the foreseeable future. Therefore, the capacity of the oil reserves can be doubled once oil prices fall.

At firm level: The firms should build buffers against supply shocks. There is a need for concerted indigenisation push in strategic sectors like defence.

At governance level: A scrutiny is required at governance level. It is because the crisis like IL&FS have been due to problems at the level of boards of directors, the auditing firms, and credit-rating agencies.

Others: It can help minimise the premature deaths that push vulnerable families into crisis. The focus should be made on better road engineering. It is important to reduce the high toll of traffic accidents.

However, better quality jobs for better-qualified people would be a better safety net. An unemployment allowance should be the next big social-security initiative. It is because abovesaid shock-proofing requires a larger macro-economic transformation, which will take time and can't be achieved in the foreseeable future

GS3 – ENERGY AND INFRASTRUCTURE – INDIA'S ENERGY SECTOR

INDIA'S ENERGY SECTOR

13. Shutdown this misguided energy policy

Source: The post is based on the article “Shutdown this misguided energy policy” published in the Hindu **newspaper** on 12th March 2022

Syllabus: GS III – Infrastructure (Energy Sector)

Topic: Nuclear Energy

News: On March 3, a fire broke out near the Zaporizhzhia nuclear plant in Ukraine during the course of a military battle that could have triggered a major nuclear disaster.

Trends of Nuclear Accident in the Past

On March 11, 2011, the Fukushima Daiichi nuclear plant suffered severe accidents after an earthquake and a tsunami hit it. The cooling system was broken and as a result radioactive cores continued producing heat and eventually melted down. It attracted the world's attention towards the dangers of nuclear energy.

However, the Indian government in dec. 2021 said that it is planning to build “10 indigenous reactors” and had granted “in principle approval” for 28 additional reactors, including 24 to be imported from France, the U.S. and Russia.

Why is the Indian governments' nuclear policy misguided?

Given the post-Fukushima global and national trends in the nuclear industry, such a policy seems misguided;

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Nuclear power is not an economical source of electricity: nuclear power plants are capital intensive and recent nuclear builds have suffered major cost overruns. For example, V.C. Summer nuclear project in South Carolina (U.S.) was abandoned due to cost overrun, after an expenditure of over \$9billion.

Renewable-energy technologies have become cheaper: As per one estimate, the cost of electricity from solar photovoltaics and wind turbines in the U.S. declined by 90% and 72%, respectively, between 2009-21. The cost of solar power, and solar-wind hybrid project was ₹2.14 per unit and ₹2.34 per unit respectively whereas power from the EPRs at Jaitapur was at least ₹ 15 per unit excluding transmission costs.

Global Nuclear Energy Share is declining: In contrast to India's policy projection, the world's nuclear power share in total electricity has declined from 17.5% in 1996 to just 10% in 2020.

Unviable Imports: India has to import many light-water reactors but imports are not happening on ground. For example, even after 13 years of the India-U.S. civil nuclear deal, not a single new nuclear plant has been established.

Design Issues in foreign reactors: Of the 24 foreign reactors with "in principle" approval, (a) 6 reactors are of the VVER (water-water energetic reactor) design which are already facing operational problems at Kudankulam in Tamil Nadu, (b) some reactors proposed to be imported from the U.S., has the same design that was abandoned in South Carolina, and (c) Some are of the EPR design that France has been unable to successfully complete in its home country.

Safety Concern: For example, the Fukushima Nuclear Disaster raised concerns about safety of nuclear plants. In fact, many multinational nuclear suppliers demanded that they be indemnified of liability for the consequence of any accident in India. Therefore, India's liability law was enacted to largely protect them. It means, manufacturers do not really believe in their own claims about how safe their reactors are.

Protest Against Nuclear Plants: for example, "locals turned against" the Mithivirdi nuclear project after the Fukushima disaster in Gujarat.

Climate Change Induced Disasters: Climate change will increase the risk of nuclear reactor accidents. For example, A wildfire approached the Hanul nuclear power plant in South Korea. Also, in 2020, a windstorm caused the Duane Arnold Nuclear Plant in the US to cease its operations. The frequency of such extreme weather events is likely to increase in the future.

Way Ahead

Therefore, nuclear power is not the right choice to "adapt" to climate change, and to mitigate India's carbon emissions since it cannot be deployed at the necessary scale.

The resources spent on nuclear plants will yield quicker results if they are redirected to renewables.