

**9pm**

# **Compilation**

**February, 2022**

## 9 PM Compilation for the Month of February, 2022

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# General

# Studies

# Paper - 1

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### General Studies - 1

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#### 1. Mahatma Gandhi, the out-of-the-box thinker

**Source:** This post is based on the article “Mahatma Gandhi, the out-of-the-box thinker” published in the Times of India.

#### What are the qualities of Mahatma Gandhi?

**Out of box thinker:** Mahatma Gandhi understood categories of people and identified himself with the weakest. His concept of just and truthful politics stressed that the weakest should have the same opportunities as the strongest.

**Simplicity:** Gandhi was remarkable for his simplicity and transparency. His simplicity reflects in his actions and his mode of life. Instead of being driven by the corporate mindset of being successful, Gandhi drew joy and fulfilment in pursuing less.

Gandhi was a perpetual truth seeker. With Gandhi's ideals, people are never confronted with absolute Truth.

**Read more:** [Gandhi and Savarkar shared goal of independence, differed on means](#)

**Ambiguous Personality:** There was a moral or spiritual interrogation in all of Gandhi's historical actions. He did not mask himself or Indian history. He, therefore, let Indians to historical and civilization awareness. He guided the spiritual conversion of Indians to non-violence.

**Method of thinking:** Gandhi, like Socrates, was guided by an inquisitive method of thinking. Gandhi believed that the true test of life lies in – **self-discipline and self-restraint**. Gandhi's version of community is also inspired by these two ideals. According to Gandhi, a self-realized and self-conscious community can reconcile the self-determination of an individual along with recognition of shared values.

**Read more:** [Recognising Gandhi the philosopher](#)

**Self-transformation:** According to Gandhi, the real strength of democracy lay in the self transformative nature of citizens. This self-transformation should influence individual life and public life. Also, solidarity is not just compassion but people's responsibility of loyalty towards mankind.

**Read more:** [New education policy follows Mahatma Gandhi's “Nai Talim” in terms of mother tongue: Vice President](#)

GS1 – SOCIETY – WOMEN RELATED ISSUES

### **PROPERTY RIGHTS TO WOMEN**

#### **2. Land rights to women: Despite Courts, The Plot Is Against Daughters**

**Source:** This post is based on the article “Despite Courts, The Plot Is Against Daughters” published in the Times of India.

**News:** Recently, the Supreme court ruled that if a male Hindu dies without a will, his self-acquired property will pass by succession, and a daughter would be entitled to inherit such property even under Hindu law.

#### **Why the land ownership is critical for women’s empowerment?**

Various organizations like the [Universal Declaration of Human Rights](#), the International Covenant on Economic, Social and Cultural Rights, etc acknowledge women’s rights to land as fundamental to fulfilling basic rights. Such as livelihood, housing, and food, as well as rights to an adequate standard of living, self-determination, and cultural participation.

Greater equitable rights to land are also part of SDG goals. These goals are part of the United Nations and have been adopted by India as part of global development 2030. Goal five aims to undertake reforms to give women equal rights to economic resources.

Land ownership creates a sense of equality for women in society. It provides a basis for her family’s economic security and stability. It acts as the foundation of agricultural productivity and promotes a more inclusive and stable society.

**Read more:** [What they own: NFHS on women property ownership isn’t conclusive](#)

#### **What does the data show about women’s position in holding land rights?**

There is great inequity in the ownership of resources. According to the **World Bank report**, in 40% of economies, women face legal barriers to enjoying land and property rights.

**Lack of data** makes it difficult to get accurate figures. UN women estimated that less than 20% of the world’s landholders are women. Agriculture census data from India, which is conducted every five years, gives information on land ownership.

As per 2015–16 data, Only 13.96% of agricultural landowners are women. And they operate only 11.72% of agricultural lands.

#### **What steps should the government adopt to close the gender gap in land ownership?**

Government should **invest in reliable data** from where it can collect all the required information like how many and which women own land; which laws facilitate women’s ownership; how women use the land to their advantage and what barriers they face in using land and others. This precise data will help the government to close the gender gap in land ownership.

Also, the **efforts of all stakeholders** are required for implementing the law successfully.

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Read here: [India must push for women's rights in land ownership](#)

### Marital rape and related issues

#### 3. What arguments in marital rape case reveal about insecurity of patriarchy

**Source:** This post is based on the article “What arguments in marital rape case reveal about insecurity of patriarchy” published in **Indian Express**.

**News:** Recently, hearings are going on a petition to criminalize marital rape.

#### **What arguments have been presented against marital rape?**

Some call it **anti-civilizational law**. The argument of its **misuse** is also presented. Many cases of false filing of cases of sexual abuse have been reported by NCRB. A study by Rukmini S showed that 40% of complaints of consensual sex were later criminalized by parents.

Many cases of filing false dowry accusations have come to light recently. Women do it as cases are often referred for mediation, and these cases help attend them better bargaining power. Thus, the criminalization of marital rape opens up the battle between law and morality. The power relations within families will now come out in open.

But the petition against marital rape has been an opportunity for India to make marital rape a crime and unravel some of the unspoken norms on sexual crimes and marital relations.

GS1 – SOCIETY – POPULATION RELATED ISSUES

GS1 – SOCIETY – WOMEN RELATED ISSUES

### FAMILY PLANNING AND RELATED ISSUES

#### 4. Our Gender Gap in Contraception needs public policy intervention

**Source– This post is based on the article “Our Gender Gap in Contraception needs public policy intervention” published in Live Mint on 17th Feb 2022.**

#### **News**

The recently-released fifth round of our National Family and Health Survey (NFHS-5) highlights that there has been a more than 10 percentage-point increase in the use of contraception among currently married women aged 15-49 years.

However, it also highlights that female sterilization continues to be the most popular choice of contraception despite the availability of Cheaper and safer procedure of male vasectomy.

#### **What are the possible explanations for this gender divide in the method of contraception in India?**

The divide could imply two things. First, it may indicate greater bodily autonomy exercised by women today or it also indicate the deep-rooted patriarchy that exploits and subjugates women.



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### How the data supports 'subjugation' explanation over the 'bodily autonomy' hypothesis?

According to the NFHS-4, only about 8% of women were found to make independent decisions on the use of contraception. However, despite not having the authority to make decisions, the burden of contraception falls on women.

As female sterilization is the most wide-spread method, with more than a third of India's sexually-active population opting for it, despite the availability of cheaper and safer options available.

Also, NFHS-3 and NFHS-4 highlight that a higher proportion of women with college or higher levels of education tend to opt for male or female reversible methods of contraception over female sterilization.

All these facts give credence to the 'subjugation' explanation of the divide over the 'bodily autonomy' hypothesis outlined above.

### How pandemic has adversely affected the family planning?

Exceptional pandemic measures like lockdowns and the exigencies of essential supplies have interrupted contraceptive supply chains. According to the World Health Organization (WHO), family planning has been severely affected during this period, with seven out of ten countries affected.

### What have been recent government initiative in this area?

Government has recently increased the age of marriage for girls from 18 to 21 years. There have been studies that confirm that an increase in the age of marriage for females reduces the total fertility of women. It also leads to an improvement in the bargaining power of women, as it may reduce age gaps between husbands and wives.

### What should be the way forward?

As seen in many parts of the country that increase in education translates into increased use of contraception and increased family planning. However, in addition to this, there is need for **awareness** about the benefits of different methods of contraception to the **community at large**.

Special emphasis should be given to bring **awareness specially among men about the relevance of family planning**. Also, they should be made aware about the use of several male contraceptive methods that are safer, cheaper and procedurally simpler than female sterilization. This can be done by **utilizing the country's existing network of community health workers**, like Asha workers or Anganwaadi workers. Some additional male workers can also be employed to ease the direct communication.

**Law on contraception**-This will make access to a sound sexual health every citizen's legal right. This would facilitate **access to information and knowledge** by removing unnecessary restrictions on the advertisement and publicity of contraceptives. It can also be used to make the **availability and accessibility of contraceptives easier** by enrolling the services of Primary Health Centres, particularly in rural areas.



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# General

# Studies

# Paper - 2

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### General Studies - 2

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#### Issues with State Civil Services

##### 1. State administrative services are crucial to federalism

**Source:** This post is based on the article “State administrative services are crucial to federalism” published in the Livemint.

**News:** The Union Government proposal to amend IAS Cadre Rules has attracted the opposition of various states. But the state's failed to recognise the challenges associated with the State administrative services.

**Read here:** [Deputation of Cadre Officers and the Proposed Amendments – Explained, pointwise](#)

#### What is the problem with the State administrative services?

1) State failure to recruit an adequate number of civil servants, 2) Inadequate training, 3) Not fairly managed, 4) Unsatisfied performance, 5) Dysfunctional machinery.

#### Shortage of officers/required staff in various departments

Manpower shortage is found in almost all the departments. For e.g. in fire department, staff employed is below the prescribed international strength. Same thing is with nurses and doctors. Over 20 states have a doctor to population ratio below the WHO norm of 1:1,000.

On average, the state police force is 24% under their sanctioned strength. The condition is same with the best-governed states of India. Like Karnataka, which has conducted only 3 rounds of recruitment into the Karnataka Administrative Exam for over a decade. In which one round was stayed by High Court due to irregularities, another one was notified in 2015 conducted in 2017 and the recruitment remained incomplete.

A similar shortage has been experienced in almost all the departments like teachers, tehsildars, engineers etc.

#### What is the reason for the crisis in State administrative services?

In India, government jobs have become the spoils of power, to be distributed along the caste and regional lines, mostly to help politicians win elections. When this political reality meet the government recruitment rules, things got stuck. The deeper reason for state failure to nurture competent and professional civil services is the **political economy**.

#### How to improve State administrative services?

The best solution will be adopting the same examination for union and State Public Services. States can also adopt the similar criterion of UPSC examination ranks for their state-specific tests. This will help to reduce the status disparities between the centre and states and can also raise the standards of state officers.

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GS2 – INTERNATIONAL RELATIONS – INDIA AND ITS NEIGHBORHOOD

### **INDIA –OMAN RELATIONS**

#### **2. Explained: India, Oman ties and why its top defence official's Delhi visit important**

**Source:** This post is based on the article “Explained: India, Oman ties and why its top defence official's Delhi visit important” published in the Indian Express.

#### **What is the purpose of the visit?**

He is going to co-chair the 10th **Joint Military Cooperation Committee (JMCC)** with Indian Defence Secretary. JMCC is the highest forum of engagement between India and Oman in the field of defence. It evaluates and provides guidance to the overall framework of defence exchanges between the two sides.

The present JMCC is expected to comprehensively evaluate the ongoing defence exchanges and provide a roadmap for further strengthening defence ties in the upcoming years.

#### **What are the salient features in India – Oman relationship?**

**Historical:** Oman's longest-reigning leader, Sultan Qaboos bin Said, was a great friend of India. He was also a student of President Shankar Dayal Sharma. On his demise, India had announced national mourning for one day in his honour. He was also conferred with [Gandhi Peace Prize](#), in recognition of his leadership in strengthening the ties between India & Oman and his efforts to promote peace in the Gulf region.

**Indian diaspora:** About 6.2 lakh Indians are living in Oman, of which about 4.8 lakh are workers and professionals. There are also Indian families living in Oman for more than 150-200 years.

**Defence:** Oman is India's closest defence partner in the Gulf region. It provides critical operational support to Indian naval deployments in the Arabian Sea for anti-piracy missions.

It is the only country in the Gulf region with which all three services of the Indian armed forces conduct regular bilateral exercises. Oman also actively participates in the [Indian Ocean Naval Symposium \(IONS\)](#). **Forces of both the countries also engaged with each other in various training programmes.**

**Read here:** [Royal Navy of Oman ships arrive in Goa for naval exercise Naseem Al Bahr](#)

**Strategic:** To counter Chinese maritime influence, India has secured access to the key Port of Duqm in Oman for military use, reconnaissance aircraft, and logistical support. Recently, India had deployed an attack submarine to Duqm port in the western Arabian Sea.

**Duqm port:** *It is situated on the southeastern seaboard of Oman, overlooking the Arabian Sea and the Indian Ocean. It is strategically located, near the Chabahar port in Iran. With the Assumption Island being developed in Seychelles and Agalega in Mauritius, Duqm fits into India's proactive maritime security roadmap.*

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**Economic:** Port of Duqm also has a special economic zone, where Indian companies invested around \$1.8 billion. The Adani group had signed an MoU with Duqm port authorities in recent years.

In the context of strategic oil reserves near Duqm, India had extended an invitation to Oman to participate in building strategic oil reserves in India.

**MoU in various fields:** To strengthen bilateral defence ties, both countries had signed the MoU on Military Cooperation, in 2005 and renewed it in 2016. Another MoU was signed in 2016 on cooperation in maritime security and between Coast Guards of the two countries. Both countries are also committed to supporting each other towards promoting regional peace and security, counter-terrorism, information-sharing and capacity-building, etc

**Also read:** [India, Oman agree to isolate sponsors of terror](#)

## 9 PM Compilation for the Month of February, 2022

### INDIA-MYANMAR RELATIONS

#### 3. A year on from Myanmar's 'annus horribilis'

**Source:** This post is based on the article "A year on from Myanmar's 'annus horribilis'" published in The Hindu.

**News:** February 1 marks one year of military seizing power in Myanmar. The decade-long experiment of hybrid Democracy ended, paving way for violence, oppression and instability.

#### What is the background of the issue?

**Read here:** [Political crisis in Myanmar](#)

#### What has been the result of the military takeover?

The opposition formed a parallel government named **National Unity Government**. But it lost momentum and Myanmar denounced it as a terrorist. The national economy has weakened as pointed by [World Bank](#) terming it as critically weak. Government support to manage the pandemic was also greatly impacted.

#### What has been ASEAN's role in Myanmar's development?

[ASEAN](#) persuaded the senior general of Myanmar to accept a **five-point consensus**. It included cessation of violence, national dialogue and mediation by ASEAN. When Myanmar did not implement this, The senior general was barred from ASEAN summits.

The Cambodian Prime Minister has adopted a softer approach, which is backed by Thailand and Laos. It seeks compromise on denial of access to Suu Kyi to ASEAN mediators and little dilution of the 2008 Constitution.

**Read here:** [ASEAN's Initiative to End Political Crisis in Myanmar](#)

#### What is the role of other players?

**The West** was unable to comprehend the dynamics of power as the USA and EU failed to resolve the issues in Myanmar. The policy of imposing sanctions has been ineffective.

**China, the principal player:** China has enormous leverage in golden land through control over separate ethnic armed organisations and projects like the Belt and Road initiative. China also protects the military regime in the Security Council via veto.

But Myanmar rulers also desire independence and balance in their external policy. **Japan** understands this, but it is acting alone and cannot make much difference.

#### What is India's policy towards Myanmar?

India is always happy to work with fellow democracies. But it is not keen on exporting democratic values to other countries. India supports diplomatic efforts through the UN and through ASEAN. India also engages in humanitarian efforts by providing 1 million made in India vaccine doses.

India is following a **two-track policy** of supporting democracy and maintaining cordial relations with the government in power. Guided by realism and pragmatism, India is driven by the desire to protect India's interests.



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

### What should be the way forward for India?

India has to discourage the mass influx of refugees, check cross-border insurgency in the northeast, safeguard ongoing projects and investments and also counter China's growing influence.

Read here: [Why India must engage with Myanmar](#)

### INDIA-CHINA RELATIONS

#### 4. Explained: The Pakistan-China relationship

**Source:** This post is based on the article "Explained: The Pakistan-China relationship" published in Indian Express.

**News:** Recently, Rahul Gandhi blamed the central government for weakening the country and bringing Pakistan and China together.

#### How does Pakistan and China relations develop?

**Recognition:** Pakistan had recognised the People's Republic of China after India and established diplomatic ties in 1951. But, due to Pakistan's membership in SEATO and CENTO – US-led anti-communist military pacts, it was seen as part of the non-Soviet bloc. While China is part of the soviet.

**War:** Both countries developed close relations during the India-China war of 1962. China also supported Pakistan diplomatically in the 1965 India-Pakistan war.

**Boundary Agreement:** In a boundary agreement, Pakistan ceded the Shaksgam Valley or the Trans Karakoram Tract to China. It is part of the Hunza-Gilgit region of Pakistan-occupied Kashmir and is a territory of India but controlled by Pakistan. The agreement laid the foundation of the Karakoram highway, built jointly by China and Pakistan in the 1970s.

**Nuclear cooperation:** China has played a significant role in helping Pakistan develop its nuclear energy technology, especially after India tested its nuclear device in 1974. In 1986, both countries signed an agreement to facilitate the transfer of civil nuclear technology. In 1991, China agreed to supply Pakistan with its indigenously developed Qinshan-1 nuclear power plant.

**Kashmir:** India's move to abrogate [Article 370](#), bring both countries closer.

**Also read:** [China unmoved by U.S. bid to discuss Masood Azhar in UNSC](#)

**Economic:** Pakistan's economic dependence on Beijing has increased in recent years. China also invested a lot in [CPEC](#) under its [Belt and Road Initiative \(BRI\)](#) initiative.

**Defence:** The Pakistan Army has procured Chinese-made battle tanks, combat drones. Pakistan endorses China's position on core issues including the South China Sea, Taiwan, Xinjiang, and Tibet.

Read here: [China exports warship to Pak., to be deployed in the Indian Ocean](#)

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**Afghanistan angle:** China saw an opportunity in Afghanistan. China also held that Afghanistan should not be used as a base for East Turkestan Islamic Movement (ETIM) attacks. For this, China needs support from Pakistan.

### India-China relationship

Both countries adopted the same anti-colonial, non-aligned approach and gave slogans like **Hindi-Chini Bhai Bhai**. The **1988 rapprochement** saw a shift of China policy where it now saw India from an economic lens and focused on trade, while separately talking to India on the border dispute.

In 1996, the then Chinese President didn't mention Kashmir explicitly in his speech. During the Kargil conflict of 1999, China advised Pakistan to withdraw troops and solve conflicts through peaceful means. China also asked both countries to respect the line of control in Kashmir and resume negotiation as per Lahore declaration.

A similar cautious approach was adopted by China after the Parliament attack in 2002, the Op Parakram buildup, the Mumbai terror attack, Balakot airstrikes. China also acknowledge blocking Jaish-e-Mohammad chief Masood Azhar's designation as a global terrorist in March 2019 at the UNSC summit.

**Read here:** [India – China Bilateral Relationship Demands a Minimalist Approach](#)

But, with US-India nuclear deal and close relationship, there was a change in China stand. Since 2013, China indulges in border stand-offs in Depsang, Chumar, Doklam and eastern Ladakh.

**Read here:** [China-India Relations and India's Weakening Geo-Political Position](#)

GS2 – INTERNATIONAL RELATIONS – INDIA-UK RELATIONS

### 5. India calling with quite a lot of trade in mind

**Source:** This post is based on the article “India calling with quite a lot of trade in mind” published in The Hindu.

**News:** Recently, India and UK formally launched the negotiations for free trade agreement (FTA).

#### Why India and UK trade deal will be “a new age FTA”?

**One,** negotiations are aimed at achieving a “fair and balanced” FTA. It covers more than 90% of tariff lines. It will not only cover goods, services and investments, but it will also include intellectual property rights, geographical indications, sustainability, digital technology and anti-corruption.

**Two,** both countries are respecting sensitive issues of each other. Hence, there can be an interim pact to cover low-hanging fruit, which will be followed by a full-fledged FTA. Since India has a poor record in concluding FTAs, that's why it can be a good strategy.

#### Why concluding FTA with the UK is important for India?



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**One**, since the pandemic has disrupted the supply chains, India cannot afford to lose more time in restructuring. Hence, India is showing new seriousness and negotiating 16 new trade pacts with different countries.

**For example**, Canada, the United States, the European Union and South Korea. The India-U.K. FTA will be the next in line after FTA with the UAE and Australia.

**Two**, new trade blocs in the Indo-Pacific such as the Regional Comprehensive Economic Partnership (RCEP) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) are gaining significance. Hence, the government is showing flexibility in engaging with its partners to balance trade pacts.

**Three**, China's economic power and influence is increasing. Hence, strategic partnerships without strong economic relations have no meaning in the Indo-Pacific.

### Why UK is interested in finalizing trade deal with India?

**First**, to adopt a more robust Indo-Pacific strategy. Also, the U.S. which is U.K.'s closest ally is focusing more on Indo-Pacific and the U.K. also recognizes the importance of a free and open Indo-Pacific.

**For instance**, Australia, the United Kingdom, and the United States (AUKUS). It has given UK a greater voice in the region.

**Second**, trading implications of Brexit and changing approach towards China requires a diversification of trading partners. The U.K. is also trying to find out a direction and purpose to its post-Brexit foreign policy through its Indo-Pacific tilt.

**Three**, the Integrated Review of British foreign, security, development and defence policy was released in March 2021. It underlined that the UK will deepen its engagement in the Indo-Pacific to establish a greater presence. Hence, a trade deal with India is critical to integrate the U.K. economically to the Indo-Pacific.

**Four**, trade and investment are a key dimension which has necessitated greater access to non-EU markets. And, Indo-Pacific is now largely the force behind global economic growth.

**Five**, the U.K. is looking to reap the benefits of its historical connections. It also wants to increase its credibility with respect to efforts made to combat climate change. It will help in establishing the UK as a serious player in the region.

**Six**, Indian economy is rapidly growing, and the trade deal will help UK to increase its access to new market across numerous industries from food and drink to services and automotive.

#### **6. We should expect the economic cost of the closed minds to increase**

**Source:** This post is based on the article “We should expect the economic cost of the closed minds to increase” published in Live Mint.

**News:** Although the Omicron variant has not caused the expected damage and this is seen as a positive development in global fight against the pandemic. However, the **World Bank’s biannual Global Economic Prospects report** shows that the effect of the pandemic is far from over.

#### **What are the predictions in the report for global economy?**

It forecasts that **global economic growth will slow** to 4.1% in 2022, from 5.5% last year. This is because **governments globally are losing the capacity to provide further fiscal support** because of rising debt burdens, supply-chain bottlenecks that impede the flow of goods and services, and resultant rising inflation. This also means that several economies are at **high risk of debt distress**.

**Energy prices** will surge further.

Although the report projects a **high growth rate for some economies** like 10% for Argentina, 8.3%, for India but there is a catch in this statistic. This growth is the result of the **base year effect**, as the pandemic caused a contraction in many of the economies in 2020.

Usually, emerging market and developing economies (EMDEs), helped by their lower base, grow faster than advanced economies. But, they will perform poorer than advanced economies in 2023. This is because EMDEs have limited policy space to provide additional support.

#### **What are the reasons for this uneven growth?**

One of the main reasons for the uneven recovery is the recent growth of **hyper nationalism**. It is typically **disastrous for an economy in the long run**.

Countries under the influence of hyper nationalism try to become self-sufficient by **raising barriers to trade, capital and ideas from elsewhere**.

#### **What are the possible implications of this hyper nationalism?**

This **may stagnate growth** (*as happened in Argentina in the early decades of the 20th century*) and **prevent the development of the society**.

In this globalized world, new ideas and research is emerging everywhere. Countries should try to absorb the **best from everywhere**, and uphold the vision of a **common human identity**.

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GS2 – INTERNATIONAL RELATIONS – Effects of policies and politics of developed and developing countries on India's interests

### **7. Why UNSC joint statement on nuclear weapons is important**

**Source:** This post is based on the article “Why UNSC joint statement on nuclear weapons is important” published in the Indian Express.

**News:** Five permanent [United Nations Security Council](#) (P5) members have pledged to avoid the ongoing arms race and to prevent the proliferation of nuclear weapons.

This pledge was made ahead of a review of the [Non-Proliferation Treaty \(NPT\), 1970](#).

#### **What is the pledge made by P5 members on nuclear proliferation?**

P5 members emphasized on:

- Creating a **secure environment** by working together with the ultimate goal of having a world without nuclear weapons.
- Adopting **bilateral and multilateral diplomatic approaches** to avoid military confrontations and to increase mutual understanding and confidence.
- Engaging in **constructive dialogue** with mutual respect and acknowledgement of each other's security interests and concerns

**Read here:** [Non-Proliferation: World powers vow to stop spread of nuclear weapons](#)

#### **How could world countries avoid nuclear proliferation?**

According to UN Secretary-General António Guterres, the following approaches need to be adopted:

**First,** member states should move towards nuclear disarmament.

**Second,** Countries should adopt new measures of “transparency and dialogue.”

**Third,** Member states should address the boiling nuclear crises in the Middle East and Asia.

**Fourth,** Countries should strengthen the existing global bodies that support non-proliferation, including the [International Atomic Energy Agency \(IAEA\)](#).

**Fifth,** Member states should promote the peaceful use of nuclear technology

**Last,** Member states should remind “the world's people – and especially the young ones – that eliminating nuclear weapons is the only way to guarantee that it will never be used.

#### **Why is maintaining world peace important?**

According to **Gandhiji**, **the Right to peace** is an essential framework for all human rights and to maintain it is the work of everyone, regardless of vocation, profession, or discipline.

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**Justice Oliver Wendell Holmes Jr**, called “education in the obvious” precisely **peace education**. This is required at multiple levels, ranging across the planetary, global, supranational, regional, national, and local levels of social cognition and action. As these spheres are intensely related, critical and transformative.

**UN Resolution 39/11** also proclaims that the peoples of our planet have a “**sacred right to peace**” and declares that the “preservation of the right of peoples to peace and the promotion of its implementation constitute a fundamental obligation of each State.

**UN Resolution 53/243 B**, declared a programme of **action for a culture of peace** (1999). It owes a great deal to Gandhi’s legacy and mission.

### 8. On Ukraine crisis: Brinkmanship over Ukraine doesn’t bode well for India

**Source:** This post is based on the article “**Brinkmanship over Ukraine doesn’t bode well for India**” published in the Livemint.

**News:** With Russia building up tanks and troops along Ukraine’s eastern front, the atmosphere of war has been created.

#### What is the historical background of Ukraine?

The territory of Ukraine was established in the **ninth century as Kievan Rus** on the banks of the Dnieper River.

In **medieval history**, western and northern Ukraine had been occupied by Poland and southern Ukraine by Tartars (descendants of Mongol invaders).

In the **17th century**, Cossacks recovered much of the territory from Poland and established a Hetmanate that is the forerunner of today’s Ukraine. This Hetmanate entered into various treaties with Imperial Russia that made it a vassal state.

**18th century:** Russia annexed much of the territory of today’s Ukraine and Crimea during this period. When the **Bolshevik revolution** established the Soviet Republic in Russia, Ukraine was engaged in a civil war for independence.

In **1921**, the **Ukrainian Soviet Socialist Republic (UkSSR)** was established, when the Red Army conquered two-thirds of Ukraine. The western third became a part of Poland. In Russia, the Ukrainian territory has been referred to as “**Little Russia**“. In a surprise move, Soviet leader Nikita Khrushchev transferred Crimea to Ukraine, despite an ethnic composition in Crimea that was two-thirds Russian.

After the fall of the Soviet Union, Ukraine declared independence in 1991. A new democratic constitution was adopted in 1996 and a new currency hryvnia (a Kievan Rus term) was introduced.

**Read here:** [About the historic Russia Ukraine conflict](#)

#### What is the Russian stand on the ongoing crisis?

According to Russia, Russians and Ukrainians are one people, and “**Russians, Ukrainians, and Belarusians are all descendants of Ancient Rus**, which was the largest state in Europe.

To stop this crisis, Russia also offered to fully withdraw its troops and missiles from its eastern front. But, in return, it wanted that Ukraine should not be allowed to join Nato.

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Read here: [Dire strait: on Russia-Ukraine sea clash](#)

### What is the reaction of West Countries?

West countries will put sanctions on Russia if it tries to invade Ukraine. It will include cutting off Russian access to the **international payment system called Swift**, which will have severe economic consequences on the Russian economy.

Read here: [What is the present status of Russia-West relations?](#)

### Why Ukraine-Russia conflict is bad for India?

Read here: [Explained: What is India's stakes in its ties with Ukraine and Russia?](#)

GS2 – INTERNATIONAL RELATIONS – INDIA-CHINA RELATIONS

## 9. Go cold on China: India right to diplomatically boycott Winter Games

**Source:** This post is based on the article “Go cold on China: India right to diplomatically boycott Winter Games” published in Times of India.

**News:** India has recently joined leading democracies diplomatically and has decided to boycott the Beijing Winter Olympics.

### Why India's decision is right?

**One**, China has made PLA regiment commander involved in the 2020 Galwan clashes the torch bearer in the Olympic relay. Therefore, China has politicized the Games.

**Two**, due to China's human rights violations, the US and UK, Canada, Australia, Estonia, Lithuania, Belgium, Kosovo and Denmark had announced diplomatic boycotts of the Games. These countries constitute a sizeable 35% of the global GDP.

**Three**, countries like Japan and ASEAN are well-performing, but their relation with China is also becoming unstable in recent years. It will give a larger message to China that its political and security misadventures will not be costless.

**Four**, many dignitaries who will attend the winter games will be from authoritarian countries. The clear difference between global appreciation for China during the 2008 Summer Olympics and the differences with important countries in Winter Games will give a message to China that it is going wrong.

### What is the way forward?

**First**, India has aligned with other major democracies on the issue, which shows the future course. India should align with other powers for coordinated responses whenever possible.

**Second**, Russia and China's closeness is growing. However, if India need Russia's weapons, then Russia also needs India's arms orders. Hence, it is not tough for India to solve this problem and form a strategy for China.



### 10. Pendency of cases in Supreme Court: The supreme failure

**Source:** This post is based on the article “**The supreme failure**” published in **The Hindu**.

**News:** Supreme Court of India has delivered judgment on many important matters like [Decriminalizing homosexuality](#), the [Right to privacy a fundamental right](#), etc, and brace the belief in republican values like equality, liberty, etc.

But still, many important cases are pending for the final judgment. This has serious repercussions on the fundamental rights of citizens and core republic values.

#### **What are the significant cases pending in front of the Supreme Court?**

According to **Vidhi Centre for Legal Policy**, there are 25 main cases pending before the five-judge constitution bench and five cases each pending before the seven-judge and nine-judge benches. Some of the important cases pending in SC:

- Challenging constitutionality of [Citizenship \(Amendment\) Act, 2019](#).
- Challenging [Presidential order that diluted Article 370 and split Jammu Kashmir into two Union Territories](#)
- Challenging the [constitutionality of the 103rd Amendment Act, 2019](#)
- Constitutional [challenge to the electoral bonds scheme](#)
- **Vivek Narayan Sharma v. Union of India case:** It's been in the SC for more than 5 years. This case is related to the legality of demonetisation of all ₹500 and ₹1,000 notes. According to RBI, demonetisation went horribly wrong because more than 99% of the cash came back into the banking system. SC did not hear this case since September 2, 2019.

#### **What is the way forward for Supreme Court?**

According to **Granville Austin**, SC is the custodian of law. It should fulfil its custodial responsibility by making sure that the law applies fairly to all citizens. It should also make sure to deliver the judgments in a time-bound manner.

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GS2 – SOCIAL ISSUES – ISSUES RELATED TO CHILDREN

### 11. The case for vaccinating children against Covid-19

**Source:** This post is based on the article “**The case for vaccinating children against Covid-19**” published in **The Hindu**.

**News:** Protecting all children, especially those who have risk factors, should be a humanitarian priority for the Government.

#### **How many children’s deaths are because of covid 19?**

**Brihanmumbai Municipal Corporation’s COVID dashboard** showed 16,426 total deaths, of which 19 were in children below 10, and 43 in children between 10-18 years (total of 62 or 0.38%).

January’s data from **UNICEF** show that 0.4% of a total of 3.5 million COVID-19 deaths were in children and adolescents. India’s reported deaths were 4.86 lakh till January 17, 2022. Among these, child deaths at a 0.4% rate would amount to 1,944.

**Independent analysis** by expert epidemiologists estimated a six to seven-fold higher number of deaths, suggesting a far higher number of child deaths.

#### **What are the diseases developed in children after Covid-19?**

**Multisystem Inflammatory Syndrome (MIS):** According to statistics, India showed 5% mortality among 800 children hospitalized for MIS. Among these, more than half required intensive care and prolonged hospital stay.

**Read here:** [Paediatric Inflammatory Multisystem Syndrome](#)

**Diabetes:** According to the U.S. Center for Disease Control and Prevention (CDC), on 80,893 children (below 18 years), the incidence of post-COVID-19 diabetes was 31 per 10,000 versus control, 11.8/10,000 after other respiratory infections.

#### **What are the other diseases that are prevalent among children of India?**

It is estimated that 2,00,000 children are born with congenital heart defects every year in India. New cases of cancer in children are about 50,000 per year. A huge number of children also suffering from neurological disorders.

According to a **United Nations estimate**, about 40 million in India are disabled due to various diseases, among whom over 7% are children. India has the second-highest number of obese children in the world (~14.4 million). The burden of childhood nephrotic syndrome annually is about 1,40,000. Sickle cell disease is highly prevalent in the tribal populations in India. The **Indian Society for Primary Immune Deficiency estimates** that over a million children have primary immune deficiency disease.

Considering the data, there is an urgent need to vaccinate children against COVID-19 and protect them from its severe damages.

#### **Which vaccine should be allowed to vaccinate children against Covid?**



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There are vaccines which are having serious adverse reactions like mRNA vaccines and Adenovirus vectored vaccines. This needs to be avoided for children.

**Read here:** [Should children be giving COVID 19 jabs](#)

Children should be vaccinated with vaccines that have little or no risks of serious adverse reactions.

**Also read:** [Expert panel okays use of Covaxin in 2-18 age group](#)

GS2 – SOCIAL ISSUES – ISSUES RELATED TO CHILDREN

### **Child Education**

#### **12. An exploration of why children are learning little in classrooms**

**Source:** This post is based on the article “**An exploration of why children are learning little in classrooms**” published in **Livemint**.

**News:** It has been observed that a massive proportion of children are lacking in basic language and mathematics. The same thing has also been noticed by National Education Policy.

#### **Why are children between 0-6 yrs lacking in basic language and maths?**

**Capacity to learn:** All children have the capacity to learn. Some disabled children may not have this capacity.

**More children in class:** Perhaps children are distracted from learning and do things that interest them more, like social interactions with their friends.

**Financial condition:** There can even be external distractions like hunger, disturbed home environment, and other obstacles created by poverty. For instance, a lack of basic learning is often found in children from poor families.

**Read more:** [Early Childhood Care and Education \(ECCE\): Anganwadis should provide early childhood care and education](#)

#### **What should be the way forward?**

**First,** The perception that “**children of the poor are dull and never learn**’ should be changed. Teachers should understand that all the children have the capacity to learn

**Second, Curriculum should be updated** according to the interests of the children. Teachers should also make the curriculum more excited and interesting

**Third,** Teachers should **understand the obstacles** which children are facing and should be sensitive towards that specific obstacle that each child faces.

**Fourth,** the **Stakeholders approach** should be adopted where the schools will be equipped with adequate resources and hunger should not be a problem in education.

**Read more:** [School education: Children and schooling in the post covid 19 era](#)

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GS2 – SOCIAL ISSUES – RESERVATION AND RELATED ISSUES

### 13. Interrogating the false merit-reservation binary

**Source:** This post is based on the article “**Interrogating the false merit-reservation binary**” published in **The Hindu**.

**News:** Recently the Supreme Court has upheld the admissions notice of NEET-2021 in view of implications on public health due to delay in medical admissions and hearing on the validity of the ₹8 lakh limit is listed for March.

#### **What was the case?**

The case was related to resolution of the issues around the implementation of Other Backward Classes (OBC) and economically weaker sections (EWS) quotas in the National Eligibility cum Entrance Test (NEET)-All India Quota (AIQ) admissions to medical colleges.

AIQ is a judicially created category where 15% of undergraduate seats and 50% of post graduate seats are filled on a domicile-free, all-India basis.

The Government had decided to extend the existing Scheduled Caste and Scheduled Tribe reservations within this category to provide for OBC reservations.

However, the petitioners had challenged the order on the grounds that the implementation of OBC reservation would affect professional merit.

Moreover, they have also challenged the EWS reservation because of ₹8 lakh income limit for EWS reservation.

#### **What is the significance of the judgement?**

**First**, this judgement has the potential to settle the merit versus reservation debate. The judgement has given more importance to substantive equality rather than formal equality. The intent of the framers was to remove structural barriers that prevented the realization of equality of opportunity.

**Second**, the court has said that individual difference cannot be used to negate the role of reservation in remedying the structural disadvantage suffered by some groups.

**Third**, the court has reiterated that reservations under Article 16(4) is not an exception but an extension of the principle of equality under Article 16(1). In **K.C. Vasanth Kumar vs State of Karnataka** (1985), the court had criticized the purely economic understanding of reservation and the rigid nature of the socio-cultural institution of caste.

Hence, reservations are crucial for achieving the goal of equality of opportunity and status amongst all citizens.

**Fourth**, it has also recognized the role of cultural capital. The cultural capital ensures that a child is unconsciously trained by the environment to take up higher education or high posts based on family's standing.

Hence, it is a disadvantage for first-generation learners and for individuals who come from communities whose traditional occupations are not helping them to perform well in open examination.

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**Fifth**, more focus on merit results in exclusion, legitimize community linkages and reaffirms social hierarchies. The judgement has relied on the judgement in **B.K. Pavitra vs State of Karnataka**.

It says that efficiency of administration is not an ideal which can be measured by the performance of a qualified open category candidate.

**Sixth**, the judgement has also questioned examination as a measure of merit. It says that there is an indirect and weak link between what examinations measure and what tasks the candidate is supposed to perform. Hence, exams can only reflect the current competence of an individual but not the range of their potential, capabilities or excellence.

### What is the way forward?

**First**, EWS reservation has fixed the same income limits for 'creamy layer' OBC and EWS, but it has not considered the question of cultural capital. Hence constitutionality of it has to be reviewed by the judiciary.

**Second**, efficiency of administration must be defined in an inclusive sense. The diverse segments of society should find representation in governance. Hence, there is a need to rectify prejudicial stereotypes.

**Third**, there is a need to redesign examinations to make them free of linguistic, class, school boards, and regional bias. It will help in democratizing access to higher education.

**Fourth**, the judgement has recognized the existence of social privileges that hide behind merit. Hence, it highlights the need of caste census that can reveal privilege accumulation and warn us against conservative policy demands.

GS2 – INTERNATIONAL RELATIONS – INDIA AND ITS NEIGHBORHOOD

### 14. Explained: The India-Israel relationship

**Source:** This post is based on the article ” **Explained: The India-Israel relationship**” published in **Indian Express**.

**News:** Recently India and Israel had marked 30 years of full diplomatic relations. Despite the ongoing Pegasus controversy, leaders of both countries congratulate each other on this occasion.

**Read here:** [India and Israel relationship: Namaste, Shalom to friendship](#)

### About India- Israel relations

**1990:** Though India recognized Israel in 1950, normalization took another 4 decades. This was aided by the weakening of Arab support to Palestine. This improved further after the break-up of the Soviet Union.

**1992:** While there were defense deals and cooperation in S&T and agriculture, India balanced its ties with its historical support for the Palestinian cause, its dependence on the Arab world for oil, and the pro-Palestinian sentiments of the country's Muslim citizens.

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**2000:** L K Advani became the first Indian minister to visit Israel. The same year, Foreign Minister also visited Israel. The two countries also set up a joint anti-terror commission in that year.

**2003:** Ariel Sharon became the first Israeli Prime Minister to visit India.

**2017:** The year marks the first visit of the Indian Prime minister to Israel. With [Abrahamic accords](#) in 2020, UAE, Sudan, Bahrain, and Morocco normalized relations with Israel. This has made India more confident of its relations with Israel.

**Read here:** [India – Israel relationship at a glance](#)

### About India – Palestine relations

Despite Indo-Israel ties, India is walking the tightrope between Palestinian and Israel cause. This was evident in India's statement in [UN Security Council](#) where India held Israel responsible for violence and explicit strong support to just Palestinian calls and a two-state solution. Earlier, India went to the extent of backing Palestinian self-determination and even rallied behind the Palestine Liberation Organization(PLO) and its leader Yasir Arafat.

**Read here:** [Indian Model presents a viable solution to Israel-Palestine Conflict](#)

India also voted for Palestine to become a full member of [UNESCO](#) in 2011. In 2012, it co-sponsored the UN General Assembly resolution that enabled Palestine to become a “non-member” observer state at the UN without voting rights. India also supported the installation of the Palestinian flag on the UN premises in September 2015.

**Read here:** [India's Palestine policy](#)

### How there is a shift in India's policy towards Israel and Palestine?

The first big shift came in 2017 when India dropped the customary line in support of East Jerusalem, the capital of Palestine. Indian PM visit to Israel did not include Ramallah, which was the customary practice.

But the balancing act has continued. Indian PM made a separate visit to Ramallah in 2018. He calls for an independent Palestinian state. India abstained at UNESCO in December 2017 and voted against the recognition of Jerusalem as Israel's capital.

At UNHRC's 46th session in Geneva in 2021, India voted against Israel in three resolutions – the **right of self-determination of Palestinian people, Israeli settlement policy and on human rights situation on Golan Heights**. [India abstained on fourth resolution](#) which asked for UNHRC report on the human rights situation in Palestine.

In 2021, International Criminal Court claimed jurisdiction to investigate human rights abuses in Palestinian and blamed the Israeli security forces and Hamas for the same, India refused to take any stand on the same.

**Read here:** [India's Stand on Palestine and Israel Conflict](#)

### Urban Governance

#### **15. FM call for paradigm change in urban planning ‘opportunity of a lifetime’: Experts**

**Source:** This post is based on the article “**FM call for paradigm change in urban planning ‘opportunity of a lifetime’: Experts**” published in the **Indian Express** on **2nd February, 2022**.

**News:** On emphasizing urban planning, Finance Minister (FM) said when India will celebrate its 100th Independence Day, nearly half the population would be in urban areas.

**Must read:** [Union Budget 2022-23: Highlights, tax proposals, concerns – Explained, pointwise](#)

#### **What is the announcement on urban planning from budget 2022-23?**

FM said that urban planning will help India realize its economic potential, including livelihood opportunities for the demographic dividend. To achieve this, there is a need for a **paradigm change**, like

- India needs to nurture the megacities and their hinterlands to become current centers of economic growth.
- India needs to facilitate its tier 2 and 3 cities. There is a need to reinvent cities into centers of sustainable living with opportunities for all, including women and youth.

#### **What is the need for urban planning?**

**First**, Indian urban planning is still working on philosophies of the socialist era. It is characterized by a **command and control approach, license-permit raj**, and an **anti-market outlook**. This brings more problems and harm to the poorest section of the urban population. So, it urgently needs reform and liberalization.

**Second**, Urban planning is missing in most of the Indian cities “as their growth trajectory determined by realtors”.

#### **What is the significance of good urban planning?**

According to experts:

- well-planned urbanism will add to the GDP and contribute to economic growth.
- Involvement of various stakeholders at multiple levels and emphasis on paradigm change will help to make the urban sector perform better.

**Read more:** [Urbanisation and the Need for Sustainable Cities – Explained, pointwise](#)

#### **What steps should the government need to adopt for better urban planning?**

- Lay plans that address specific problems and characteristics of specific cities.
- Ensure good public transport is present in these areas.
- Focus on creating mobility grids that would connect the secondary cities to megacities.

**Read more:** [NITI Aayog Launches Report on Reforms in Urban Planning Capacity in India](#)



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GS2 – INTERNATIONAL RELATIONS – INDIA AND CENTRAL ASIA

### 16. India's 'return' to Central Asia

**News:** Recent development depicts India is giving due importance to the Central Asia. In the past four months, 1st India-Central Asia Summit, the India-Central Asia Dialogue, and the Regional Security Dialogue on Afghanistan have been organised.

India's Central Asia mission reflects response to the new geopolitical realities in the region.

#### **What are the factors behind increasing India Central Asia relations?**

##### **Decline of US presence**

US withdrawal from Afghanistan led to the reassertion by China and Russia to fill the vacuum in the region. While China is a geo-economic power, Russia dominates through its politico-military power in the region. In the end geo-economic force i.e. China, will dominate the region. Thus, Russia will seek India's help to handle the increasing Chinese influence in its backyard and India will find Russia useful in getting out of nutcracker situation i.e. a possible China-Pakistan- Taliban nexus.

##### **Entry in Afghanistan**

Unlike previous regimes in Afghanistan, Taliban is not friendly towards India, thus Central Asian Region (CAR) and Russia will be helpful in engagement with Taliban. For instance, Tajikistan holds immense geopolitical significance for India due to its location bordering Afghanistan and close geographical proximity to Pakistan-occupied Kashmir.

#### **How Russia can be helpful for India in ensuring regional stability?**

India's non-critical stance on the developments in Ukraine and Kazakhstan and President Vladimir Putin's meeting with Prime Minister Narendra Modi are indicators of growing India-Russia relations.

**First,** Russia is a traditional and trustworthy partner of India.

**Second,** Russia is close to China, CAR and becoming close to Pakistan. Thus India can work on creating rift between China and Russia and get closer to CAR by engaging with Russia.

**Third,** Both India and the CARs use Russian defence equipment. Informal discussions explored the possibility of joint Indo-Russian defence production in some of the existing Soviet-era defence facilities in the CARs to meet local and Indian demands.

**Fourth,** discussions are also taking place for potential trilateral defence exercises among India, Russia and the CARs.

#### **What are challenges in front of India –Central Asia relations?**

**First,** China shares a land border with the region and it is also a major investor there.

**Second,** Iran is the only viable option for India to reach CAR countries i.e. via sea to Chabahar and then by road/rail through Iran (and Afghanistan) to the CARs. However, India-Iran relations

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will depend upon the result of Iran nuclear deal. If it is successful, Iran will come closer to western countries and away from China.

### GS2 – POLITY – FUNDAMENTAL RIGHTS

#### **Right to Equality**

#### **17. A new form of untouchability**

**Source: This post is based on the articles “A new form of untouchability” of The Hindu.**

**News:** Lately, a video appeared online, in which people in a religious assembly were taking oath of an economic boycott of a minority religious section.

#### **Constitutional protection against economic boycott**

Limits of the scope of untouchability under article 17 has been contested from the beginning. In the Constituent assembly, it was argued that the scope of untouchability should be restricted to practices related to religion and caste, however it voted against such restrictive definition. While the conservatives restrict it to caste-based discrimination, the progressives argue that it includes other forms of untouchability as well.

However, there is consensus that only those acts which are motivated by the ideology of purity and pollution are considered within the ambit of untouchability. These include social and economic boycotts.

#### **Issues associated with untouchability laws**

Mere provision to protect rights have been insufficient to prevent marginalisation due to the untouchability practice.

For instance, 2 laws i.e. The Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities) Act, 1989, and Maharashtra Protection of People from Social Boycott (Prevention, Prohibition and Redressal) Act, 2016, explicitly make social and economic boycotts punishable. But, the scope of both is restricted to criminalising caste-based discrimination and boycotts.

Thus, limiting scope of anti-boycott or untouchability laws to the tenets of purity and pollution and caste-centric boycotts makes them ineffective to counter the calls of economic boycott.

### **RIGHTS AND DUTIES**

#### **18. Rights of the weak, duties of the powerful**

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**Source: This post is based on the article “Rights of the weak, duties of the powerful” published in The Hindu.**

**News:** Rights and duties of the citizens are correlative to each other, which means that rights have real meaning if individuals perform duties.

### **What is the relationship between rights and duties?**

Rights and duties are complementary. If a person has a right to something, it necessarily implies that someone else has a corresponding duty. For example, If a person has a right to free speech, then it is the duty of the state to prevent its infringement. So, people are rights as well as duties bearing individuals.

### **How do one pit duties against rights?**

The framework of rights and duties should be grounded in an egalitarian setup. In a deeply hierarchical **inegalitarian society**, only a few people have rights. For example, In patriarchal families, the father alone has the right to make decisions.

Similarly, a **hierarchical caste system** distributes rights and duties unequally. Any infringement of rights of an upper-caste brings heavy penalties to the lower caste.

In monarchies, the King has absolute unrestricted rights. Those at the bottom have a maximum number of duties.

It is revealed that in **egalitarian societies** people with power have rights while those without it have duties. Equality of duty and rights can be insured when there is equal distribution of power.

**Read here: [A false conflation between duties and rights](#)**

### **Can duties be beyond rights?**

The importance of duty as a moral discourse cannot be denied. Duties that do not oppose rights, in fact, go beyond them. For example, a Doctor guided by a moral sense of duty would go beyond prescribing medicines and interact with the patient and the family to provide a sense of assurance. A society that has people who take virtue-based, solidarity-infused duties seriously is much better than where duties are not valued.

Duties are not antagonistic to rights. They are moral and non-justifiable. Many such duties are mentioned in the Indian constitution –

1) To preserve composite culture 2) Not destroyed natural environment 3) Develop scientific temper 4) Safeguard public property 5) Protect India’s sovereignty and integrity.

Though these duties are not legally enforceable, they impose an obligation on all citizens to go beyond the call of rights-based duties.

**Read here: [Co-relation between fundamental rights and duties of citizens](#)**

## **RIGHT TO FREEDOM OF RELIGION**

## 9 PM Compilation for the Month of February, 2022

### 19. The interpretative answer to the hijab row

**Source:** This post is based on the article “The interpretative answer to the hijab row” published in The Hindu.

**News:** Recently, six students were banned from entering a college in Karnataka’s Udupi district for wearing a hijab.

**Read more here:** <https://blog.forumias.com/9-pm-daily-current-affairs-brief-february-5th-2022/#f4>

#### **What is the implication of the essential religious practices test?**

It assured traditionalists that the Court would be sympathetic to their respective religious faiths. But on the other hand, it also supported state-sponsored reform and gave the power to the judiciary to determine religious practice and belief.

However, there is difficulty in front of the court in determining essential practice. For instance, in Sabarimala case, Justice D.Y. Chandrachud has said that it is not an easy task because scriptures and customs have numerous complexity which merges into superstition and dogma. For instance, in case of hijab, according to an observant Muslim woman, verses from the Koran mandate her to keep her head covered.

#### **What is the current issue of hijab?**

**One**, there is no one uniform code that is mandated throughout the State. But still, the State is interfering in deciding uniforms for all college students throughout the State of Karnataka.

**Two**, it raises legal questions. For instance, whether covering head mandated by some religions violates any legal tenet or whether the ban on female hijab will be applied to turban worn by a male Sikh, or whether the State can deny education to those who are violating a uniform code etc.

**Three**, there is also an issue of competing rights. For example, the issue between article 25 and article 26 was raised in Sri Venkataramana Devaru vs State of Mysore. In this case, the court was examining whether the bar on a person from entering into a temple for worship is a matter of religion according to Hindu ceremonial law. The court had said that competing rights should be harmonized in a way that both were given effect to.

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

**First**, the court should pay attention to Justice R.F. Nariman’s dictum in the Sabarimala review which says, that the “holy book” of India is the Constitution of India.

**Second**, in the hijab case, the courts should protect an essential religious practice in a manner that is consistent with imparting education in an orderly fashion

## 9 PM Compilation for the Month of February, 2022

### RIGHT TO FREEDOM OF RELIGION

#### 20. The classroom is important, not the uniform

**Source: This post is based on the article “The classroom is important, not the uniform” published in Indian Express.**

**News:** Karnataka is seeing bitter clashes over the banning of hijab and the imposition of dress code in educational institutions.

#### **Why inclusive nature of the classroom is a must for child development?**

Students come from different religions, caste, nations, etc and have different dietary habits, cultures, customs, and traditions accordingly. For example, some wore the markers of their married status, some wore the symbols of their religion and caste, etc. So, it should be important to **provide democratic access to students** from all sections of society.

Coming together of many social worlds within classrooms makes it a location of constant learning. Where learning not only takes place through institutionalized pedagogy but also from dialogues with classmates, a student, a teacher which slowly becomes a community that will help live together as social groups. This inclusive nature of the classroom space also provides the space for students to think across the lines of gender and caste and religion and nationality.

#### **Why dress code should not be allowed in the school curriculum?**

If classrooms become means of disciplining students, then teaching gets replaced by indoctrination, and **learning is replaced by parroting** of political ideologies.

When education is embroiled in heat, **creativity, and the joy of learning are destroyed.**

When teachers become gatekeepers of parochial political interests, they **forfeit the trust and responsibility** that the community places on them.

Schools are such places students are taught uniformity, teachers close up the process of thinking and questioning. By banning hijab from classrooms, students are **taught mistrust and hate and are trained in violence and anger.** And educational institutions shut down the process of learning and experimenting to build an equal, inclusive, compassionate and intelligent society.

So it is important to listen to the faintest voice coming from every corner of the classroom. Students have a world of their own that should be heard and understood.

#### **What should be the way forward?**

Students and teachers, together, should have unfolded knowledge and has to function as companions, as friends and equals. Education has to be shaped by an egalitarian space provided by classrooms. It is important that the classrooms are protected and do not fall apart.

### GS2 – INTERNATIONAL RELATIONS – WTO: WORLD TRADE ORGANIZATION

#### DIGITAL TRADE AND RELATED ISSUES

## 9 PM Compilation for the Month of February, 2022

### 21. Notes for India as the digital trade juggernaut rolls on

**Source:** This post is based on the article “Notes for India as the digital trade juggernaut rolls on” published in The Hindu.

**News:** In December 2021, Australia, Japan, and Singapore, have stated that they might achieve convergence on more issues linked to the **Joint Statement Initiative (JSI) on e-commerce** by the end of 2022. These 4 countries are co-convenors of the *Joint Statement Initiative (JSI)* on e-commerce.

#### **How present rules existing on digital trade progressed?**

In the Second Ministerial Conference (1998) of WTO, member countries agreed on core rules for e-commerce. **A temporary moratorium** was imposed on **customs duties** relating to the electronic transmission of goods and services. This moratorium was opposed by India and South Africa because it imposes significant costs on developing countries.

Hence, a work programme was set up on e-commerce but due to lack of progress, JSI was initiated in 2017 to work on the **trade-related aspects of e-commerce**. China and Indonesia joined with a justification that it is better to shape the rules from within.

#### **What are the issues associated with JSI?**

**One**, over half of WTO members have opted out of JSI negotiations. The developing countries fear that accepting these rules will affect their digital sovereignty.

**Two**, JSI does not include all WTO members, like General Council Work Programme. Thus, India and South Africa have said that it is against the WTO’s consensus-based framework, where every member has a voice and vote regardless of economic standing.

#### **Why there is a disagreement between the developed and developing worlds?**

**First, free flow of data across borders:** several countries are imposing data localization rules. But the developed world is finding it as a restriction on access to new digital markets, and it is causing unnecessary compliance costs. Hence, it is discouraging innovation and results in unfair protectionism.

For instance, In India, Mastercard and American Express were prohibited from issuing new cards for failure to comply with a 2018 financial data localization directive of RBI. Also, the Joint Parliamentary Committee (JPC) on data protection has recommended strict localization measures.

**Second**, domestic laws of some countries mandate the **disclosure of source codes**. Developed countries believe that this discourages innovation, but for developing countries, it is essential for algorithmic transparency and fairness.

#### **What are the options available for India?**

## 9 PM Compilation for the Month of February, 2022

**One**, advocating data sovereignty, which aims to resist ‘data colonialism’. Policymaking in India should focus on surveillance reform, personal data protection, algorithmic governance, and non-personal data regulation. They should work for individuals, communities and promote local businesses.

**Two**, India should avoid signing trading obligations in a hurry to preserve the space available to frame appropriate policy. Also, it should avoid sitting out of trade negotiations to keep a check on digital trade rules. For example, RCEP.

**Three**, exceptions to digital trade rules should be negotiated. For example, ‘legitimate public policy objective’ or ‘essential security interests’, could be negotiated.

**Four**, India should take lessons from the Digital Economy Partnership Agreement (DEPA) between Singapore, Chile, and New Zealand. India should push for a framework where countries can pick and choose modules with which they wish to comply.

**Lastly**, the WTO plays a critical role in global governance and is vital to India’s strategic interests. Hence, India should negotiate without surrendering the domestic policy-making space.

GS2 – SOCIAL ISSUES – RESERVATION AND RELATED ISSUES
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GS2 – POLITY – FUNDAMENTAL RIGHTS
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### 22. Social justice opportunities are too unevenly spread across India

**Source:** This post is based on the article “Social justice opportunities are too unevenly spread across India” published in Livemint.

**News:** Recently the Supreme Court has upheld reservations for Other Backward Classes (OBCs) and Economically Weaker Sections (EWS) in medical seats for the All-India Quota (AIQ).

#### What is the case?

**Read here:** <https://blog.forumias.com/9-pm-daily-current-affairs-brief-february-5th-2022/#gs11>

#### How does one’s domicile influences access to social justice when it comes to medical seats?

**First**, 85% of the seats for Bachelor of Medicine and Bachelor of Surgery (MBBS) degrees are reserved for candidates from within the state itself and the rest of the seats are listed under the All-India Quota (AIQ).

Hence, the access to medical seats for Scheduled Caste (SC), Scheduled Tribe (ST), or OBC candidates is primarily dependent on the number of seats available within their own state.

**Second**, there are state-level differences that cause a disproportionate distribution of benefits.



## 9 PM Compilation for the Month of February, 2022

For instance, in Bihar, the number of seats per million of the population is only 20.8. West Bengal has 42.1 and Tamil Nadu has 135.2 seats per million of its population. Thus, a resident of Tamil Nadu has a clear structural advantage over any resident of West Bengal and Bihar.

**Three**, reservation criterion also matters a lot. For instance, 97.2% of Tamil Nadu's population is categorized as OBC, SC, or ST and it has reserved 69% of its MBBS seats for them. In Bihar, the total proportion of the OBC, SC, and ST population is nearly 79.8%, and it has reserved half its MBBS seats for them.

Whereas Bihar has 11.1 seats reserved for every million of the reservation-beneficiary group, West Bengal has 42.4, whereas Tamil Nadu has 81.6. Hence, from the perspective of social justice, an OBC/SC/ST in Bihar is more than seven times worse off as compared to an OBC/SC/ST in Tamil Nadu.

### What is the way forward?

**First**, the introduction of OBC reservations in the 15% All India Quota needs scrutiny to understand the state-level differences. If OBC candidates from different states are competing against one another, it may mean that an OBC from Tamil Nadu who is in the 97th percentile in that state would be competing against a 38th percentile OBC from West Bengal.

**Second**, the problem of one-sided benefits of reservations has been noted by **Rohini Commission report** with respect to caste. This one-sided benefit should also consider the dimension of 'geography'. OBC quota should be normalized for state-level differences to reduce structural inequalities between states.

**Three**, there is a need to create a **data-oriented framework** to ensure equality of opportunity.

GS2 – POLITY – FUNDAMENTAL RIGHTS
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GS2 – SOCIAL ISSUES – HEALTH RELATED ISSUES
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### RIGHT TO PRIVACY

### ISSUES RELATED TO PUBLIC HEALTH

#### 23. Weighing in on a health data retention plan

**Source:** This post is based on the article "Weighing in on a health data retention plan" published in The Hindu on 7th Feb 2022.

**News:** Recently, the National Health Authority (NHA) has initiated a consultation process on the retention of health data by healthcare providers in India. NHA administers the Ayushman Bharat Digital Mission (ABDM).

#### Why a privacy-centric policy is needed for health data retention plan?

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**One**, health care access is not in good shape in India. Thus, many patients may not think about data factors while choosing healthcare providers in practice.

**Two**, the SC of India has declared that privacy is a **fundamental right** and any interference into the right must pass a four-part test: legality; legitimate aim; proportionality, and appropriate safeguards. The mandatory retention of health data is a form of interference with the right to privacy.

**Three**, NHA is not a sector-wide regulator. Hence, it has no legal basis for formulating guidelines for healthcare providers in general.

**Four**, the consultation paper has suggested a **classification system** to retain data. But it exposes individuals to harms arising from over-collection and retention of unnecessary data. Also, a one-size-fits-all approach can also lead to the under-retention of data that is required for research or public policy needs.

Hence, data should be classified based on its use. Health data that is not required for an identified purpose should be anonymized or deleted.

**Five**, there is a need to balance the benefits and risks involved with health data retention. Health data provides greater convenience, choice, promotes research and innovation. But globally, health data are considered sensitive and improper disclosure can cause significant harm.

**Six**, according to Indian law, if an individual's rights are to be curtailed due to anticipated benefits, then those benefits must be clearly defined and identifiable.

### **What are the challenges associated with health data retention?**

**First**, there are issues with the informed consent of the individual. In India, patients rely on the expertise and advice of doctors. Hence, the idea of informed consent is difficult to apply.

Also, if consent is made necessary for accessing state-provided services, then many people will agree because they do not have any other way to access that care.

**Second**, the standards for anonymization and methods of anonymization are still developing. Also, anonymization is not the least intrusive solution to safeguarding patients' rights in all scenarios.

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

**First**, efforts must be made to minimize the extent of data collected, and it should be stored only for the required amount of time so that the likelihood of any breach can be prohibited.

**Second**, a use-based classification process will bring the ABDM ecosystem in compliance with the data protection bill which has proposed limitations for collecting, processing, sharing, or retaining data.

**Three**, the test for retaining data should be clear, and a rigorous process should be followed under the suitable authority.

## 9 PM Compilation for the Month of February, 2022

**Four**, data should be anonymized if collected for research purposes, unless a specific case is made for keeping personally identifiable information. If neither of these safeguards is applicable, then the data should be deleted.

GS2 – SOCIAL ISSUES – LABOUR RELATED ISSUES

GS2 – POLITY – FUNDAMENTAL RIGHTS

### **RESERVATION OF JOBS IN PVT SECTOR**

#### **24. Reservation laws for locals: Local labour pains**

**Source:** This post is based on the article “Local labour pains” published in the Business Standard on 7th February 2022.

**News:** Haryana’s law of reserving 75% of new jobs in the private sector is now before the Supreme Court. The appeal was made by Haryana state after [Punjab and Haryana High Court put a stay on the implementation of the law](#).

**Must Read:** [Reservation for locals in private jobs](#)

#### **Why the observation of the Supreme Court is important?**

The local job reservation law is in contradiction with [Article 16 of the Constitution](#). Apart from Haryana, other state governments like Andhra Pradesh, Jharkhand, and Madhya Pradesh have also passed laws mandating between 70 and 75 % quota.

**Read here:** [Jharkhand clears Bill for 75% quota for locals in private jobs](#)

So, the judgment is important as it raised an important question of whether the state can restrict employment, even in the private sector, based on domicile.

**Read here:** [Concerns associated with Local Reservation Laws](#)

#### **Why did the Telangana government revoke its job reservation law?**

Telangana cabinet earlier approved a proposal to reserve 80% of semi-skilled jobs and 60% of skilled jobs in the private sector for locals in August 2020. The policy generates difficulties in attracting investment, especially in the IT sector. Also, the companies are reluctant to invest in the states where employment options are restricted to locals.

**Read here:** [challenges associated with the policy of job quota for locals in the private sector.](#)

#### **What should be the way forward?**

The state should follow a **two-pronged strategy** of educating local youths in marketable skills so that they get jobs without quotas. Along with that, the government can offer an incentive to industries to employ locals.

## 9 PM Compilation for the Month of February, 2022

### 25. Local job laws that raise constitutional questions

**Source: This post is based on the article "Local job laws that raise constitutional questions" published in the Indian Express.**

**News:** Supreme court is soon to hear the petition on removing the stay on the Haryana State Employment of Local Candidates Act. Punjab and Haryana High Court have stayed the Haryana government's law guaranteeing 75% reservation to locals in private sector jobs.

**What is the Haryana State Employment of Local Candidates Act?**

**Read more:** [Haryana State Employment of Local Candidates Act of 2020](#)

**How the reservation job for locals is against the constitutional norms?**

**Read here:** [Constitution and judgments concerning reservation for locals](#)

The act **breaches the notion of equality of all citizens** of India. States have enacted laws that limit employment for citizens from outside the State. Over the last three years, three states have enacted laws that limit employment for citizens from outside the State. These laws raise **questions on the conception of India** as a nation.

The Constitution conceptualises India as one nation with all citizens having equal rights in the country. These State laws go against this vision by restricting the right of out-of-State citizens to find employment in the State.

**Read here:** [Challenges associated with the policy of job quota for locals in the private sector](#)

**What are the court cases related to public employment?**

**Indra Sawhney case in 1992:** Supreme Court capped reservations in public services at 50%. It however said that there may be extraordinary situations which may need relaxation in this rule like people of far-flung and remote areas.

**In 1995,** Rules in Andhra Pradesh that gave preference to candidates who had studied in the Telugu medium were struck down on grounds that they discriminated against more meritorious candidates.

**Supreme Court, in 2002,** ruled that preference given to applicants from a particular region of Rajasthan for appointment as government teachers was unconstitutional. It said that reservations can be made for backward classes of citizens, but this cannot be solely on account of residence or domicile.

**Supreme Court in 2021:** Struck down the [Maharashtra Act](#) on grounds of breaching the 50% limit, which provided reservations for Marathas.

GS2 – SOCIAL ISSUES – NGOs, SHGs, various associations

### 26. Tax incentives for Philanthropy

**Source:** This post is based on the article “Tax incentives for Philanthropy” published in The Hindu.

**News:** Civil society plays a key role in development of the society. Hence, it is important to study various aspects that affect its functioning.

Despite this, impact of tax incentives on charitable donations has not been systematically studied in the Indian context.

**Is there any global in-depth research on the role of tax incentives in supporting civil society?**

No. The role of tax incentives in supporting civil society is poorly studied in most countries.

Although there are some studies from the U.S. and the U.K., but here too, the **non-monetary impact of tax incentives is not deeply examined.**

For example: Does the legal relationship that tax incentives create between the state and the civil society as a sector impact its financial health and stability?

**Why the issue of tax incentive to civil society is critical for the development ?**

Civil society organisations have historically played an **irreplaceable role in social development.**

Many government programmes have emerged due to a harmonious relationship with NGOs that have implemented an innovative idea.

Governments have provided the scale and state support, while the NGOs have provided the **ideational energy and community experience.**

**For example:** The activity-based learning approach developed by Rishi Valley in Tamil Nadu during the early 2000s.

**Why are tax incentives are important?**

Many NGOs in India are **small and operate with budgets of less than ₹15 lakh** a year and most work in areas like health and education which are critical for society’s progress.

For these small NGOs in remote areas or those working in areas that are less recognised, the tax incentives may still be significant for **establishing legal recognition** with the community, government entities and donors.

The most essential role of tax incentives is the ‘**signalling effect**’. It denotes that the state supports philanthropic activity and, through its revenue forgone, actively encourages private actors to engage with public problems.

**What is the way forward?**

There is an urgent need for a **systematic study of the impact of tax incentives.**



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Government may reintroduce **wealth and inheritance tax** so that charity-focused tax incentives can benefit the non-profit sector.

There is need for some **changes to the new tax regime** dilutes the state-civil society relationship by giving donors the option to opt out of incentives for lower tax rates. As this will spur the growth of research and study in the area.

### GS2 – SOCIAL ISSUES – ISSUES RELATED TO CHILDREN

#### **CHILD HEALTH**

#### **27. Safeguarding childhoods from online harm during COVID-19 and beyond**

**Source:** This post is based on the article “Safeguarding childhoods from online harm during COVID-19 and beyond” published in Down to Earth.

**News:** Recently on 8<sup>th</sup> February, safer internet day was celebrated. It reminds to analyse internet’s impact on children while providing uninterrupted learning during the pandemic but also exposing them to several online risks

#### **How pandemic has increased online risks for children?**

**One**, during the lockdown, children did not have option of outdoor games, and it made them to explore online games. But the competition during game sometimes results in violent behavior and change in behavior pattern while affecting their psycho-social wellness.

**Two**, as per Internet Watch Foundation, 2021 was the worst year on record for child sexual abuse online.

**Three**, CRY ‘Online Safety and Internet Addiction’ study revealed that half of the respondents displayed some level of addiction to the Internet.

**Four**, longer hours on the internet makes children vulnerable to risks like online sexual abuse, grooming / sexual solicitation, sexting, exposure to pornography, production and circulation of child sexual abuse material, cyber-bullying, online harassment and cyber-victimisation.

For instance, NCRB (2020) data says there is a sharp increase of about 400 % in cyber-crimes committed against children in comparison to the last year.

Also, according to Interpol pandemic has changed the trends of child sexual exploitation around the world. Offenders will adapt and change their online environments to avoid detection and to target platforms that are popular with children.

**Five**, the pandemic has also limited access to community support and services which are important in addressing child sexual exploitation, which makes children more susceptible.

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

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**First**, there is a need to study online trends and risks faced by children. For example, Child Rights and You (CRY) are conducting regular sessions to build awareness about cyber-safety for children.

**Second**, all the stakeholders including the government, the civil society and the parents should also fulfil their responsibility in safe-guarding children's safety.

**Three**, there should be adequate budgetary allocations to implement a robust mechanism towards ensuring children's online safety. For example, child protection budget has marked an increase of 44 per cent in budget 2022-23, but there should be clarity in terms of what portion of that will go to address online safety of children.

### GS2 – GOVERNANCE – GOVT POLICIES AND INTERVENTIONS

#### **AMENDMENTS TO CUSTOMS ACT**

##### **28. Poor drafting – on amendments to the Customs Act**

**Source:** This post is based on the article “Poor drafting” published in Business Standard on 8th Feb 2022.

**News:** Budget 2022-23 has proposed to amend the Customs Act. It will criminalize the publishing of any information relating to the value or classification or quantity of goods entered for export from India, or import into India, or the details of the exporter or importer of such goods.

##### **What is the objective of the proposed amendment?**

It intends to **protect the trade secrets of exporters and importers** that may be stolen and sold with an aim to compromise competitiveness and commercial advantage. The aim is to protect the privacy of specific transactions of Indian businesses.

##### **Why criminalizing publishing of Customs data is a bad idea?**

**First**, It shows administrative steps taken to end the information leakage are not efficient.

**Second**, there is no existing clause under which such data leaking can be prosecuted. Also, there is no internal accountability mechanism for such leakage.

**Third**, the drafting by CBIC is done in a careless manner and lack of attention has been given to possible negative consequences.

For instance, the intent should be specifically mentioned. The amendment has used broad and vague meaning words which can be interpreted differently by investigative agencies and others.

**Lastly**, if the aim of such amendment is to protect the privacy of specific transactions of Indian businesses, proposed data privacy laws would be an appropriate law.

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

## 9 PM Compilation for the Month of February, 2022

**First**, data on Indian exports should be disaggregated and timely available to allow for analysis in an anonymized form.

**Second**, the state should not overreach, and it must draft new regulations, laws, and statutes narrowly with clearly defined objectives to avoid handing over excessive powers to police persons, tax officials, or other agencies of the state.

### GS2 – GOVERNANCE – GOVT POLICIES AND INTERVENTIONS

#### **Development of pharma sector in India**

##### **29. A self-reliant Pharma Industry**

**Source:** This post is based on the article “A self-reliant Pharma Industry” published in The Hindu on 8th Feb 2022.

**News:** As pharmaceuticals industry is a key sector for the Atmanirbhar Bharat programme, Government introduced Production-Linked Incentive (PLI) scheme in this sector. A prime objective was to reduce import dependence on Active Pharmaceutical ingredients (APIs), Drug Intermediaries (DIs), and Key Starting Materials (KSM).

However, response to the scheme has not met expectations.

#### **What is PLI scheme, and what are its objectives?**

Read [here](#)

#### **What are the problems that have emerged regarding the application of scheme?**

Only 239 applications were received in two rounds from an industry which has over 3,000 firms. In spite of the two rounds of applications, no beneficiary was identified (or no application was received) in five products, which are all antibiotics.

To realise the objective of import dependence, there is need for a broader strategy.

#### **What are the modifications required in PLI scheme to make it more effective?**

**Price competency:** Firms will invest in production in India only if they see a prospect of producing at prices cheaper than the cost of imports. Products from China are 35–40% cheaper than compared to indigenously produced products. So, any strategy aimed at achieving self-reliance should focus on achieving price competency in production.

**Technology:** PLI scheme doesn't have a technology component. Technology will help Indian producers overcoming some advantages of Chinese producers like competitive pricing and scale of operations.

**Old capacity:** Scheme insists on new manufacturing facilities, which doesn't allow firms which have idle older capacities to take advantage of the scheme. Many firms used to produce these products and have wound up production as cheaper imports began to flow from China.

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Permission to utilise existing but in-operational or underutilised facilities for production would elicit a better response.

**Involving MSMEs:** The focus of the PLI Phase-I scheme is on large firms which have been historically interested in formulations and not Active pharmaceutical Ingredient (APIs). Apart from this, nearly three-fourth of the production of pharmaceuticals in India is by MSMEs. Therefore, it is important to include smaller firms.

**Involving Public sector enterprises:** Out of the five products for which no application was received, four are APIs that are not used much by the industry. However they are of great significance for public health. Here, Government can task public sector enterprises (PSEs) should be tasked for their production.

### **ACCREDITATION OF JOURNALISTS**

#### **30. Stricter policy for accreditation of journalists, and the concerns**

**Source:** This post is based on the article “Stricter policy for accreditation of journalists, and the concerns” and “curbs on press” published in Indian Express.

**News:** Recently, the government has issued a new policy on accreditation of journalists, drafted by Ministry of Information and Broadcasting (I&B).

#### **What does the policy say?**

**One,** it lays down guidelines on how PIB accreditation will be granted to journalists.

**Two,** it has introduced a new section about reasons that can result in the suspension of the accreditation. For example, if a journalist is charged with a “serious cognisable offence”.

**Three,** applications for accreditation will be checked by a Central Press Accreditation Committee headed by the DG, PIB. Also, mandatory security check is conducted by the Home Ministry.

#### **What are the eligibility criteria for accreditation?**

**One,** a journalist should have a minimum five years’ professional experience as a full-time working journalist or a cameraperson in a news organization, or a minimum of 15 years as a freelancer to become eligible. Veteran journalists, with over 30 years of experience and who are older than 65 years of age, too are eligible.

**Two,** a newspaper or a periodical need to have a minimum daily circulation of 10,000, and news agencies must have at least 100 subscribers.

**Three,** rules are applicable on foreign news organizations and foreign journalists also. The policy has introduced a provision that journalists working with digital news platforms are also eligible if the website has a minimum of 10 lakh unique visitors per month.

#### **How does accreditation help?**

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It recognizes them as a “**professional working journalist**”. It does not confer any special status, but there are some advantages. Only accredited journalists are allowed to report from the premises where VVIPs or dignitaries such as the President, the Vice President or the Prime Minister are present.

It allows the journalist to protect the identity of his or her sources. Also, the accreditation card is valid for entry into buildings under MHA security zone. The journalist and his or her family get certain benefits, such as inclusion in the Central Government Health Scheme and some concessions on railway tickets.

### **What are the concerns associated with these rules?**

**One**, vague and broad terms can be misused to threaten journalists. For example, the frequently used tool by powerful people is filing defamation and now this has been mentioned as ground of cancellation of accreditation.

**Two**, the new provision about acting “in a manner which is prejudicial to the sovereignty and integrity of India, the security of the state, friendly relations with foreign states, public order, decency or morality or “incitement of an offence” is subjective and has scope of being misused.

**Three**, there is no clarity on who will define the terms mentioned and decide whether the journalist’s conduct violates any of the conditions.

**Four**, government is bound by democratic norms to provide access to journalists to do their job. Also, If the government is deciding what a journalist can do or cannot, it means the policy is violating article 19.

### **NEET and related issues**

#### **31. ‘NEET is discriminatory, against social justice’**

**Source: This post is based on the article “NEET is discriminatory, against social justice” published in The Hindu.**

**News:** Chief Minister of Tamil Nadu in his speech argued about the negatives of NEET and its impact on the future of students.

#### **Constitutionality of NEET**

[NEET](#) is not a system established by the Constitution, so is not made a part of the Constitution. The [Medical Council of India](#) mandated the creation of NEET.

#### **Why the Tamil Nadu state is opposing the NEET exam?**



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Federalism is a fundamental idea that truly safeguards the ethnic, linguistic, and cultural diversity of India. NEET goes against the principle of social, justice and encroaches upon the federal rights of states.

According to **AK Rajan committee** established by TN state, NEET has limited the diversity of community representation in MBBS and higher medical courses by obstructing the desire of those underprivileged of receiving medical education and favouring the socio-economically rich sections.

According to the survey, government school children, those whose parents' annual income is less than ₹2.5 lakh, the backward (BC), the most backward (MBC), Scheduled Castes (SC), and Scheduled Tribes (ST) are the most affected. According to the research, those who studied in the Tamil medium in government schools are also harmed.

**Read here: [NEET hasn't created the equality of opportunity it had promised](#)**

### **What is the purpose of introducing the NEET exemption bill?**

The Tamil Nadu Assembly has passed a Bill to dispense with the NEET. This bill is passed based on the recommendation of the high-level committee led by retired judge AK Rajan. According to it, NEET is beneficial mostly to private training institutes and the rich section and is not beneficial to the poor section.

But, recently, the bill was returned by the governor.

**Read here: [NEET fails the multidimensional construct of merit](#)**

### **What is the observation of the Supreme Court?**

In **Modern Dental College vs Madhya Pradesh government**, SC said that the State government has the power to legislate on student admissions to higher education institutions.

In another judgement delivered by Justice Banumathi in the same case, the court ruled that the **law regulating student admission was within the jurisdiction of the State** government.

So, by introducing NEET exemption bill, the TN government is using the legislative power of the State legislature.

### **ID requirements for govt programs**

#### **32. The case for easing our identity proof insistence**

**Source: This post is based on the article "The case for easing our identity proof insistence" published in Livemint.**

**News:** The government of India has informed the Supreme Court that it had provided covid vaccination to 8.7 million people without asking for identification.

### **What are the steps initiated by the government of India?**

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Apart from Aadhaar, the government allowed citizens to use eight alternative documents to register themselves on Co-Win, a website for vaccine allotment. But, at the same time, the government also relaxed the ID proof requirement for sadhus and saints of all religions, those leading nomadic lives, inmates of prisons and mental health institutions, and others with none of these nine identity documents.

Given the state has the responsibility for everyone's well-being, basic rights like health cannot be made dependent on establishing identity. So, this is the most sensible decision by the government in a time when the country is fighting to put an end to the pandemic.

### **Why government should remove ID requirements from its programs?**

Personal safety overlaps with the public interest in vaccine delivery. They should be extended to all food handouts. This would also lead to nutritional security.

Plugging any such leakage should be the goal of the Aadhaar. So, providing food handouts should not be made dependent on the possession of ID.

Similarly, health ID cards for online access to the central database should remain optional. The national digital health ecosystem should not erect barriers. Hence, the Aadhaar should be made voluntary.

## **PROCESS OF REFORMS**

### **33. India must reform the very way that reforms are brought about**

**Source: This post is based on the article "India must reform the very way that reforms are brought about" published in Livemint.**

**News:** Every section of society want reforms to make their life easier. The government is also introducing various reforms in various sectors. But still, various voices came who are against the method which government is adopting while introducing any reform.

### **What are the mistakes government is doing while introducing reforms?**

The government is in a rush to make big announcements and to make bold reforms to attract large investments. This process, it does not follow the democratic process where consultation of various stakeholders and states is required.

Due to this, the government had to withdraw its proposed reforms in land acquisition. Reforms of environmental regulations to enable large industrial projects are resisted by organizations representing concerns of local communities, Reforms of agricultural institutions to double farmers' income have been stalled because of farmers' protests who are the intended beneficiaries of these reforms.

### **How the process of reforms should be followed?**

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**Purpose of reforms:** Government should be clear about the purpose of bringing reforms. For example in Agriculture reforms- the government has to be clear whether the government aimed at increasing the income of farmers or attracting corporate investments to build supply chains.

**Rightful Approach:** Government should adopt the righteous approach. It should know about who is going to benefit from reforms, Who will be most affected, Will the reforms supported by those who will be more affected, Have all the stakeholders have been considered honestly, etc. These type of questions needs to be properly addressed.

**Collaborative approach:** Government should listen to the views of all stakeholders who are going to be affected favourably or unfavourably by the reforms. Accordingly, the government should make the decision on a consensus basis.

**Process of consultation:** Government should design the consultation in a fair and well-coordinated way. This will help to produce good insights and well-rounded solutions.

### What should be the way forward?

India should **reform its process of democratic governance**. It should also **reform its economic institutions** to enable income and wealth to increase so that every section of the society can take benefit from it. Economic reforms which are going to affect the masses should not be developed only by the experts but also with the people who are going to benefit from it.

## GS2 – GOVERNANCE – CIVIL SERVICES

### CHANGES PROPOSED TO IAS CADRE RULES

#### 34. IAS cadre rules: Upsetting the Centre-state balance

**Source:** This post is based on the article “Upsetting the Centre-state balance” published in the Indian Express on 8th February 2022.

**Syllabus:** GS 2 issues and challenges pertaining to the federal structure.

**Relevance:** Understanding how the proposed amendments to IAS cadre rules can affect centre-state relations.

**News:** The proposed changes in IAS cadre rules has the potential to create a rift between Centre and State relations.

#### How the IAS is related to both the centre and state?

**Read here:** [Link between IAS and the federal structure of India,](#)

#### Why did state governments oppose the proposed amendments?

**Impact public interest:** Central government has stretched the cadre rules to enable greater control over IAS officers in the public interest. This will allow the centre to pull out any number of IAS officers from the states.

#### How the proposed amendments will affect Centre-State relations?

– It can create mistrust in Centre-state relations.

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– It would also result in the functional depreciation of the IAS in the states.

GS2 – POLITY – ELECTORAL ISSUES

### 35. Why opinion polls need regulation

**Source:** This post is based on the article “Why opinion polls need regulation” published in Indian Express.

**News:** Despite EC’s efforts, the broad consensus from political parties, opinion and exit polls continue to undermine elections.

#### What is the stand of the Election Commission of India on opinion polls?

**ECI** feel that opinion polls interfere with free and fair elections due to sponsored paid news which is normally biased. Such polls are non-transparent, as they provide very little information about the methodology used to conduct these polls. This results in spreading disinformation and influencing the audience for their own agenda, which is also an Electoral offence under IPC section 171(c).

So, ECI called two all-party meetings in **1997 and 2004** for the ban on opinion polls. Although there was unanimous demand for a ban, the question was whether the ban should apply from the announcement of the poll schedule or the date of notification.

In **1998**, the ECI issued guidelines that were challenged in the SC. The court questioned ECI on how it would enforce the guidelines in the absence of a law. So, later on, ECI withdrew the guidelines.

In **2008**, the matter resurfaced when political parties approached ECI to ban on opinion and exit polls. The ECI advised them to raise the matter in Parliament, as it required legislative amendment. Parliament then banned exit polls but not opinion polls (126A, RP Act).

In **2013**, the debate on banning opinion polls was revived when the law ministry advised the ECI to once again seek the view of all political parties.

#### What are the other stakeholders who want a ban on the opinion polls?

Apart from ECI and political parties, the **Press Council of India** also supported the ban. It believed that the print media is being exploited by certain individuals or groups. These groups misguided the voters on the basis religion, caste, ethnicity etc.

In a sting operation by a television news channel in 2014, 11 polling companies were caught red-handed fraudulently manipulating surveys.

**Read here:** [Credibility of exit/opinion polls](#)

#### What is the viewpoint of the Supreme Court on opinion polls?

In **Union of India vs ADR, 2003**, SC has emphasised, “Democracy cannot survive without free and fair elections”

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In **PUCL vs Union of India, 2003; NOTA judgment, 2013**, it said that Free and fair elections is the basic structure of the Constitution.

In **Mohinder Singh Gill vs CEC of India, 1977**, Court said that “The heart of the parliamentary system is free and fair elections”

### **What is the approach adopted by other countries on opinion polls?**

In most democracies, opinion and exit polls are common during elections. However, restrictions are also imposed in many countries, extending from 2-21 days prior to the poll like Canada, France, Italy, Poland, Turkey, Argentina, etc.

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

**Self-regulatory body:** India can adopt an independent regulator, like the British Polling Council. Under which all polling agencies should disclose for scrutiny the sponsor, methodology, time frame, quality of training of research staff, etc.

GS2 – POLITY – JUDICIARY

### **DRAFTING OF LAWS**

#### **36. Why we ought to replace legalese with plain language**

**Source:** This post is based on the article “Why we ought to replace legalese with plain language” published in Livemint.

**News:** Recently, judges of India’s Supreme Court were unable to comprehend a judgement of Himachal Pradesh high court due to its dense legal language.

#### **Why is there a use of such dense language in legal documents?**

The justification given is that it is the only way to ensure that every possible consequence is adequately addressed.

Lawyers do this to prevent their clients’ suffering if things are left unsaid actually become a problem.

Similarly they are used in judgement to make them effectively counter any doubts that emerge.

#### **What are the consequences of this?**

In a world that has increasingly prioritized the democratization of access, this stops citizens to become a part of policymaking.

More [here](#).

#### **What is the situation in other countries?**

A number of countries have enacted legislations that impose plain-language obligations on government functionaries, requiring them to communicate in words that can be easily understood.



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In the US, the **Plain Writing Act of 2010** requires federal government agencies to promote clear Government communication that the public can understand and use.

### What is the way forward?

Apart from simplifying the language of our laws, government needs to follow some additional measures as well.

All government departments should be required to publish on their websites a complete list of all laws, rules and regulations that apply to those over whom they have authority, and only enforce those laws. This will prevent any misapplication of any fine on citizens.

Efforts should be made to consolidate all these regulations into a single, easy-to-understand code that presents a comprehensive snapshot of all applicable regulations. Reserve bank of India do this for its circulars.

Along with every law that is enforced, the government should publish an official note that describes, in plain language, what that law covers, who it applies to, and the obligations they are required to meet.

Government Should only collect new information from regulated entities to reduce the burden of compliance.

## ISSUES WITH THE JUDICIAL SYSTEM

### 37. What three recent cases say about our labyrinthine legal system

**Source:** This post is based on the article “What three recent cases say about our labyrinthine legal system” published in Indian Express.

**News:** Old laws, difficult to interpret language and long-running cases create obstacles to justice.

### What are the factors contributing to the obstacles to justice?

**Archaic Laws:** Recently, the Supreme Court has ruled that daughters will have equal rights to their father’s property even prior to the enactment of the Hindu Succession Act (HSA) of 1956. Although, the judgement is welcome but the case should have been settled much earlier. Indian constitution is certainly lacking a proper framework for personal laws for the 21st century.

**Long-running cases:** Court recently acquitted an actress from obscenity and indecency charges from the case which was registered under the [Indecent Representation of Women \(Prohibition\) Act](#) and Sections 292, 293, and 294 of [IPC \(Indian Penal Code\)](#) in 2007.

The case took 15 years to decide. The courts should be more cautious about the case which need to be admitted in courts if admitted has to be resolved quickly.

**Incomprehensible language:** Recently, two judges of the SC couldn’t understand a judgement authored by another judge in 2017.

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**Contempt of Court:** Contempt of court act 1971 deals with **civil contempt** when a court judgement does not comply. It also deals with **criminal content** which scandalizes or lowers the authority of the court. Scandalising” is neither contempt by interference, nor contempt by disobedience. This was inherited from Britain. In 2013, after the Law Commission report (2012), the UK crime and courts act was abolished scandalizing the court as a form of contempt of court.

### **ISSUES WITH JUDICIAL SYSTEM**

**38. Appeal for change: SC’s suggestion on reducing jail time for those appealing convictions is worth serious thought**

**Source: This post is based on the article “Appeal for change: SC’s suggestion on reducing jail time for those appealing convictions is worth serious thought” published in Times of India**

**News:** Supreme Court is going to examine whether those who have already served long imprisonments and are appealing their convictions should be given other options or not.

**Why there is a need to make changes in the appeal process?**

**Long waiting periods to hear appeals:** Many trial court convictions are pending before High Courts. For instance, waiting periods for hearing an appeal could be as long as 35 years.

**Better chance to get acquitted:** Convicts have a chance of getting acquitted by higher codes in appeals. For example, the Bombay High Court declared 2 persons innocent in two different murder convictions after 22 and 24 years.

Supreme Court has suggested **plea-bargaining**, which is used regularly in the USA, to speed up the judicial process.

**What further can be done?**

**Speedy judicial appointments:** 411 of 1,098 sanctioned judicial posts at HCs lie vacant. For instance, Allahabad HC, flooded by appeals, has 67 vacancies. This needs to be filled quickly.

**Increase the retirement age of HC judges:** HC judges retire at 62 while SC judges continue till 65. There is no rationale behind this difference. When the retirement date of every judge is known in advance, the replacement lists should be ready beforehand. Article 224A provides for retired judges to be reappointed to HCs.

### GS2 – POLITY – CONSTITUTIONAL BODIES

#### **ROLE OF A GOVERNOR AND RELATED ISSUES**

**39. Explained: Governor’s powers, friction with states, and why this happens often**

**Source: This post is based on the article “Explained: Governor’s powers, friction with states, and why this happens often” published in Indian Express.**

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**News:** There have been some incidents that show the friction between the delicate relationships of the constitutional head of state and elected government. For example, West Bengal CM blocked the governor on Twitter over his statements against the state governments.

**Read here:** [Breach of Constitutional Propriety by Governor](#)

What are the powers of the governor?

**The governor acts on the advice of the council of ministers.** But, Governor also enjoys certain powers granted under the Constitution like he can **withhold assent to a Bill** passed by the state legislature, can **determine the time needed for a party to prove its majority**, or which party must be called first to do so.

However, there is no provision on how the Governor and the state should engage publicly when there is a difference of opinion.

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

**What are the friction points between the governor and state governments?**

Allegations of the Centre using the Governor's position to destabilise state governments have been made since the 1950s. These are mostly related to the selection of the party to form a government, deadline to prove majority, sitting on Bills, and passing negative remarks on the state administration. Below are some examples:

**Dismissal of state governments:** Kerala's government was dismissed based on a report by the Governor. Several state governments have been dismissed since then, including 63 through President's Rule orders issued by Governors between 1971 and 1990.

**J&K Governor in 2018:** dissolved the Assembly amid indications that various parties were coming together to form the government. This paved the way for the Centre to later bifurcate the state into two Union territories, by considering the Governor as the government.

**Maharashtra Governor in 2019:** quietly invited BJP leader and administered him oath as CM. This government lasted just 80 hours. Six months later, the governor refused to nominate CM to the Legislative Council.

**Kerala Governor in 2020:** turned down a request to summon a special sitting of the Assembly to debate the three central farm laws.

**Read here:** [Discretionary powers of the governor: Some Raj Bhavans are on the war path](#)

**What are the reasons behind the tussle between the governor and state governments?**

**Political appointees:** According to a constitutional expert, although the Constituent Assembly envisaged the governor to be apolitical. But the truth is, politicians, become Governors and then resign to fight elections.

**Answerability:** The CM is answerable to the people. But the Governor is answerable to no one except the Centre. This is the fundamental defect in the Constitution.

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**Impeachment of governor:** There is no provision for impeaching the Governor, who is appointed by the President on the Centre's advice. While the Governor has a 5-year tenure, he can remain in office only until the pleasure of the President.

**No guidelines:** There are no guidelines for the exercise of the Governor's powers, including for appointing a CM or dissolving the Assembly. There is no limit set for how long a Governor can withhold assent to a Bill.

### **What should be the way forward?**

Several panels and reports like the Administrative Reforms Commission of 1968, Sarkaria Commission of 1988 suggested reforms regarding

- 1) Selection of the Governor through a panel comprising the PM, Home Minister, Lok Sabha Speaker and the CM, 2) fixing his tenure for five years, 3) Provision to impeach the Governor by the Assembly, etc

### **40. Is the institution of Governor subverting federal structure?**

**Source:** This post is based on the article "Is the institution of Governor subverting federal structure?" published in The Hindu.

**News:** With the TN governor returning the NEET bill and running a battle between the West Bengal governor and CM highlights the inherent tension between the post of governor and elected chief minister.

**Read here:** [Explained: Governor's powers, friction with states, and why this happens often](#)

### **What are the issues between the governor and chief minister?**

[Article 163](#) is clear that Governor is bound by the aid and advice of the council of ministers. The role of the governor, like that of the president, is only nominal. In case the governor finds legislation objectionable to Constitution, he can hold the bill for the consent of the president. The nature of the presidential election allows him to look beyond public opinion with the constitution in mind. Yet, the role of the governor, like that of the president is only nominal.

**Read here:** [Governance and Governor](#)

### **How to handle the difference of opinion between the chief minister and governor?**

The two heads can have different perspectives but should **maintain the dignity of their constitutional positions**. It has been seen the governor and chief ministers on social media openly expressing disagreement with each other. The consultations between the governor and CM's should be serious and in case of conflict, the **elected government should prevail**.

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Sometimes it may be possible that the governor and people are on the same view – as expressed by former President K R Narayanan. But even in these matters governor should not talk over the head of government or behind the government to the people.

### What should be done going forward?

**Talks:** The best way to resolve differences is through a discussion. The differences between the two heads should be resolved privately.

**Quick resolution by courts:** The courts have displayed a tendency to keep the issue pending like [Article 370](#). So, the courts should quickly resolve such constitutional matters.

## GS2 – INTERNATIONAL RELATIONS – INDIA AND ITS NEIGHBORHOOD

### INDIA-AUS RELATIONS

#### 41. Indo-Australia bilateral relations: The significance of S Jaishankar's Australia visit

**Source:** This post is based on the article “The significance of S Jaishankar's Australia visit” published in Indian Express.

**News:** It was announced that [Quad](#) foreign ministers meeting is going to take place in Australia. This brings Indo-Australia bilateral relations back into focus.

#### What are the drivers of Indo-Australia bilateral relations?

Friendship is based on shared values and interests. India remains the top source of skilled migration for Australia. The population of Indian-born people has doubled in the last decade in Australia.

However, the challenge of economic relations and an early harvest **CECA – a comprehensive economic cooperation agreement** is pending.

**Read here:** [India, Australia aim to finalise trade pact by end of next year](#)

#### What are the drivers of multilateral relations in Indo-Pacific?

QUAD foreign ministers will be meeting in person after two years. The new centre of gravity of international politics is shifting towards Indo-Pacific. The assertive rise of China, its aggressive nature and revisionism is upsetting the peace and prosperity of the region. The strengthening of supply chains through supply chain resilient initiative is needed to check economic dependence on China.

It is now important to keep these promises and forge a strong regional and global partnership.

### India – Sri Lanka relations

#### 42. Colombo and Delhi get closer, but failure to move on the Tamil question will dampen the enthusiasm



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**Source: This post is based on the article “Is the institution of Governor subverting federal structure?” published in The Hindu.**

**News:** Sri Lanka foreign minister in his visit to Delhi talks of reaching a “**high point**”.

### **What are the recent developments in India-Sri Lanka relations?**

India helped Sri Lanka overcome an unprecedented [economic crisis](#). India had earlier given offshore patrol vessels to the Sri Lankan coast guards. India has also agreed to help Sri Lanka to [launch a digital identity project along the lines of Aadhaar](#).

Sri Lanka is ready to have more Indian investment in several sectors including ports, power, energy, tourism, Etc.

### **What are the issues in India Sri Lanka relations?**

1) [Fisherman issue](#), 2) Pending political settlement of the Tamil question, 3) Concerns associated with new draft Constitution.

**Read here:** [Issues in India-Sri Lanka relations](#)

GS2 – SOCIAL ISSUES – LABOUR RELATED ISSUES

## **OCCUPATIONAL SAFETY AND HEALTH**

### **43. A dipping graph in occupational safety and health**

**Source: This post is based on the article “A dipping graph in occupational safety and health” published in The Hindu.**

**News:** Recently, the Safe in India (SII) released CRUSHED 2021, which shows a grim reality of occupational safety and health in the auto sector.

This article says that there is a need for a comprehensive review of labour inspection and the labour statistical system in India, as the Government is in the process of framing the Vision@2047 document for the Labour Ministry.

### **Why there is need to review labour laws?**

**First**, industrial accidents occur frequently, but only major accidents are reported. Occupational safety and health (OSH) have not received due attention from law-makers and even trade unions in India.

**Second**, it is not clear why the Labour Bureau has not considered expanding the scope of statistics on injuries by adding sectors such as plantations, construction, the service sector, etc.

**Third**, data produced is not representative of the situation in India because several major States default in the provision of data. For example, during 2013-14, several major States such as Delhi, Gujarat, Kerala, Odisha, Punjab, Tamil Nadu, Uttar Pradesh and West Bengal defaulted.

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This makes the data reporting volatile. The fluctuations of data on industrial injuries published by the Labour Bureau shows that reported figures for fatal injuries for all-India is less by around 40%-50%.

**Fourth**, even if States send their data to the Labour Bureau, the States' data are more likely to suffer from underreporting. For example, the SSI's report shows massive under-reporting of industrial injuries occurring in Haryana.

**Fifth**, major States such as Maharashtra (38.93%), Gujarat (57.52%), Tamil Nadu (58.33%), and Bihar (47.62%) has poor employment rates of inspectors. In 2019, there was one inspector for every 487 registered factories and 0.04 inspector per 1,000 workers. It reveals that inspectors are over-burdened.

Hence, the inspection rate has declined from 36.23% during 2008-11 to 34.65% during 2012-2015 and further to 24.76%. The inspection rates fell in almost all the States over the last 12 years.

It shows that the factory inspectorates are less in number, and they are inadequately equipped to conduct inspections. Also, to an extent, inspector raj is a myth cultivated by powerful industry groups.

**Sixth**, the low conviction rate and less penalty do not act as deterrent. The conviction rates for 2015-2019 stood at 61.39% and the average fine per conviction was ₹12,231. Also, the penal system has low efficiency as the percentage of decided cases out of total cases is 15.74% during 2015-19.

### What are two major issues associated with the current legal and labour policy aspects?

**First**, mindless liberalisation of the inspection system does not promote sound labour market governance.

**Second**, simplifying the annual returns and self-certification systems has weakened the already poorly placed labour statistical system. For instance, low reporting by firms to State labour departments and the Labour Bureau.

### What is the way forward?

**First**, OSH is a human and labour right. Hence, there should be a strong monitoring mechanism and comprehensive database to frame corrective actions and policies.

**Second**, India has ratified International Labour Organization (ILO) conventions, the Labour Inspection Convention, 1947 (C081) and Labour Statistics Convention, 1985 (C160). The defects mentioned above violate the conventions. Hence, the labour codes, especially the OSH Code should be reviewed.

GS2 – SOCIAL ISSUES – PRISON REFORMS AND RELATED ISSUES

GS2 – POLITY – FUNDAMENTAL RIGHTS

## PRISON REFORMS AND RELATED ISSUES

### RIGHTS OF THE PRISONERS

#### **44. Mass jailing of undertrials must end**

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**Source:** This post is based on the article “Mass jailing of undertrials must end” published in the Indian Express.

**News:** Overcrowded prisons have felt the devastating impact and led to a humanitarian crisis.

### What is the condition in jail during pandemic timings?

It has been seen jail has been **overcrowded**. Prisons instituted their own lockdown rules by quarantining “fresh” admissions, creating quarantine zones, suspending jail manuals, prohibiting visitors, etc. Even after this, the struggle has been there to stop the spread of the virus and many have died.

Prisons have not completed vaccination programmes and conditions have worsened as occupancy rates increase. Court visits are suspended. Lawyers cannot visit their clients in person. Prison visits have stopped, even if families and visitors are vaccinated and follow Covid-appropriate behaviour.

**Read more:** [State of Prisons in India – Explained, pointwise](#)

### What are the reasons for the overcrowding of jails?

According to the experts, the main reason behind that is the **mass imprisonment of pre-trial prisoners**. There is a 31.8% increase in the confinement of under trial prisoners and a 40.1% increase in imprisonment of detainees from 2015 to 2020. The **prison statistics of 2020** show that more than 70% of under trial prisoners are from marginalized classes, castes, religions, and genders.

### What does the data show about jail conditions?

The **2020 Prison Statistics report** reveals that the release of convicts has declined by 41.2 %, and of undertrials has declined by 19.6 % in 2020 as compared to 2019. Also, the number of undertrial prisoners increased by 11.7 %, and the number of detainees increased by 11.4 % in 2020.

**Violation of law:** The pandemic saw the creation of new dockets which were mainly related to violations of “lockdown law” under section 188 of the IPC. In 2019, there were 29,469 cases registered under this section. In 2020, this increased to a staggering 6,12,179 cases. Other laws were also used, including local laws, leading to 16,43,690 more cases being registered in 2020 as compared to 2019.

**Custodial deaths:** It has increased by 7% in 2020. There is an increase in unnatural deaths, which include suicides, accidents, and murders in prisons, by 18.1%. There is no information on why 56 inmates died in 2020. These figures prove that the lockdown rules in prisons increase custodial violence and disease.

### What did the Supreme Court do to control the situation?

In 2020, SC issued directions to set up **high-powered committees (HPCs)** in each state to decongest prisons, considering the covid situation. According to the court, the state is must consider the health and right to life of both the prison inmates and the police personnel working”. However, most HPCs did not adopt this classification and nor were they gender-sensitive.

For example, Delhi HPC directed that pregnant undertrials or mothers with children will be released on interim bail for three months. But, the HPC did not talk about the period of the

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trimester. The Delhi HPC did not honor the **UN's Bangkok Rules** which state that “non-custodial means should be preferred for pregnant women during the pre-trial phase”.

### What should be the way forward?

- Both governments and courts should adopt a public health and gender-sensitive approach.
- Bureaucratic approach of the HPCs should be reviewed.

GS2 – SOCIAL ISSUES – RESERVATION IN INDIA AND RELATED ISSUES

### 45. The importance of caste data

**Source:** This post is based on the article “The importance of caste data” published in **The Hindu** on 16th Feb 2022.

**News:** Recently, the Supreme Court upheld the 27% quota for Other Backward Classes (OBC) in the All-India Quota seats for the National Eligibility-cum-Entrance Test.

### What does the judgement say?

**One**, the judgement reiterated that reservations for backward classes were not an exception but an extension of the principle of equality under [Article 15\(1\) of the Constitution](#).

**Two**, the SC also pointed out that disparities are not limited to the issue of access to good education or financial constraints alone. It also extends to psychological and social development due to the inherited cultural capital of castes.

**Read more here:** [Supreme Court upholds validity of OBC quota in NEET admissions](#)

### Why there is a need for caste data?

**First**, many believe that affirmative actions increase caste differences and that's why there is a need for a “casteless society”. But, Justice D.Y. Chandrachud pointed out that “castelessness” is a privilege that only castes, which are developed, can afford. Because they have already translated caste-related benefits, into social, political, and economic capital.

On the other hand, individuals who belong to the lower castes need to retain their caste identity in order to claim the benefits of measures such as reservation.

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**Second**, many times political parties promise reservation for communities to get votes without any credible data collection exercises. For instance, Supreme Court struck down the reservation for the Maratha community.

The court has observed that when more people aspire for backwardness instead of forwardness, the country itself stagnates, which does not fulfill constitutional objectives. Hence, credible data will help in addressing the rising demand for reservations.

**Three**, the data concerning the Scheduled Castes and Scheduled Tribes have been included in the Census, but there is no similar data on OBCs. Hence, there is a need for credible exercise to retain the faith of citizens.

**Four**, the Socio-Economic and Caste Census (SECC) conducted in 2011 has been called “faulty” and “unreliable”. The Mandal Commission’s recommendations were also criticised as being based merely on the “personal knowledge” of the members of the commission and sample surveys.

**Five**, in the Indra Sawhney case, the Supreme Court held that the States must conclude the “backwardness” of a particular class of people only after proper assessment and objective evaluation. Hence, there should be a periodic review by a permanent body of experts.

Also, the National Commission for Backward Classes Act, 1993, provides that the Central government should revise lists every 10 years to exclude those classes which have ceased to be backward and include new backward classes. However, all these exercises have not been done to date.

**Six**, caste data will enable independent research and ensure effectiveness. Thus, people who support or oppose reservation will be more informed of their views. It is not reservation that creates the current divide in our society, but the misuse or the perceived misuse of reservation.

### What is the way forward?

If reservation results from violent agitations and political pressures, then it will always be under the shadow of caste and class politics. Hence, impartial data and subsequent research can save the most backward classes from caste and class politics.

GS2 – POLITY – UNION AND STATES: ISSUES

### 46. The bifurcation bugbear

**Source:** This post is based on the article “The bifurcation bugbear” published in The Hindu - 15th February 2022.

**News:** Recently, Central government instituted a committee to resolve the bilateral issues between Telangana and Andhra Pradesh.

### What are the pending issues between Telangana and Andhra Pradesh?

#### Complaints over Centre’s inaction in exercising powers conferred upon it in the Andhra Pradesh Reorganisation Act, 2014

– **Dispute over distribution of goods:** The two states have been complaining about the lack of action by Central Government on the **Section 48**. According to this, the central government should settle any dispute on distribution of goods or class of goods by a mutual agreement with



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the governments of the successor states. Andhra Pradesh Bhavan in New Delhi is a perfect example of this, where Centre hasn't taken any action or initiatives so far.

– **Section 108 (1):** The act says that If any difficulty arises in implementing the provision of the act, the President can issue an order if it's necessary and not inconsistent with the provisions. But no such order has been made till date.

– **Delimitation of the Assembly constituencies: Section 26(1)** of the Act says that the number of seats in the Legislative Assembly of the successor States of Andhra Pradesh and Telangana shall be increased from 175 and 119 to 225 and 153. But, still no action on it by the centre.

**Read here:** [Andhra Pradesh and Telangana water-share war seems far from over](#)

**Infrastructure projects:** Several infrastructure projects assured to the two successor States in Schedule XIII of the Act remain on paper. Some of these are setting up of steel factories in both the States by SAIL, a port at Dugarajapatnam in Andhra Pradesh in phases, and a rail coach factory in Telangana.

### 47. The era of combative federalism

**Source:** This post is based on the article “The era of combative federalism” published in The Hindu on 14th February 2022.

**News:** Over the last few years, Indian federalism has shifted from cooperative to combative federalism.

#### What are the incidents related to combative federalism?

**IAS cadre rules:** Proposed amendments to Indian administrative service rules 1954 has triggered conflict between the center and states. As per the amendments, the government of India will deny states any consent for handing over civil servants for central deposition. So, this was opposed by Tamil Nadu, Kerala and a few other states.

**Dismissal of Uttarakhand government:** Uttarakhand government was dismissed under [Article 356](#) by the President proclamation

**Governor's office:** In 2016, the Governor of Arunachal Pradesh advanced assembly elections, which led to political crisis and the President rule. The Supreme Court intervened by holding the governor's discretion does not extend to powers conferred under article 174. The governor cannot summon the house, determine its legislative agenda or address the assembly without consulting the chief minister or the speaker.

**Rajasthan:** Governor refused to summon a session, which was desired by the Council of Ministers.

**National capital territory:** The question of control between the governor's office and the Chief Minister reached the Supreme Court in 2018. The court held that the power of the governor to

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differ from the Delhi government is only limited to exceptional matters like land, police and public order.

**West Bengal:** WB's Chief Secretary was summoned to Delhi after Prime Minister's visit. West Bengal's reluctance led to disciplinary proceedings against the Chief Secretary. This led to litigation which is still pending before Delhi High Court.

### What are the other conflicts, that highlights combative federalism?

The Center has used central investigative agencies to coerce governments and ministers and leaders. CBI's attempted arrest of the Kolkata commissioner of police without a warrant in 2019 led to such conflicts.

The death of Sushant Singh Rajput and the conflict between Mumbai police, Bihar police and CBI led to another court battle. There have been other instances of government using customs, national investigation agency and enforcement directorate like in Kerala gold smuggling case.

### What should be the way forward?

Combative federalism is against the spirit of the Constitution. The Constitution advocates cooperation and collaboration between the centre and states. As was stated by Supreme Court in **Ajit Mohan V. legislative assembly, NCT of Delhi and others** (2021), for a system to work well central government and state governments have to work hand-in-hand or at least walk side-by-side for better governance.

Cooperative federalism is required to negotiate, discuss and resolve the pending conflicts to ensure good governance.

## GS2 – INTERNATIONAL RELATIONS – INDIA AND ITS NEIGHBORHOOD

### ISSUES RELATED TO INDIA'S CHINA POLICY

#### 48. Pragmatism, not jingoism will help India deal with China

**Source:** This source is based on the article “Pragmatism, not jingoism will help India deal with China” published in the **Indian Express**.

**News:** The Ladakh conflict opened up the discussion on India China border issue. The government maintains that ‘no Indian territory has been occupied by China’. But the satellite imagery, expert views suggest Chinese encroachment on Indian land.

**India's defeat in the [Sino-India war of 1962](#) and later skirmishes between India and China led to huge mistrust. Yet, the disputed boundary remains undemarcated and unmarked for 60 long years.**

### What are the concerns for India?

Efforts by politicians and diplomats to de-link the border issue from the rest of the Sino-Indian relationship appear to be a negligent attitude to resolve LAC.

Freshly built Chinese enclaves and renamed towns located in Arunachal is a matter of concern. Indian troops are unable to access previously patrolling points in Ladakh.

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Chinese old tactics of **salami-slicing territory** and **disdain for International laws** should be taken as matters of serious concern, and India shouldn't be complacent in hoping to resolve the dispute with time.

### What should be the way forward?

First, India can learn from the past and follow the “**quid pro quo**” proposed by Zhou Enlai. He proposed China would recognise the McMahon Line in exchange for India making certain adjustments in the west.

Second, India can **put sustained pressure on China** on diplomatic, trade, and psychological fronts and awaits results.

Third, India could **threaten China's Indian Ocean sea lanes** via trade war. India's strategic presence near the Strait of Malacca could be utilized in this regard. The last way out could be to **maintain the status quo and engage in sustained military/diplomatic parleys** for a positive outcome.

A pragmatic stand to settle international borders peacefully could make India focus further on its nation-building and socio-economic development.

## INDO-PACIFIC AND RELATED ISSUES

### 49. The significance of the Indo-Pacific for India

**Source:** This post is based on the article “**The significance of the Indo-Pacific for India**” published in the **Indian Express** on **15<sup>th</sup> February 2022**.

**News:** USA recently released its policy document on Indo-Pacific.

### What does the recent USA document say about India?

The USA seeks free and open, connected, prosperous, secure, and resilient in Indo-Pacific. It says that it cannot accomplish it alone and **needs the cooperation of other countries** that share a similar vision.

USA seeks to **work with India** through regional groupings to promote stability in South Asia; collaborate in new domains like health, space, cyberspace, and deepen economic and technology cooperation.

### How USA strategy is different from the past?

Earlier, USA worked bilaterally and through military alliances. Now the USA is encouraging allies and partners to strengthen their ties with one another. The USA is ready for more networked regional architecture.

### How has Indian diplomacy changed?

India is working through two important pillars.

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**First**, strengthening regional and bilateral relations through political interactions, regional groupings like [ASEAN](#).

**Second**, renewed military diplomacy by encouraging military sales like the sale of the three missile batteries to the Philippines.

### How does India need to shape its regional diplomacy further?

[India's decision to walk out of RCEP](#) and **emphasis on Atma Nirbhar Bharat** raise doubts about a return to the protectionist regime. It needs to liberalize trade relations with strategic partners like Australia.

India has intensified trade talks with the UAE, Israel, and UK. But it needs to focus more on ties to the USA and EU.

In terms of military diplomacy, India needs to strengthen its domestic military production and technological base.

## INDIA-MYANMAR RELATIONS

### 50. India must prioritise stability in Myanmar

**Source**– This post is based on the article “**India must prioritise stability in Myanmar**” published in **Indian express** on 16<sup>th</sup> Feb 2022.

**News:** One year ago, the military in a coup attempted to take over power from the elected civilian government and installed a caretaker government. A lot has changed since then in Myanmar and this requires a diplomatic shift from New Delhi's side.

#### What has been situation in Myanmar?

After the coup, the **deposed civilian lawmakers** put together their own government known as the **National Unity Government (NUG)**, which commands the support of the majority.

Apart from this the **coup faced popular resistance** from the first day including a wide scale civil disobedience movement. The military in response to this has been firing openly at unarmed protestors, conducting violent night time raids in residential areas, and blocking social media sites. There has also been an **armed resistance that has gripped the whole country** mainly under the civilian militias, called **People's Defence Forces (PDF)**.

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This has forced military to fight on multiple fronts and powerful ethnic armed groups in the north, northwest and east have joined forces with the PDFs. There have been **thousands of clashes** between these groups and the army, much more than in Syria or Afghanistan.

### What has been India's approach to deal with Myanmar so far?

Since the coup, India has taken a **balanced diplomatic approach on Myanmar**, calling for restraint, restoration of democracy and release of political prisoners, but also maintaining its lines of **communication with the military**. Delhi has also firmly stayed away from imposing sanctions on the junta.

### Why India's approach needs a shift?

The approach that India must maintain its relationship with the junta to counter China and secure its national interest is **no longer efficient**.

This is because the **military is no longer a force for stability in Myanmar**. It is incapable of providing the political, economic and social stability that India needs in Myanmar to advance its interests, including development projects.

**Economy is rapidly sinking and public faith in the military** as a state institution is at its **lowest**. Military has been facing armed resistance almost in the entire country.

Under the current military regime even the **North eastern area** of India which shares its border with Myanmar has **seen massive decline in security**. Chin state, bordering Mizoram and Manipur, has seen dramatic military offensives in civilian areas, which have forced thousands to flee into India. At least **four Indian insurgent groups have re-established their camps inside Myanmar**, which could act as staging posts for attacks inside India.

India must adopt an approach that can not only provide a stable political environment overall, but also effectively secure its security interests along the border.

### What is the way forward?

India can **engage more with the NUG** as it enjoys much more mass popularity than the military, which means it is in a position to restore calm. It can also **engage with the PDFs and ethnic armed organisations**, they have also demonstrated sufficient capability in countering the military's strategic dominance.

Even **China** realises the new reality and has **publicly communicated with pro-democracy forces in Myanmar**. However, China does not have strong links with the new PDFs. So, if India really wants to offset Chinese influence in Myanmar, it needs to take this opportunity to forge new friendships.



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

### **RUSSIA – UKRAINE CRISIS**

#### **51. Denial of access to Swift is a blunt tool for geopolitics**

**Source:** This post is based on the article “**Denial of access to SWIFT is a blunt tool for geopolitics**” published in **Livemint** on **15th February 2022**.

**News:** NATO has threatened to cut-off Russia from the international SWIFT payment network if Russia attempts to invade Ukraine.

#### **What is Society for Worldwide Interbank Financial Telecommunications (SWIFT)?**

It provides a network to send and receive instructions on international money transfers accurately and securely. It itself doesn't hold any cash. The network is used by 11,000 financial institutions in 200 countries. Each week, transfer instructions for about \$100 trillion are issued on SWIFT.

SWIFT has 3,500 shareholders who elect a 25-member governance board.

Russia and China are represented on the governance board, but India is not.

#### **Why SWIFT is prone to cyber-terrorist attacks?**

Using SWIFT **as a tool of economic sanctions** has resulted in the network itself becoming a target for cyberterrorist attacks. In 2016, Lazarus Group from North Korea infiltrated the network of Bangladesh Bank using malware, took control of Swift terminals within the bank and initiated transfers to multiple locations in the Philippines.

The same group also hacked the emails of Sony Pictures in retaliation for the release of the 2014 spoof called The Interview that portrayed North Korea in a bad light.

#### **Why, Russia and China are building their own international payment system?**

China launched **China's Cross-Border International Payment Systems (CIPS)** in 2019.

In 2014, during the time when Russia annexed Crimea and was threatened of SWIFT sanctions, it launched a messaging system, the **System for Transfer of Financial Messages (SPFS)**.

Both the countries are in advanced stages of linking the two systems and various countries like Turkey and India are willing to join the system.

#### **52. Ukraine Crisis and India: On Kyiv, Sit on the Fence**

**Source:** This source is based on the article “**On Kyiv, Sit On The Fence**” published in the **Times of India**.

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**News:** India decided not to comment anything on the Ukraine issue in the Quad foreign ministers' meeting held in Melbourne, Australia.

### What is Russia's stand on Ukraine?

Russia repeatedly asserts that it seeks recognition that Ukraine will not be accepted as a NATO member. While the USA insists that Russia is going to invade Ukraine. The recently issued Russia-China joint statement suggests that the alliance of Eurasian powers is here to stay. Russia seeks to build its alliance with China to weaken the USA now.

### What is India's stand on the Ukraine crisis?

While abstain voting from UNSC on the Ukraine issue, India advised parties to find a solution considering the security interests of all countries and aimed towards securing long term peace and stability in the region.

But, the ongoing Ukraine crisis has led to experts talking about India's neutral stance on US and Russia tension.

### How do the experts' view the neutral stand of India?

Some international scholars believe that India cannot hold on to this neutral stand for long. This is incorrect as many successive governments in India, from Jawaharlal Nehru's to Narendra Modi's, have repeatedly asserted India's right to adopt an independent stand based on its national interests without aligning itself with any particular military bloc unless this was necessitated by national interest.

From the 1962 war or the 1971 war or on other occasions, the Indian position has been defined by national interest. India's independent voice in international affairs is a manifestation of its national self-image

### What policy is adopted by India?

According to Foreign Affairs Minister, India is working on the principle of the policy of **multi-alignment**, depending on context and issue at stake. India's national interest and national security are linked to maintaining her strategic autonomy, especially in an East-West conflict.

GS2 – POLITY – REGULATORY, STATUTORY AND QUASI-JUDICIAL BODIES

## **ISSUES WITH REGULATORY BODIES**

### **53. A Case for Specialists**

**Source:** This post is based on the article “A Case for Specialists” published in **Indian Express** on 17<sup>th</sup> Feb 2022.

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**News:** The recent regulatory breaches at the National Stock Exchange is an example of why India needs more regulatory expertise.

In this article, the author argues for inclusion of more domain experts in policy making.

### **Why there is need to consider protecting economics from politics and vice versa?**

**One**, there was continuity in policy implementation since 1991, but the sudden withdrawal of farm laws and the repeal of the land acquisition ordinance in 2015 are two examples of **policy discontinuity**. It shows intermixing of politics and economics.

**Two**, the political input in economic policymaking is becoming dominant as regional and state-level issues are assuming overriding significance.

**Three**, domestic policy is also influenced by other factors. For instance, external pressure should not be the basis of reforms, but it can be used to push desirable domestic reform. For example, India's entry into the WTO mandated the recognition of product and process patents. This was politically hard to accept, and there were differences between economics and politics.

### **Why there is a need for specialists?**

**First**, relying on the crisis to drive reform only work in rare circumstances. When the aspiration is to become a \$10 trillion economy by 2030, then a sustained growth of over 15 percent per annum in nominal GDP is needed. But as growth occurs, institutions also require sophistication, knowledge, expertise, and some protection from political interference.

For instance, between 2004 and 2009, India experienced 8.1 percent increase in real GDP. But the growth story was cut short by the global financial crisis and institutional weaknesses such as coal scam and the 2G scam.

**Second**, the Monetary Policy Committee (MPC) in 2016, replaced RBI's internal decision-making to include three external experts. MPC minutes are also published. This has enhanced the transparency into monetary policy decisions and efficiency. Hence, similar reforms should be extended to other important government functions, such as the budgetary process.

Also, successive finance commissions and the Fiscal Responsibility and Budget Management (FRBM) Review Committee have recommended the **creation of a fiscal council** to bring transparency in the budget-making process. It will help in moderating the influence of politics and powerful interest groups.

**Third**, domain experts should be an integral part of the policy formulation process. Implementation can be left to the executive. For instance, when TRAI was first set up, it had a healthy combination of domain experts and public policy professionals. Capacity was limited, but the intent was clearly visible. But instead of strengthening it more, TRAI resembles a government department now.

**Fourth**, India has more and more professionals as universities offer courses on regulation and public policy. The diaspora has always been available to fill the gap.

**Fifth**, since more sectors (for example, the Gati Shakti initiative) engage the private sector, lessons from the last quarter-century should not be wasted. Domain expertise helps in creating a cadre of professionals with technical expertise and also helps in managing the complex tasks of policy processes.

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

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Policies should be independent of vested interests in politics and business. Agencies tasked with protecting the public interest should work in the interest of the public. Also, retired bureaucrats are excellent for policy institutions, but they should not be an entitlement.

### **SEBI AND RELATED ISSUES**

#### **54. The Yogi, The CEO & The Lesson – On Algo Scam**

**Source:** This post is based on the article “**The Yogi, The CEO & The Lesson**” published in **Times of India on 16<sup>th</sup> Feb 2022**.

**News:** Recently, the Securities and Exchange Board of India (SEBI) has issued the final order on the “Algo scam” at the National Stock Exchange (NSE).

#### **What is “algo scam” and what has happened?**

- Read more here: <https://blog.forumias.com/governance-breakdown/>

#### **What does this reveal?**

**One**, even if the information shared wasn't price-sensitive, had nothing to do with trading positions, and the leak did not hurt investors, it was still a data breach from the corner office.

**Two**, NSE was formed to counter BSE, which in the early 90s had become a gamblers' den. But now SEBI is dealing with a case where professional managers were acting as servants of 'outsiders' while NSE's board of directors did not report it.

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

The matter was hidden as long as the exchange made money and stocks rose. This scam is a curious case that should be added as a chapter in the B-School syllabus. It is a story of personal flaws which shadowed transparency, the excesses of a company as it gains power, the pitfalls of monopoly, and inroads that outsiders like godmen or politicians can make in a business.

#### **55. Governance breakdown**

**Source:** This post is based on the article “**Governance breakdown**” published in **Business Standard on 15<sup>th</sup> Feb 2022**.

**News:** Recently, the Securities and Exchange Board of India (SEBI) has issued the final order on the “Algo scam” at the National Stock Exchange (NSE).

The article reveals the multiple layers of the scam in the securities market and suggests that the regulator must ensure that scams like this should never occur.

#### **What is the “algo scam”?**

The regulator has formally accused five individuals and the NSE of several violations and acts of misgovernance. The entities received price information in advance using co-located servers on

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the NSE premises and profited by front-running. There were multiple violations of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, and the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012.

This happened between 2013-16, with the first whistleblower complaint in 2015. SEBI indicted the then managing director (MD), then vice-chairman, then executive director in charge of compliance, group operating officer and adviser to the MD, and then chief regulatory officer.

The NSE board has also failed to inform SEBI of the governance issues. Hence, SEBI has fined the NSE and barred the stock exchange from launching any new product for six months.

### What does the case reflect?

It shows that India's premier financial exchange, which is one of the largest in the world and host over \$3 trillion worth of listed companies, lacks internal checks and balances.

The board was aware of the exchange of confidential information, but decided to hide the matter. It shows a complete collapse of governance at the exchange, which had the potential to risk financial stability.

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

### RUSSIA – UKRAINE CONFLICT

#### 56. Strategic choice: India is right not to pick a side on Ukraine

**Source:** This post is based on the article “**Strategic choice: India is right not to pick a side on Ukraine**” and “**Russia welcomes India’s stand on eastern Ukraine situation**” published in **Times of India** and **The Hindu** on **19th February 2022**.

**News:** Indian chose to adopt a balanced and independent approach in the [United Nation Security Council](#) on [Ukraine Russia conflict](#). **USA indirectly argued that India views the Russia-Ukraine matter the same way it views China’s expansionist designs in Asia.**

#### What is the Indian statement?

India in the [UNSC](#) said that the safety of Indian nationals is its uttermost priority. It urged all the parties to continue to engage through all possible diplomatic channels. India believes a solution can be found through dialogue under the **Normandy format and the Minsk Agreements**. It advised all the parties to avoid all the steps that can lead to increased tension and put a risk to international peace and security.



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**Normandy Format:** It is a diplomatic grouping created in June 2014 to find a peaceful resolution to the conflict in Ukraine due to Russia's military aggression. It is an informal forum that was set up by France, Germany, Russia, and Ukraine.

### How USA view is not correct?

**China** is an immediate threat to India's geopolitical realities, while Ukraine doesn't fall in that category. China today presents the biggest systemic threat to the international order. Countries, from the UK to Vietnam and from Mongolia to Australia, all recognized that China's actions are threatening global stability. It's because this [Quad](#) was created as a platform to reinforce the rules-based order.

**Russia**, on the other hand, doesn't pose a similar challenge. Russia and China together have a strategic and economic compact, but there are also several issues that they need to resolve bilaterally, like border issues. For example ; China's eyes on Russia's energy resources, China's increasing influence in Central Asia which is earlier in Russia's strategic domain, etc. So, the USA should not consider them as a combined threat.

GS2 – POLITY – FUNDAMENTAL RIGHTS

### RIGHT TO PRIVACY

#### 57. Ghost of 497IPC

**Source**– This post is based on the article “**Ghost of 497IPC**” published in **Times of India** on 17<sup>th</sup> Feb 2022.

#### **News**

Recently Gujarat High court has reinstated a police constable to his service who lost his job over adultery and has outlined that Individual's Personal choices professional career.

#### **What has been high court's observation in the case?**

The court noted that the constable's superiors or society may view the relationship from the prism of immorality but there was no ground to invoke disciplinary provisions related to “misconduct” under the relevant statutory rules.

#### **What has been the recent developments in the matter?**

Supreme Court in 2018 struck down adultery as a penal offence (Section 497 IPC) in 2018 and recognised fundamental right to privacy in 2017. HCs have in the past also ruled against authorities pursuing disciplinary proceedings for adultery, noting that misconduct requires proof of adverse effect on an officer's public duties.

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

However, despite these developments courts are sometimes themselves prone to social morality. 2021 witnessed a few orders by various HCs levying monetary penalties or passing harsh observations in such cases.

As the SC's ruling has reiterated the equality before law of all consenting adults this divergence in the orders of various courts should stop.

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For this Service rules across India need to be updated to restrict the scope for loosely applying provisions.  
misconduct

GS2 – POLITY – JUDICIARY

### **ISSUES WITH THE JUDICIAL SYSTEM**

#### **58. Appeal to the appeals system**

**Source:** This post is based on the article “**Appeal to the appeals system**” published in the **Times of India** on **18th February 2022**.

**News:** Recently the Allahabad High Court decided the criminal plea of Raj Kumar, which was filed approximately four decades ago. It acquitted the accused of all criminal charges after such a long time.

The Supreme Court has frequently held that the right to speedy justice is a facet of the right to life of an individual, guaranteed by the Constitution. SC also acknowledged the injustice due to the system’s inability to provide timely justice.

#### **How much pendency is there in respective state high courts?**

1st [Law Commission](#) in 1958, had found that the Allahabad high court had 3,727 pending appeals. Now the pendency increased to 1,56,276 appeals. Similarly, other courts like Madhya Pradesh have 87,617 pending appeals, Punjab & Haryana have 68,956, Rajasthan has 49,264 and Patna has 36,818 pending appeals.

By clubbing all the appeals, more than 2.5 lakh cases are pending for more than 10 years across all high courts in India.

#### **What are the key causes for the delay in dealing with criminal appeals?**

**Judges:** Expertise is required to effectively deal with the criminal appeal. So, while elevating candidates to the higher court bench, collegium should be cautious of prior experience of criminal court judges. Judges of the district court should be given more preference as they are experienced in handling criminal cases.

Currently, there is no such method to appoint high court judges that accounts for their subject matter specialization.

**Counsel:** A study by Vidhi on all cases in the Delhi high court found that in 70% of delayed cases, counsels had sought time more than thrice. Judges should take strict action on such advocates who intentionally use the system to delay the cases

**Accused:** It has been found on several occasions where the accused persons are completely unaware of the lawyer representing them. Effective legal representation is a constitutionally guaranteed right. Prison authorities should coordinate with legal services authorities to facilitate communication between the lawyers and the accused.

Also, legal services authorities should be questioned on the quality of advocates they admit, their remuneration, and the accountability mechanisms to ensure quality service.

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**Registry staff:** One of the key causes for the delay is the lack of timely availability of lower court records while dealing with criminal appeals. This can be solved through digitization of records and easy transfer of case records across all tiers of the judiciary. Registry staff should be trained to handle such digitization.

### 59. A case for a more federal judiciary

**Source:** This post is based on the article “A case for a more federal judiciary” published in **The Hindu on 17<sup>th</sup> Feb 2022.**

**News:** The delicate balance between HCs and SC is tilting in favour of the SC.

The article discusses the need to balance the power between High Courts and the Supreme Court.

**Federalism** is a midpoint between **unitarism**, to which the States are subordinate and **confederalism** wherein the States are supreme and are coordinated by a weak centre.

#### What is the basic nature of federalism?

**A.V. Dicey's View:** The essential characteristic of federalism is the distribution of limited executive, legislative and judicial authority among bodies that are independent of each other.

**Supreme Court View:** it has held that the federalist nature is part and parcel of the basic structure of the Constitution.

#### What are the instances, where the SC overpowered High Courts

In recent years, the erosion of power of the High Court was witnessed.

**First**, the collegium system, consists of SC's judges, has the power to appoint and transfer judges and chief justices to the High Courts and the Supreme Court.

**Second**, successive governments have passed laws to create parallel judicial systems of courts and tribunals which bypass the High Courts.

For example, Competition Commission and company law tribunals. Also, laws have been drafted such that the Supreme Court directly acts as an appellate court.

**Third**, SC is intervening in matters which are clearly of local importance and have no constitutional ramifications. For instance, in 2018, petition in the Supreme Court to curtail Deepavali celebrations and the court entertained the writ petition and issued directions.

The Supreme Court entertaining PILs, which could have been effectively dealt with by the High Court, sends the message that there is no need to go to HC, cases can be directly filed in the SC.

#### How the Indian judiciary is envisaged by the Indian constitution?

**One**, Dr. B.R. Ambedkar stated in the Constituent Assembly that the Indian Federation has a dual polity but has no dual judiciary at all. The High Courts and the Supreme Court form one single integrated judiciary and provide remedies in all cases arising under constitutional law, civil law, or criminal law.

**Two**, the Indian Constitution envisaged the equality of power of High Court judges and Supreme Court judges. For instance, the Chief Justice of the Madras High Court, Justice P.V. Rajamannar rejected the seat in newly formed Supreme Court and preferred to be Chief Justices of the prestigious High Court.

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**Three**, on many occasions the Supreme Court has reiterated that it is superior to the High Court only in the appellate sense.

### Why there is a need to strengthen the federal nature of the judiciary?

**First**, a robust federal judicial system is a basic requirement for a federal State which interprets the constitution. It adjudicates upon the rights of the federal units and the central unit, and between the citizen and these units.

**Second**, the need for this balance was underscored during the Emergency, when the High Courts stood out as beacons of freedom.

**Third**, empirical research in the USA shows that judicial review by a centralized judiciary tends toward unitarism. In Nigeria, research has shown that the Supreme Court has favored interpretations that support the rights of the center over the States.

### What is the way forward?

The weakening of the state units sets off a weakening of the entire body of the state. Hence, the Supreme Court should recognize this and restore the federal balance by re-empowering the High Courts.

GS2 – GOVERNANCE – GOVT POLICIES AND INTERVENTIONS FOR DEVELOPMENT IN VARIOUS SECTORS

GS3 – INDIAN ECONOMY – INDUSTRIAL POLICY AND GROWTH

### 60. The case for clarity over India's policy on online betting

**Source:** This post is based on the article “**The case for clarity over India's policy on online betting**” published in the **Livemint** on **18th February 2022**.

**News:** Karnataka had imposed a blanket prohibition on all online games. The order was stayed by the Madras High Court judgment. Similarly, some states have imposed a complete ban while others have made restrictive amendments to existing laws governing online gambling.

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

It falls under the List II of the Seventh Schedule of the constitution. Online gaming policies fall under the legislative jurisdiction of the state. Several states like UP, MP and Delhi have adopted the colonial era Public Gambling Act 1867. While others enacted legislation to regulate gaming and gambling activities within their territories under the gaming law.

### What are the court judgments on online betting?

**Public Prosecutor vs Vraj Lal Sheth:** Madras High Court ruled that whereas gaming involves skills, betting involve losing or winning solely depending on the occurrence of an uncertain event.

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**Shri Varun Gamber Vs Union Territory of Chandigarh:** Court ruled that playing significant games like Dream 11 required a significant degree of skill and so not constitute gambling.

**Junglee games vs State of Tamil Nadu:** High Court ruled that games of skills can be played online for skates and cannot be categorized as betting or gambling.

### **What are the problems associated with online gaming?**

World Health Organization, in its International Classification of diseases 2019 data, expressed that online games are behaviorally addictive. Habitual gamers may suffer from various issues like blurred vision, stereotypical mindset, lack of physical exercise, etc. It may also expose them to sexual stereotypes and inappropriate conditioning of males.

### **What should be the way forward?**

India is lacking in the laws governing online games. There is need to adopt appropriate regulatory norms that involve age verification mechanisms, parental control and risk flagging system.

As the world is getting digitized, Law Commission of India advised government to adopt a comprehensive legislative framework which can satisfy the present demands of the society.

## **61. Questioning the ban on online gaming platforms**

**Source:** This post is based on the article “**Questioning the ban on online gaming platforms**” published in **The Hindu** on **17th Feb 2022**.

**News:** The Karnataka High Court has delivered a judgement striking down major portions of the Karnataka Police (Amendment) Act, 2021. This law was introduced to ban online gambling and skill-based gaming platforms like rummy, poker and fantasy sports that involved risking money on an uncertain event.

Apart from Karnataka, a similar law introduced by the Tamil Nadu government was struck down by the Madras High Court in August 2021.

### **Online Gaming in India**

According to a report, the number of online gamers in India grew from ~250 million gamers in 2018 to ~400 million gamers by the mid of 2020.

The main factors that contributed to their growth include technology infrastructure development and the Covid-19 pandemic.

### **Why the States are banning Online Gaming in India?**

States are banning online games as they believe that online games like rummy and poker are addictive in nature.



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Reportedly, there have been instances where youngsters, faced with mounting debts due to losses in online games, have committed other crimes like theft and murder.

### Why are High Courts striking down the ban on Online Gaming?

The High Courts of several States have struck down the ban on Online Gaming on three grounds: **a)** violation of fundamental rights of trade and commerce, **b)** liberty and privacy, **c)** speech and expression.

The court held that games, where substantial effort, knowledge and skills are required, are different from games of mere luck or chance.

The High Court also relied upon previous judgements of the Supreme Court, which had held rummy, fantasy sports and betting on horse racing to be games of skill.

### What is the solution then for Online Gaming?

An outright ban may not entirely curtail the playing of such online games. Instead, the users will shift to grey or illegal offshore online gaming apps.

This not only results in loss of tax revenue for the State and job opportunities for locals, but results in users being unable to avail remedies for any unfair behaviour or refusal to pay out winnings.

Hence, instead of a complete ban, the state could look at licensing and regulating the industry with various checks and balances.

## ONLINE GAMING SECTOR IN INDIA

### 62. Gaming and banning: On ban on online games

**Source:** This post is based on the article “Gaming and banning: On ban on online games” published in **The Hindu on 16<sup>th</sup> Feb 2022**.

**News:** Recently, legislative attempts to prohibit online gaming have failed under judicial scrutiny.

#### What was the issue?

**First**, the amendments brought to existing regulations on betting and gambling in Karnataka have been struck down by the State’s High Court. Also, last year, the Madras High Court invalidated similar amendments that targeted online rummy and poker.

**Second**, the law was called a ‘public order’ law, but the Karnataka High Court has rejected this. The law also referred to “the menace of cyber games” and the registration of about 28,000 cases by the police in the State in the last three years.

**Third**, the government said that many have taken their own lives and families ruined as a result of gaming addiction and indebtedness.

#### Why the judiciary has struck down the amendments brought to the existing regulations on betting and gambling in Karnataka?

**One**, the provisions of the laws failed to make a distinction between games of skill and games of chance and sought to bring under the proscription all games played online, regardless of the

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extent to which skill was required. It attempted to make all online gaming punishable, even if they involved skill.

**Two**, in both cases, the legislature assumed a paternalistic role with the aim of protecting the people, especially the youth, from the temptations of online gambling.

**Three**, the court has pointed out, if the objective was to curb the menace of gambling, the government should prohibit activities that amount to gambling and not the games of skill. The government did not consider the option of regulating betting on games of skill.

**Four**, the idea of betting and gambling have an element of 'information, expression and entertainment' that has constitutional protection. Gaming platforms are also legitimate businesses that enjoy the freedom of trade when used for online versions of games of skill.

**Five**, the ban has not targeted the gambling part but the 'online' part. Hence, it is clear that an absolute ban could not have been upheld by the court.

GS2 – SOCIAL ISSUES – NGOs, SHGs, Various groups & Associations

### **PHILANTHROPY IN INDIA AND RELATED ISSUES**

#### **63. Power of giving: Fund-starved sectors like science, health, education, rural development need generous HNIs**

**Source:** This post is based on the article “**Power of giving: Fund-starved sectors like science, health, education, rural development need generous HNIs**” published in **Times of India**.

**News:** Recently, families of IT firm Mindtree's co-founders Subroto Bagchi and NS Parthasarathy donated Rs 425 Crore to Indian Institute of Science. IISc.

It should be noted that last year, IISc broke into the top 100 band in Times Higher Education's Reputation Ranking of global universities. The donated amount will be utilized to set up medical facilities focussed on cutting-edge clinical research and innovation.

Philanthropy in India is growing, but the fund flows are too miniscule, despite the country boasting many high net-worth individuals (HNIs).

**Note:** *The number of Indian billionaires rose to an estimated 142 in 2021, with only the US and China ahead.*

#### **How do Indian foundations fare as compared to global foundations in terms of assets and spend rate?**

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A Harvard Kennedy School study of nearly 1.6 lakh foundations across 22 major countries revealed that

- 97% of foundation assets totalling \$1.5 trillion are concentrated in the US and Europe.
- Not only are Indian foundations' ranking abysmally low, their spend rate (*expenditure versus assets*) was a low 3% against 9% in the US and 37% in Spain.

### What is the present situation wrt philanthropy in India?

The India Philanthropy Report 2021 by Bain and Dasra notes philanthropic funding in 2020 rose 23% to Rs 64,000 crore.

- Foreign contributions, CSR and retail donations have stagnated at 80% of inflows. **Family philanthropy** accounted for most of this increase.

An Edelweiss study predicts **4 lakh Indian HNI families by 2025** with assets totalling **Rs 360 lakh Crore**, against 1.5 lakh families with Rs 140 lakh crore assets in 2018. This reveals high growth potential for family philanthropy.

The tech sector accounted for 26% of family philanthropy, despite boasting only 9% of HNI families.

### Why funding by domestic HNIs is essential?

Domestic HNIs funding local causes could help offset the pressure applied by [FCRA restrictions to global non-profit contributions to India and the pandemic's severe blow to those in lower income brackets](#).

India's public spending in areas like science and technology, health and education is abysmally low in proportion to GDP compared to other countries. Hence, philanthropy can help bridge this gap.

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

GS2 – SOCIAL ISSUES – EDUCATION RELATED ISSUES

## NATIONAL EDUCATION POLICY AND RELATED ISSUES

### 64. Revisit the terms of use for this scholastic ABC

**Source:** This post is based on the article “**Revisit the terms of use for this scholastic ABC**” published in **The Hindu** on **19th February 2022**.

**News:** [National Education Policy 2020](#) aims to transform higher education to make it more student-centric and multidisciplinary. One of the provisions of the *National Education Policy 2020* (NEP 2020) was the introduction of the *Academic Bank of Credit* (ABC)

Recently, [UGC](#) notified the implementation of **Academic Bank of Credits**, which is a welcome step, but it has certain flaws.

### What are the benefits associated with Academic Bank of Credits?

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Students can create an account in the ABC portal and store information on the completed courses and grades obtained. These grades are stored for five years.

Under this, students can enroll simultaneously in an equivalent course from another college in the same city, while pursuing their main course. They can even enroll in [SWAYAM](#) or the National Programme on Technology Enhanced Learning (NPTEL) and their credits will be added to the ABC. Students can even choose an online elective course, e.g. in literature or archaeology, or pedagogy. Thus, education will truly become flexible and interdisciplinary, without forcing any single institute to introduce an unmanageable number of courses.

### **What are the drawbacks associated with Academic Bank of Credits?**

**First,** The regulations do not address many issues or questions. For example, if an IIT is to allow 20% or 20 extra seats for students through the ABC scheme, then how will the selection of 20% extra students be made, in case many students apply through this route? From where will the extra human resources come. The regulations are silent on this.

**Second,** even if Massive Open Online Courses platforms like Swayam, etc. can provide enrollment to remaining students, there is no evidence that these platforms can provide a reliable assessment of learning achievements. Which is largely based on MCQ format tests. Course coordinators might even provide liberal scores to paint a rosy picture. This came to light when some institutes put guidelines to adjust scores obtained by students in MOOC's.

**Third, to register a course on ABC** portal, filtering criteria requires institutes to obtain an 'A' grade or higher in National Assessment and Accreditation Council (NAAC). But NAAC's assessment itself is often questioned by experts. For example, NAAC provide excellent or A grade on the basis of record books prepared by institutes to 'prove' compliance with NAAC quality criteria. Consequently, institutes spend quality teacher hours on maintaining records to prove compliance with NAAC.

**Fourth, the** ABC scheme provides that students can take up 70% of courses from another institute while being enrolled in one college. In this case, students might prefer to pursue a particular course from an institute with a good brand name, like IIT. It will lead to lesser number of students in a few selected courses.

### **What should be the way forward?**

This scheme has good intentions and would work well in an equitable society. But in India, where the quality of education varies drastically from one institute to other, this can lead to unmanageable academic and administrative issues in higher education Institutes. E.g. grade inflation. So, UGC must really think about implementing this scheme.

## **CHILD EDUCATION**

### **65. Teachers mustn't be blamed for India's poor learning outcomes**

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**Source:** This post is based on the article “**Teachers mustn’t be blamed for India’s poor learning outcomes**” published in **Livemint** on **17<sup>th</sup> Feb 2022**.

**News:** There is need to address the systemic and societal problems that are at the heart of poor learning outcomes.

Teacher is expected to be the sole agent of education, gradually she becomes demotivated and become the target of the blame. However, the roots to the problem lie in larger systemic and societal causes.

The article says, there is complex interplay between different factors which contribute to poor learning outcomes.

### **Why teachers should not be blamed solely for the poor learning outcomes?**

**First**, the teacher is supposed to teach which is a difficult task. For example, basic language and math are not difficult but for a child aged 6, it is a complex task.

**Second**, the language that children speak at home and in their neighborhood is often different from the medium of instruction. Also, the textbooks are often terrible which complicate teaching.

**Third**, teachers do not have the capacity to teach what they must. For instance, pedagogical capacities which is related to how to teach any subject matter and capacities to handle children effectively to ensure curricular learning. Both capacities are complex and challenging.

Becoming an effective teacher requires persistence, preparation and an appropriate set of conditions to be able to put what one has learnt into daily practice.

**Fourth**, teachers are ill-prepared due to dysfunctional teacher education system. They are neither adequately equipped with the pedagogical capacities nor have they learnt how to effectively handle children. Also, there is no supportive environment for effective practice.

**Fifth**, the attitude of teachers is also a concern. Some teachers are extremely positive, some are deeply negative, but most are average like any large group of people in our country.

**Sixth**, it is said that teachers are not motivated enough. Motivation comes from a large of set of factors. This includes the physical environment in the school and what kind of treatment the teacher receives in the school and in the community. For example, lack of toilets. The treatment of teachers determines how supportive, empowered and valued teachers are.

**Seventh**, teachers also don’t have adequate resources and many of the resources they have are of poor quality. Apart from this, teachers are also over- burdened. For instance, administrative work distracts them from core task of teaching.

Also, the vast majority children come from homes in poverty or near poverty and thus they have no academic support at home. Hence teachers have to compensate for that gap.

### **HIGHER EDUCATION AND RELATED ISSUES**

#### **66. I For International?**

**Source:** This post is based on the article “**I For International?**” published in **Times of India** on **17<sup>th</sup> Feb 2022**.

**News:** Recent reports suggest that IITs are in talks to open up outposts in Britain.



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This article says, IITs expanding abroad is a good idea. But there is need of more radical reform.

### Why there is need of reforms in higher education institutions?

**One**, the IITs are widely respected in India but there is no clarity whether IITs are competitive enough to offer education product in a foreign and more advanced market.

**Two**, IITs success is mostly built on the fact that some of the smartest of students prepare for months to get in, via competitive examination. Hence, students do better due to their own merit. It is not known that how much of their success is due to pedagogy and research quality in IITs, including in the older institutions.

**Three**, 2019 CAG audit of eight IITs found them in poor condition. For instance, states haven't provided land properly, labs are inadequate, little research is sponsored by non-government sources and over a five-year period these IITs obtained zero patents.

The audit also accused the governing bodies for poor supervision. That's why lot has to be done before foreign expansion.

### What about foreign universities setting up campuses in India?

**First**, Union Cabinet approved first proposal to allow foreign universities to set up branches in India in 2010. IIT Bombay also started work on opening an applied science campus in New York City. But both projects did not materialize.

**Second**, National Education Policy 2020 indicated that top foreign universities will be allowed and Budget 2022 suggested that they will be allowed to operate in Gujarat's GIFT city without having to follow restrictive domestic rules.

**Third**, there was also the GoI proposal of creating institutions of excellence.

### What is the way forward?

**First**, there is need to address the broader issue of reforming the university. NEP has also proposed a reformed higher education regulator.

**Second**, GoI and states must acknowledge that for-profit private investment encourages enterprise to increase quality. Because good faculty, good labs, good libraries, a good campus, all of this require money. Also, deserving students who can't pay should get government scholarships

GS2 – SOCIAL ISSUES – ISSUES RELATED TO CHILDREN

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

GS3 – INDIAN ECONOMY – COVID PANDEMIC AND ITS IMPACT

## 67. The pathology of school closure in India

**Source:** This post is based on the article “The pathology of school closure in India” published in **The Hindu on 16<sup>th</sup> Feb 2022**.

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**News:** According to a United Nations report, India has become the country with the second longest COVID-19 pandemic-linked school closure in the world.

### Why Indian schools remain reluctant to reopen?

**First**, misinformation such as ‘the third wave would affect children’ made by influential individuals have scared parents.

**Second**, occasional incidents of children being hospitalised are shown repeatedly on television channels to sensationalize the matter and gain target rating point (TRP).

**Third**, the small section of privileged parents is being treated as representatives of all parents. The surveys had indicated that poor and middle-class parents from all parts of the country want schools to be open. But they are not involved in decision-making, and hence it deprives children from marginalized backgrounds of their right to education.

**Fourth**, the Government has not responded to misinformation timely and the matter of reopening schools has been politicized. Also, the experience of the second wave has shaken the trust of the average citizen in the Government.

### What has been done by the government?

In the Union Budget 2022-23, government has proposed ‘one class, one TV channel’ programme under Pradhan Mantri eVidya. It aims to impart supplementary teaching. It will change the perception of equating learning with syllabus completion.

However, the School Children’s Online and Offline Learning (SCHOOL) survey in India has shown that TV-based education programs are completely ineffective.

### How adoption ‘PERI’ can help?

To ensure that schools start functioning at full capacity, a **structured approach of P-E-R-I:** Prepare; Engage; Reimagine and Innovate needs to be adopted. Also, the necessary planning and perspective on the risk of COVID-19 are essential.

In case of rise in COVID-19, every State needs to develop a road map to prevent avoidable disruptions. The objective criteria for school closure need to be developed and such a decision should be implemented in a decentralised manner at the block or the district level.

Also, engaging with key stakeholders including parents, and raising awareness about the importance of in-person education and the concept of holistic child development is required. It will help in countering any misinformation and bring learning on track.

### What is the way forward?

**First**, Anganwadi, Pre-nursery, and nursery schools should be opened urgently and immediately to recover from learning and nutrition loss.

**Second**, Special initiatives and socio-political engagement need to be started so that every single child who is in need of education or who has dropped out or has been pushed into child labour can return to in-person learning.

**Third**, there is a need to revive school health services and institutionalize regular counselling and mental health services for school-age children.

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**Fourth**, there is a need to prepare a medium to long-term plan to compensate for the learning loss, with a focus on overall child development through strategic and innovative thinking.

**Fifth**, hesitation in reopening institutions is the symptom of a flawed education system and shows the value that is attached to school education. Hence, it is a socio-political responsibility to ensure the safe return of every child in the country.

### GS2 – INTERNATIONAL RELATIONS – BILATERAL AND MULTILATERAL AGREEMENTS

#### **INDIA – UAE FTA**

#### **68. Etching a trade line to bond beyond oil – On India UAE FTA**

**Source:** This post is based on the article “**Etching a trade line to bond beyond oil**” published in **The Hindu on 18<sup>th</sup> Feb 2022**.

**News:** Recently concluded India-UAE free trade agreement will enable two-way investment flows and help achieve ambitious export targets.

#### **How the deal is significant for India?**

**First**, the UAE has emerged as an important economic hub within the context of the Middle East/West Asia. It will help in sustaining the growth and promote manufacturing. The UAE would be an attractive export market for Indian electronics, automobiles, and other engineering products.

**Second**, it will increase investment flows because the UAE is the ninth biggest investor in India.

**Third**, both the UAE and India are aggressively pursuing FTAs with several important countries. Hence, companies from these two countries and multinational companies from other geographies too would find the UAE and India as an attractive market. For instance, GCC and the Greater Arab Free Trade Area (GAFTA) Agreement.

**Fourth**, it will help in realizing the ambitious target of U.S.\$1 trillion of merchandise exports and U.S.\$1 trillion of services exports by the year 2030.

**Fifth**, it will pave the way for India to enter the UAE’s strategic location and have easy access to the African market also. It can help India to become a part of the global supply chain.

#### **How the deal is significant for the UAE?**

The UAE, through its ‘Vision 2021’, has sought to diversify its economy and reduce its dependency on oil. According to WTO, since 2012, growth has been led by the non-hydrocarbon sectors reflecting the successful diversification of the economy.

#### **How the relation between India and the UAE has evolved?**

**One**, India and the UAE established diplomatic relations in 1972. The visit of the Indian Prime Minister to the UAE in 2015 marked the beginning of a new strategic partnership between the two countries.

During the visit of the Crown Prince to India in January 2017 as the chief guest at India’s Republic Day celebrations, it was agreed that bilateral relations were to be upgraded to a

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comprehensive strategic partnership. This gave momentum to India-UAE comprehensive economic partnership agreement launched in September 2021.

**Two**, the India-UAE total trade merchandise has been valued at U.S.\$52.76 billion for the first nine months of the fiscal year 2021-22, making the UAE India's third largest trading partner.

### What is the challenge?

The major challenge is compliance requirements for Indian exporters. The UAE tariff structure is bound with the GCC and the applied average tariff rate is 5%. Therefore, the scope of addressing Non-Tariff Barriers (NTBs) becomes very important. The UAE has 451 SPS notifications. The SPS notifications are mainly related to live poultry, meat, and processed food. Also, the UAE has 534 TBT notifications related to fish, food additives, meat, rubber, electrical machinery, etc.

### How India has changed its approach towards FTA?

**One**, India is now focusing more on gaining meaningful market access and facilitating Indian industry's integration into global value chains.

**Two**, the new approach of FTA negotiations would respond to the need of new emerging dynamics in international trade and the Indian economy.

**Three**, the Government of India has prioritized at least six countries or regions. For instance, United Arab Emirates (UAE) figures at the top of the list for an early harvest deal. The early harvest deal is to be enlarged into a comprehensive FTA in due course of time.

GS2 – GOVERNANCE – GOVT POLICIES AND INTERVENTIONS FOR DEV IN VARIOUS SECTORS

## REFUGEE POLICY AND RELATED ISSUES

### 69. India needs a refugee and asylum law

**Source:** This post is based on the article “**India needs a refugee and asylum law**” published in **The Hindu on 19th February 2022.**

**News:** Recently, private members bill proposing the enactment of refugees and asylum law was introduced in Lok Sabha. The bill lays down comprehensive criteria for recognizing asylum seekers and refugees. It also prescribes specific rights and duties occurring from such status.

### What are recent examples which show there is a need for such a law in India?

The government expelled two batches of Rohingya refugees back to Myanmar, despite the risk of prosecution in their home country. Similar attempts were made with Chakmas in Arunachal Pradesh and Myanmar in Mizoram. Afghanistan's students stranded in India by taking over of Taliban have not had their visas renewed.

### What does Indian history reflect of asylum seekers?

India provided asylum to Jewish people who fled to India after the demolition of the Jerusalem temple by Babylonians and then by Romans. Zoroastrians fled Islamic persecution in Persia and

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took asylum in India. Similarly, Tibetans, Bangladeshis, and Sri Lankan Tamils had taken asylum or refuge in India.

In fact, Ramayana and Mahabharata talk about the injustice being done as people were forced into exile and greatness involved in extending support to the people exiled. For example, celebrating Deepawali as a homecoming of refugees after 14 years of exile.

### What does the Supreme Court say about this?

In 1996, the Supreme Court ruled that the state has to protect all human beings living in India, irrespective of nationality, guided by [Articles 14](#), [20](#), and [21](#) of the constitution.

In the **NHRC versus the state of Arunachal Pradesh** case, the Supreme Court stopped forcible evictions of Chakma refugees in 1995.

### What does India need to do?

India has provided refuge to more than 2 lakh people but is **not a signatory to the 1951 UN refugee convention**, nor does it have a domestic asylum framework.

There is a huge complexity of laws that needs to be simplified – like the Foreigners Act 1946, Registration of foreigners act 1939, Passports act of 1967, Extradition act 1962, and Citizenship act 1955.

In 2011, India came out with standard operating procedures to provide long-term visas to asylum-seekers. But as it was not backed by law, it provides arbitrary powers to government officials. There is a need to go beyond just providing asylum and set a proper framework to make sure that refugees can access basic public services, legally seek jobs and livelihood opportunities, etc.

So India needs a national asylum law that will put India at the forefront of asylum management in the world.

## ROAD SAFETY AND RELATED ISSUES

### 70. India has still to get a good grip on road safety

**Source:** This post is based on the article “India has still to get a good grip on road safety” published in *The Hindu* on 18th February 2022.

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

**Relevance:** Understanding the government policies and commitments on road safety.

**News:** Government aims to reduce 50% of road accidents by 2025 and to achieve zero deaths due to road accidents by 2030.

### What is the present condition of road safety in India?

According to Ministry of Road Transport and Highways, number of deaths in road accidents increased from 1,42,485 in 2011 to 1,51,113 in 2019. The data for 2020 does not out yet, but the annual publication of the [National Crime Records Bureau](#), titled Accidental Deaths & Suicides in India (2020) shows that 1,33,201 deaths were recorded in 2020. The reduction was seen because of the curbs imposed due to the COVID 19.



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However, the fatality (that is a number of deaths per 100 accidents), continued to rise from 26.9 in 2001 to 28.63 in 2011 to 37.54 in 2020. Thus, it is evident that despite setting a target of a 50% reduction in accidental deaths, there is still increase in the fatalities from road accidents.

### What are the court rulings regarding the road safety?

SC while hearing petition on road safety, ordered to constitute a 'Committee on Road Safety' under the chairmanship of Justice K.S. Radhakrishnan. Court also issued several directives with regard to road safety like constitution of a State Road Safety Council, establishment of lead agency, the setting up of road safety fund, notification of a road safety action plan, the constitution of a district road safety committee, engineering improvements, etc

### What are the lacunae present in system related to road safety?

**Manpower:** India do not have enough manpower comparing with increasing volume of traffic. The automation of processes is still in its infancy and limited to large cities.

**Inadequate funds:** There are not enough funds for the rectification of [black spots](#) and the undertaking of traffic calming measures. Also, when more than 60% of road accidents are because of over-speeding, 'speed limit' signboards are rarely seen or found even on State highways and major roads.

**Work benefits:** Drivers, conductors, and other staff in transport companies (except for government corporations) do not get benefits of the organised sector. They are paid less, do not get weekly off, and are most often forced to work overtime. Unless their service conditions are improved, their attitude towards road safety cannot be rectified.

**No proper implementation of guidelines:** In India, there is no focus on improve the driving skills of drivers. Even getting a driver's license is a very easy process. There is no standard written and rigorous practical test. Many States do not have test-driving tracks. There are no institutes for refresher training if a driving licence of a person is suspended. Though the amended Motor Vehicles Act has certain provisions in this regard, they have yet to come into force.

Although government makes it mandatory to wear safety head gears, these rules are not enforced strictly in all States due to a lack of strong will. Even an amended provision that relates to 'Offences by Juveniles' is not enforced strictly.

### What steps did government initiate to prevent road accidents?

Central Government has launched a central accident database called [Integrated Road Accident Database\(IRAD\)](#).

GS2 – SOCIAL ISSUES – LABOUR RELATED ISSUES

GS2 – POLITY – FUNDAMENTAL RIGHTS

## RIGHT TO EQUALITY OF OPPORTUNITY IN PUBLIC EMPLOYMENT

### 71. Wrong solution-on Rural -Urban divide

**Source:** This post is based on the article “**Wrong solution-on Rural -Urban divide**” published in **The Hindu** on **19th Feb 2022**.

**News:** Haryana has recently introduced Haryana State Employment of Local Candidates Act that mandates 75% reservation for local candidates in private sector jobs that pay up to ₹30,000 a

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month. In a recent order, the Supreme Court has asked the Punjab and Haryana High Court to decide the validity of the law.

### What have been the developments in the case?

Supreme court has removed the stay order granted by the High Court as the stay was granted without assigning reasons.

And there is a set rule that legislation cannot be stayed unless there is a preliminary finding that it is unconstitutional or suffers from any glaring illegality.

### Why Haryana State Employment of Local candidates Act can face several challenges?

**Discrimination:** The first hurdle that this law such may face is the constitutional bar on discrimination on the basis of place of birth or residence. Even though the Constitution allows the Government to prescribe a residential criterion for employment to public posts, it is doubtful that such a measure can be extended to the private sector.

**Objection from Industry:** The industry may feel aggrieved that the law may adversely affect the hiring of talent from outside Haryana.

**Individual liberty:** Law may impinge on the freedom of movement, the right to reside and settle in any part of the country, and the right to carry on any occupation.

### What is the way forward?

Rapid urbanisation and the agrarian situation are behind large-scale migration in search of employment.

The real issue to address is the widespread disparity between urban and rural areas, between advanced States and backward ones.

Temporary measures like reservation are not the long term solution.

GS3 – INDIAN ECONOMY – AGRICULTURE
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GS2 – GOVERNANCE – GOVT POLICIES AND INTERVENTIONS
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## CROP INSURANCE AND RELATED ISSUES

### 72. Fixing farm insurance

**Source:** This post is based on the article “Fixing farm insurance” published in **Business Standard on 18<sup>th</sup> Feb 2022**.

**News:** Recently, Maharashtra has indicated that it might exit [PMFBY](#) because the farmers are dissatisfied with it.

### What are the issues existing with PMFBY?

**First**, it is the government’s flagship crop insurance scheme. But there are numerous issues even after modifications. Six states have exited from it, while Punjab, a leading agricultural state, never joined it.

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The states Gujarat and Bihar which are run by NDA opted for it but later decided to quit along with states like Andhra Pradesh, Telangana, Jharkhand, and West Bengal.

**Second**, the financial burden of running the PMFBY is difficult to sustain, even though the Centre shares 50 per cent of it. A large part of agricultural budget goes into paying premium subsidies and meeting other administrative expenses.

**Third**, insurance companies find it unattractive because the risks involved are too high. For instance, risk of natural hazards and attacks by diseases, pests, and stray animals. Hence, claims are generally far higher than the premium collected.

**Fourth**, the compensation computed by insurers is often disputed. The farmers also do not find it financially rewarding because claims are most often rejected by the insurers, the payment is usually too small and there are long delays.

For instance, in a recent event, Madhya Pradesh's chief minister held public function to disburse PMFBY claims worth over Rs 7,600 crore. In reality, the payment was actually due for over 16 months.

**Fifth**, Farm insurance is always associated with problems since first introduced in 1972 and the PMFBY is no exception. In 2020, it was made voluntary for the farmers, but the major issues are trust deficit and the credibility of insurance as a means of hedging production risks.

**Sixth**, other issues are lack of transparency, the time lag in undertaking crop-cutting experiments to assess crop damage, the inadequacy of site-specific past data on crop yields to serve as a benchmark for computing losses, delays in paying states' share of premium subsidy to the insurance companies and procedural complications.

That is why the area covered under the PMFBY has not exceeded 30 per cent of the total cropland, against the government's target of extending it to a 50 per cent area.

### What is the way forward?

**First**, the parliamentary standing committee on agriculture probed the PMFBY and highlighted many issues in its report presented last year. Hence, the government should pay attention to those specific issues.

**Second**, the government has also set up a working group to revisit this scheme. There is a need to recast the scheme to ensure adequate compensation for the losses and timely payment to the farmers.

GS3 – INDIAN ECONOMY – INDUSTRIAL POLICY AND GROWTH

### SPECIAL ECONOMIC ZONES (SEZs) in INDIA and related issues

#### 73. Fading SEZ appeal

**Source:** This post is based on the article “Fading SEZ appeal” published in **Business Standard** on 18<sup>th</sup> Feb 2022.

**News:** Recently the government has started working on replacing the Special Economic Zones (SEZ) Act, 2005, with a new law.

#### Why such change?

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The finance minister has indicated that the updated legislation would enable states to become “partners in the development of enterprise and service hubs”. It may also allow SEZ units to sell in domestic tariff areas and accept rupee payments. However, it dilutes the concept.

### How SEZs have performed in India?

**One**, India was among the first Asian countries to experiment with this concept in the 1960s. Many export-processing zones and export-oriented units were created. However, it did not yield the expected boost in exports.

**Two**, China’s economic success built on its free trade zones motivated the United Progressive Alliance government to follow same path. SEZ developers and firms were given various tax exemptions such as Exim duties, excise, and a 15-year tax holiday on profits.

But these substantial benefits did not transform SEZs into engines of economic growth. The commerce ministry data shows that exports from SEZs have rarely crossed 20 per cent in the past five years.

### What is the reason for under-performance of SEZ?

**First**, unlike China, the SEZ policy’s reliance on the private sector created several problems. Tax breaks for township development made SEZs a huge real estate play.

**Second**, huge SEZs were created in China under state support, which allowed for massive economies of scale. But the Indian law allowed for seven types of zones, such as for multi-product or a single sector.

Also, the most SEZs were small between 100 and 200 hectares and many as little as 10 hectares. These SEZs did not contribute to price competitiveness.

**Third**, 70 per cent of the SEZs were in the IT and ITeS sectors, which were already having enough competition and did not require extra benefits. Also, the share of job-creation in manufacturing has been consistently low due to poor transport and other linkages.

**Fourth**, there were serious flaws in land acquisition practices. Proposals for big single-product zones over 1,000 hectares were opposed by people. For example, farmers are mostly unwilling to sacrifice settled livelihoods for uncertain and sub-par compensation.

Also, protests affected both private-sector’s attempts to acquire land and state governments’ efforts to acquire it on their behalf.

**Fifth**, policy instability and gradual withdrawal of tax breaks reduced the attractiveness of SEZs. For instance, 101 applied for denotification between 2008 and 2020.

### What is the way forward?

There is need to learn lessons from past failures. Creating investment hubs can work only if the whole country is geared to that end.

## SEMICONDUCTOR MANUFACTURING IN INDIA AND RELATED ISSUES

### 74. India’s semiconductor dream

**Source:** This post is based on the article “India’s semiconductor dream” published in **The Hindu**.



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**News:** Recently, the government has decided to extend the PLI (Production-Linked Incentive) scheme to encourage semiconductor manufacturing in India.

### Why countries are focusing more on manufacturing of semiconductors?

**One,** the overdependence of the world on East Asia for fab manufacturing, rising price of silicon, China-U.S. trade war and the pandemic has exposed the fragility of the global supply chain of semiconductor manufacturing.

Hence, countries are introducing attractive packages to attract more chip manufacturing. **For instance,** the U.S. has announced a \$50 billion package to create foundries.

**Two,** the current geopolitical dynamics has changed and semiconductors are at the core of fourth industrial revolution technologies.

### What steps has been taken in India?

India has approved a **\$10 billion package** to incentivize the manufacturing of semiconductors. The government has drawn out a list of incentives to get leading international manufacturers to set up their manufacturing unit in India.

Also, the India Electronics and Semiconductor Association is exploring the opportunity to start supplying processed raw materials like minerals and gases to the fab and ATMP (Assembly, Testing, Marking, and Packaging) industry.

This will boost the Indian gas, materials and mines industry and also expand opportunities for semiconductor equipment, spares, and service industry.

### What is the scope of Fab manufacturing in India?

**First,** India has the largest number of chip designers outside of the U.S. For example, Karnataka has over 85 fabless chip design houses of various global companies.

**Second,** the strong expertise of India semiconductor design professionals in EDA (Electronic Design Automation) tools provides solid ground to move towards manufacturing.

**Third,** the total demand for semiconductors stands at \$24 billion and it is expected to grow to \$80-90 billion by 2030. But this demand is for different categories of semiconductors. Hence, there will be need to enter into an agreement with the consumers like automotive manufacturers to ensure that whatever is produced is consumed.

### What is the way forward?

**First,** encourage Indian manufacturers and start-ups to enter and master complex R&D and manufacturing verticals to ensure that Intellectual Property is owned by Indian companies.

**Second,** since the semiconductor industry is changing fast, there is need to encourage Indian engineers to set up their design start-ups with government grants and tax incentives.

**Three,** premier research institutions should also be asked to work aggressively on R&D in chip designing and manufacturing. Also, government must focus on emerging technologies like LiDAR and Phased Array where the entry barrier is low to become atmanirbhar.

**Four,** the availability of semiconductor grade Ultra Pure Water to the extent of 10 MLD per fab is a key requirement. Also, a conducive environment needs to be created for women to work night shifts along with zero labour disputes.



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**Five**, site for Fab clustering should be chosen on the ability of the location to act as a force multiplier for the development of an ecosystem. There is need to ensure high-quality infrastructure along with uninterrupted power availability connected to two different grids to ensure redundancy.

**Read more here:** <https://blog.forumias.com/semiconductor-manufacturing-in-india-explained-pointwise/>

GS2 – GOVERNANCE – GOVT POLICIES AND INTERVENTIONS FOR DEV OF VARIOUS SECTORS

GS3 – INDIAN ECONOMY – INDUSTRIAL POLICY AND GROWTH

### 75. Regulation, not prohibition – on online skill gaming industry

**Source:** This post is based on the article “Regulation, not prohibition – on online skill gaming industry” published in The Hindu on 23rd February 2022.

**News:** The Karnataka High Court has delivered a judgment striking down major portions of the Karnataka Police (Amendment) Act, 2021. This law was introduced to ban online gambling and skill-based gaming platforms like rummy, poker, and fantasy sports that involved risking money on an uncertain event.

Apart from Karnataka, Madras and Kerala High Court also struck down the law on online gaming.

#### What is the court’s view of online gaming?

In the **Chamarbaugwala case in the 1950s**, SC held that in any game, if the element of skill is dominant over the element of chance, then it is a game of skill and cannot be construed as gambling. Several states argued that the case is outdated now, as technology has progressed significantly and most games are played online. But Karnataka High Court judgment negates the view that the judgment needs a relook, as it has been reaffirmed by a series of Supreme Court and High Court decisions since then.

The court held that games, where substantial effort, knowledge, and skills are required, are different from games of mere luck or chance.

#### What should be the way forward?

Gaming is the sunrise sector that has immense investment and revenue-generating potential. The sector currently employs 40,000 people. It also received massive foreign investment. In the last five years, the online gaming sector has received around \$1,700 million in venture capital and private equity.

So, instead of banning the games, State governments should introduce a reform-oriented policy structure based on checks and balances.

GS2 – GOVERNANCE – GOVT POLICIES & INTERVENTIONS FOR DEV OF VARIOUS SECTORS

### Draft India Data Accessibility & Use Policy 2022

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## 9 PM Compilation for the Month of February, 2022

### 76. Data openness is good but its safe use is a must

**Source:** This post is based on the article “Data openness is good but its safe use is a must” published in the Live mint on 23rd February 2022.

**News:** The Government of India has released a policy document called “Draft India Data Accessibility & Use Policy 2022”.

#### About the Draft India Data Accessibility & Use Policy, 2022

**Read here:** [Draft India Data Accessibility & Use Policy, 2022: India’s draft data policy unlocks govt data for all, mulls monetization](#)

#### What are the challenges in allowing public access to data?

India’s new open data proposition is, although comprehensive, will have exceptions. But it will still be safe, as safety caveats will prevent misuse or illegal use of data. However, It still needs many precautions to prevent misuse:

**First,** All possible eventualities, that could expose the personal lives of people through data, should be taken into account. For example, the details of vehicle ownership are available online, which have led to cases of women being stalked, should be checked.

**Third,** Even though tagged data is supposed to be aggregated and anonymized into metadata, it should not compromise individual privacy. It is important because software tools for disaggregation exist in the market.

**Fourth,** A law to keep personal data safe from disclosure should be made.

Lastly, while classifying data as sensitive, one must take a maximalist approach. Laws leave scope for unmasking of data. Laws do not grant ownership of data to users that belongs to them.

GS2 – POLITY – FUNDAMENTAL RIGHTS

### FUNDAMENTAL DUTIES

#### 77. On legally enforcing Fundamental Duties: Wrong call

**Source:** This post is based on the article “Wrong call” published in Times of India on 23rd Feb 2022.

**News:** Supreme court has been hearing a PIL that seeks to legally enforce fundamental duties. It has also issued notice to the centre and states for the same.

Fundamental duties (Article 51A) are in the form of general directives to citizens to display some “ideal” conduct in their public lives. However, they are **not justiciable** and there have been some objections in making them legally enforceable.

#### What are the concerns regarding legal enforcement of fundamental duties?

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**Abuse and misuse:** Fundamental duties deal with diverse areas such as environment, education, national security, heritage conservation, etc. Making them legally enforceable will make such a law prone to huge abuse and politicisation.

**Provisions already present:** There are many laws like Prevention of Insults to National Honour Act, IPC 124A, Contempt of Courts Act, Environmental Protection Act, Ancient Monuments and Archaeological Remains Act, Right to Education Act that already cover some fundamental duties.

**Law making is Parliament's and the political executive's arena** and not that of the Courts, who mainly interpret such a law.

PILs are a double-edged sword, so the Judiciary must entertain only those PILs where it fears immense harm to public interest owing to inaction by governments and institutions.

GS2 – SOCIAL ISSUES – HEALTH RELATED ISSUES

### ISSUES RELATED TO PUBLIC HEALTH

#### **78. No slacking: On action plans against antimicrobial resistance**

**Source:** This post is based on the article “No slacking: On action plans against antimicrobial resistance ” published in The Hindu on 21st February 2022.

**News:** Lancet recently released its report on the **Global Burden of bacterial antimicrobial resistance (AMR)**.

**Also read:** [Living in a world of emerging antimicrobial resistance](#)

#### **What are the findings of the Lancet report?**

Report states AMR deaths to be around 4.95 million in 2019. It identifies the main reason behind this resistance is pathogens and the pathogen–drug combinations

Bacterial AMR occurs when the drugs used to treat infections become less effective, as a result of the pathogens becoming resistant to the drugs. This is because of indiscriminate use of antibiotics, availability of antibiotics over the counter, poor hygiene and sanitation, use in livestock and agriculture, lack of vaccines and newer antibiotics, and poor infection control practices in hospitals.

**Read here:** [AMR and health crisis](#)

#### **What steps did the government introduce to stop AMR-related deaths?**

2008 strain of NDM1 enzyme and its backtracking to India served as an alarm bell.

India released its AMR action plan in 2017 and also announced a task force implementation. By 2019, Kerala and Madhya Pradesh had ruled out state action plans. In 2019 India banned the use of Colistin in poultry etc.

**Read here:** [Controlling AMR](#)

#### **What are the problems in controlling AMR-related deaths?**

-11 other states are yet to frame their action plants.

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- The **Chennai declaration**, a consortium of doctors against AMR, was formed in 2012 but is yet to take concrete action.
- Scientific publications showed poor hygiene, lax administrative governance, and poor ratio of public-private expenditure as one of the root causes.

**Read here:** [AMR and associated challenges](#)

### What is the way forward?

Government should work to raise the standard of living to provide them accessible and affordable quality health care, besides regulating the sale and use of antibiotics.

GS2 – POLITY – UNION AND STATES

## **FEDERALISM AND RELATED ISSUES**

### **79. Trust and Loan – on Central loans to states**

**Source:** This post is based on the article “Trust and Loan” published in Indian Express on 23rd Feb 2022.

**News:** In the Union budget 2022-23, Finance Minister has provided Rs. 1 lakh crore in loans to state governments to enable them to increase their capital expenditure. These loans will be interest free and repayable after 50 years.

### **Why such an arrangement raises questions regarding Centre-state fiscal relations?**

**One**, the first and foremost issue is related to Article 293 (3) of the Constitution. According to it, states may not raise any loan without the consent of the government of India as long as there is still an outstanding loan. Thus, state borrowings are restricted by the Centre’s approval.

But, over the past decade, the Union government has done away with the loan component in the central plan assistance. States’ liabilities towards the Centre are declining as per the 15th Finance Commission. Thus, over time states will not have any obligations towards the Centre which should eventually increase their freedom.

However, loans from multilateral agencies to states are also routed through the Centre which is not going to end in the near future. Hence, the budgetary proposal along with the constitutional provision is giving the Centre greater say over the states’ fiscal management at a time when it had been decreasing.

**Two**, there is another concern over the possibility of conditions being attached to these loans. Also, the amount is not being transferred to the states in the form of a grant. A grant is shown as part of revenue expenditure, while loans have been shown as capital expenditure.

**Three**, the burden of execution will fall on the states. The states which are politically aligned with the Centre or those whose finances are uncertain may opt for this option. But others may not borrow, as they have rights to deny.

**Four**, the funds meant for capital expenditure may be shifted towards revenue expenditure due to a fall in capital spending being balanced by these loans.

### What is the way forward?

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There is a need to create an environment of trust between the center and states. Considering the fault lines in Centre-state relations, this arrangement can be seen as interference on states' fiscal independence and become a political issue.

GS2 – INTERNATIONAL RELATIONS – INDIA AND ITS NEIGHBORHOOD

### **INDO – US RELATIONS**

#### **80. India-US partnership for post-pandemic world**

**Source:** This post is based on the article “India-US partnership for post-pandemic world” published in the Indian Express on 22nd February 2022.

**News:** There are ample opportunities in the post-pandemic works in which India and USA can work together.

The present geostrategic and geoeconomic situation demands greater economic cooperation between India and US. During the pandemic, both India and US cooperated to airlift hundreds of millions of free doses of vaccines to low-income countries.

#### **What are the challenges caused by the pandemic times?**

- Shrinking consumers' buying power because of inflation and supply chain woes.
- workforce shortage, shipping delays, and in some cases, empty store shelves.
- Increase in prices of essential commodities like fuel, cooking oil, etc.

#### **What should US and India do to strengthen their relations?**

Both countries are aspiring to achieve \$500 billion in bilateral trade in goods and services.

They should work together to increase supply, bring prices down, improve economic confidence, remove unnecessary trade barriers, secure the free world's supply chain, and promoting investment across the corridor, etc.

India can also secure its border through a stronger defense partnership with the USA on the lines of India-US Civil Nuclear Agreement.

Both countries can also make the free world's supply chains more robust and resilient through closer cooperation across a range of sectors including defense, energy, healthcare, and agriculture.

### **ISSUES RELATED TO INDIA'S CHINA POLICY**

#### **81. Use international law, call out China's violations**

**Source:** This post is based on the article “Use international law, call out China's violations” published in The Hindu on 22nd February 2022.



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**News:** In the recent [foreign affairs meeting of Quad](#), India's External Affairs minister said that the situation at the India-China Line of Actual Control (LAC) has arisen due to the "disregard" by China of written agreements.

### What is the base of India-China agreements?

India-China LAC engagement is guided by a series of bilateral agreements that both have signed over the years.

**1993 Agreement:** It said that neither side shall use nor threaten to use force against the other by any means. It further enunciates that the India-China boundary question shall be resolved through peaceful and friendly consultations.

**1936 Agreement:** Article I of this agreement talks of confidence-building measures between the two sides and prohibits the use of military capability against the other side.

**2005 and 2013 agreements:** The prohibition on the use of force is also enshrined in Article I and Article VIII of these agreements.

Article 2(4) of the United Nations (UN) Charter also forbade states from using force in international relations with two exceptions self-defense under Article 51 and [UN Security Council](#) authorization under Chapter VII.

### What are the violations done by China against India?

The Chinese aggression not only violates all the bilateral treaties between India-China, but also the UN Charter. Line of Actual Control (LAC) witnessed violent clashes in Galway valley in Ladakh. China also [implemented a new border law](#) that renames several places in Arunachal Pradesh and aims to set up boundary markers on all its land borders. There are also reports of a huge military build-up by China with heavy weaponry including missiles in the Eastern Ladakh Sector.

The LAC transgressions and the new border law violate Article IX of the 2005 agreement that mandates both sides to "strictly respect and observe" the LAC. Placing armed forces along the LAC breaches another key tenet of both the 1993 and the 1996 agreements.

-Article III of the 1996 agreement specifically requires the two sides to reduce armaments such as combat tanks and vehicles, missiles, etc.

### What are the other violations done by China globally?

- China denounced a 2016 ruling in favor of the Philippines by the [UN Convention on the Law of the Sea \(UNCLOS\)](#), in a maritime dispute between the two sides in the South China Sea.

- China exploited the WTO system to pursue its policy of mercantilism. It is accused of providing illegal subsidies, manipulating currency to make exports competitive, stealing intellectual property, and forcing companies to transfer technology.

- American scholar in his book, Lawfare: Law as a Weapon of War, said that China secretly violates the obligations of nuclear nonproliferation treaty by providing nuclear technology to its allies, often through proxies."

### What should be the way forward for India?

## 9 PM Compilation for the Month of February, 2022

India should develop strategies based on ethical lawfare by adding international laws in its diplomatic toolkit.

India should look to gather international support by using UN treaties, Right of self-defense under Article 51 of the UN charter, enacting a national security law to impose restrictions or sanctions on those countries with whom India shares a land border.

### **INDO-PACIFIC AND RELATED ISSUES**

#### **82. The significance of EU-India partnership in the Indo-Pacific**

**Source:** This post is based on the article “**The significance of EU-India partnership in the Indo-Pacific**” published in the **Indian Express** on **21st February 2022**.

**News:** Ministerial Forum is going to be held in Paris under France’s ongoing presidency of the EU. Foreign affairs ministers from EU member states and 30 Indo-Pacific countries, including India are going to join it.

**What are the focus area of the meeting?**

**Security and defence :** [Indo – Pacific and related issues](#)

**Connectivity and infrastructure:** **EU’s Global Gateway initiative** aims to address this by pooling the resources of the EU’s institutions and its 27 member states to raise 300 billion euros to build sustainable links

**Strengthening relations:** Forum will focus on strengthening connections between Europe and the Indo-Pacific, especially in the air and digital domains. The EU and India have already concluded a **Connectivity Partnership** to enhance the connectivity.

**Collective Action:** Forum will focus on **tackling the global challenges** like climate change, biodiversity protection and health resilience. It will provide support to the countries in terms of green finance, to achieve their ecological transitions in a just manner.

**Health:** Forum is going to discuss steps to strengthen health sovereignty and promote the “**One Health**” approach to the pandemic response. France will propose the creation of an **Indo-Pacific health campus**, to be established in India, to bring together India’s pharmaceutical prowess and Europe’s technological capacity for the benefit of the region.

**What are the areas of cooperation between India and France?**

– India joined the France-initiated international [High Ambition Coalition for Nature and People](#) to protect 30 per cent of the land and seas by 2030.

– Both countries are collaborated in protected areas and national parks.

### **INDIA – UAE RELATIONS**

## 9 PM Compilation for the Month of February, 2022

### 83. UAE treaty could give a fillip to Indian exports to the Gulf and Africa, benefit pharma and MSME sector

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

“UAE treaty could give a fillip to Indian exports to the Gulf and Africa, benefit pharma and MSME sector” published in the Indian express on 21st February, 2022.

“A good start” published in the Business Standard on 21st February, 2022.

**News:** After its exit from RCEP, India and Mauritius signed a Comprehensive Economic Cooperation and Partnership Agreement. Interim trade agreements with the UK, Canada and Australia are in the pipeline. India recently announced trade deal with UAE also.

#### What are the key outcomes of the India-UAE trade treaty?

The Free Trade agreement is expected to revive export-oriented industries in India, especially in the MSME sector because of a zero-tariff welcome by the UAE. The jewellery sector is also expected to receive a uplift with a concessional import duty. The agreement also speaks about speeding up work on a special investment zone for UAE companies and joint ventures, and a dedicated India Mart in the Jebel Ali free zone.

India and UAE are also now part of an economic relations, informally named “Middle East Quad”, in which the United States and Israel area also members.

**Read here:** [India-UAE Bilateral Relationship – Explained, pointwise](#)

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

### 84. India's Ukraine dilemma

**Source:** This post is based on the article “India's Ukraine dilemma” published in Indian Express on 22nd February 2022.

**News:** As Russian pressure increases over Ukraine, it is time that India changes its perspective towards central Europe.

#### What is the issue?

Russia has raised the tensions over Ukraine and set his demands of security guarantee from NATO. India has largely remained silent over the issue. This opens the doors for European accusations of diplomatic duplicity.

#### What are other examples of such accusations against India?

India did not speak against Russia in 1956 at the Soviet invasion of Hungary, while India denounced the Anglo-French attempt to seize the Suez Canal. Similar Indian is silenced over the invasion of Czechoslovakia in 1968 to crush Prague Spring, while India criticized the US invasion of Vietnam.

Even now, India criticizes Chinese aggression but is silent about Russian actions in Ukraine.

## 9 PM Compilation for the Month of February, 2022

### Why Central Europe must not be viewed only as the US and Russia's sphere of influence?

**First**, there are no takers for a broad sphere of Russian influence in Central Europe. Neither former Warsaw members nor Baltic or ex-Soviet states.

**Second**, Russian security concerns are legitimate, but they can best be addressed through political accommodation.

**Third**, few central European countries buy into the French argument of European sovereignty and strategic autonomy. They are more inclined towards the US-led NATO as a security guarantor.

**Fourth**, though these countries are keen on the US and EU security umbrella, they are not keen to adopt political values antithetical to their traditional values.

**Fifth**, central European countries are also working to develop regional institutions like Visegrád Four – Poland, Hungary, Czech Republic, and Slovakia and other institutions like the “Three seas initiative”.

Thus, any of India's approaches must not be influenced by the views of NATO or Russia. It should lead to an independent appreciation of the geopolitics of Central Europe

GS2 – INTERNATIONAL RELATIONS – WORLD TRADE ORGANIZATION (WTO)

### Agriculture related issues

#### 85. The farm deal that needs to be reworked

**Source:** This post is based on the article “**The farm deal that needs to be reworked**” published in **Business Standard on 21<sup>st</sup> Feb 2022**.

**News:** This article discusses the vital issues related to agriculture that the government needs to keep in view while formulating the country's strategy for future negotiations on agriculture-related matters in various WTO forums.

#### Why AoA of WTO needs to be reviewed?

**One**, Agreement on Agriculture (AoA) under the World Trade Organization (WTO) and its amendments at the biennial ministerial meets has not been able to provide a level playing field for agricultural trade between developing and developed countries.

**Two**, the agreement has numerous asymmetries which adversely affect the interests of small-holder farmers of developing countries. They are not able to access broader market for their farm produce to realize better prices.

**Three**, other issues such as domestic support to farming, export facilitation subsidies, and grain stockholding for food security also remain unresolved. Hence, AoA needs to be reviewed to ensure a rule-based, fair and equitable trade regime.

**Four**, the AoA was crafted when negotiators from developing countries did not fully appreciate the needs of the farm sector. For instance, Indian officials were mostly from the commerce ministry and farm experts were not consulted. Also, the agriculture ministry was not kept in the loop.

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**Five**, negotiators from developed countries dominated and hence they managed to safeguard their commercial interests. Developing countries were just viewed as the prospective markets for their industrial and agricultural goods.

**Six**, this accord also left enough space for the rich nations to raise their farm subsidies (aggregate measure of support, or AMS). 1986-88 was accepted as benchmark to measure this support which allowed rich nations to increase their financial assistance to their farmers.

The developing countries were only permitted to continue their ongoing support programmes for a limited period. This resulted in overproduction of many farm goods in developed countries and depressed the global prices.

For instance, flaws of AoA did not allow India to take up welfare measures for the growers and end-users. India is also dealing with many disputes at the WTO regarding its support programmes for agri-commodities.

### What is the way forward?

**First**, the National Academy of Agricultural Sciences (NAAS) has brought out a policy paper on WTO-related issues. It has suggested to develop a road map for negotiations to seek redress for the existing drawbacks in the AoA.

**Second**, there is need to revisit the aggregate measure of support entitlements which enable the developed countries to provide high trade-distorting benefits under the special provision called “Amber Box”.

**Third**, the period of “reference prices” that is 1986-88 also needs to be updated. It affects the minimum support prices a country like India can provide to its farmers.

**Fourth**, the developing countries should oppose any step that aims to dilute the special and differential treatment provisions. The advanced nations have been seeking to cap the support under the “Development Box” which would mean curtailing the minimal domestic support the developing countries can provide even if it distorts the trade.

GS2 – INTERNATIONAL RELATIONS – WTO

### **TRIPS WAIVER ISSUE**

#### **86. India risks being left out of TRIPS waiver**

**Source:** This post is based on the article “India risks being left out of TRIPS waiver” published in the **Indian Express** on **23rd February 2022**.

**News:** India, with South Africa, proposed to waive key provisions of the TRIPS agreement on Covid-19 vaccines, drugs, therapeutics, and related technologies. Developed countries attempt at limiting the waiver to vaccines alone, leaving out diagnostics and therapeutics and excluding India.

**Read here:** [US Support to TRIPS Waiver – Challenges Ahead](#)

### **What are Trade-Related Aspects of Intellectual Property Rights (TRIPS)?**



## 9 PM Compilation for the Month of February, 2022

Read here: [TRIPS and the waiver on IP Rights](#)

### What are the shortcomings that impacted India's global campaign?

**First**, during the pandemic, India rarely made use of the existing flexibilities under the Indian Patent Act, such as [compulsory licenses \(CL\)](#). These flexibilities are consistent with the TRIPS agreement, to increase the supply of Covid-19 medical products, despite being pushed by the judiciary.

On the contrary, during the second Covid wave, the government filed an affidavit in the Supreme Court stating that the main constraint in boosting the production of key drugs is the unavailability of raw materials, not IP-related legal hurdles. This stand completely contradicted India's argument internationally that views IP as an obstacle to augmenting the supply of Covid-19 medical products.

**Second**, TRIPS waiver at the WTO is only an enabling framework. Member countries need to amend their domestic IP laws to implement the waiver. Although, India leads the TRIPS waiver battle internationally, it did not develop a national strategy to implement the TRIPS waiver as and when it is adopted.

**Third**, the government failed to get the Indian pharmaceutical industry on board. Many Indian pharmaceutical bodies are not in the favor of the waiver, thus denting India's global campaign.

**Fourth**, India has successfully developed a fully indigenous Covid-19 vaccine, Covaxin. Although India signed the technology transfer agreements with domestic companies, it should make the vaccine technology available to anyone interested globally, at a minimal price. This would strengthen India's position on the TRIPS waiver and also inspire develop countries to do the same.

GS2 – GOVERNANCE – GOVERNANCE AND RELATED ISSUES

GS3 – INDIAN ECONOMY – INDUSTRIAL POLICY AND GROWTH

### ISSUES RELATED TO GOVERNANCE

#### EASE OF DOING BUSINESS IN INDIA AND RELATED ISSUES

##### **87. New CSR disclosure framework for companies: Onerous disclosures**

**Source:** This post is based on the article “**Onerous disclosures**” published in **Business Standard** on **23rd Feb 2022**.

**News:** Government has brought out a new disclosure framework for companies that requires a detailed level of reporting from FY21 within a prescribed format of its Corporate social responsibilities (CSR) activities.

Companies need to submit these details to the Registrar of Companies.

#### **What does the government directive say?**

The disclosure requires some **granular details**.

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– Companies will need to show **how much they are spending** on ongoing and new projects, **how much fund has been left unspent**, and whether capital assets have been created, in addition to impact assessment reports.

– They will also need to **submit information on the constitution of the company's CSR committee**, the details of the committee, and approved CSR projects on the company's website. Although this will help government in analytical purposes as well as to inform stakeholders better on CSR obligations, there are some apprehensions as well.

### What are the concerns that may arise due to this detailed reporting?

**Duplication of work:** Companies have pointed out that much of this information is already available on corporate websites and in the directors' report, which accompanies all annual reports. Submitting all of this information into a government-prescribed form will lead to duplication of work.

**Ease of doing business:** Currently India urgently needs investment and the new disclosure requirements may hurt India's reputation as an easy place to do business.

There is also an apprehension that the political parties may use this to determine whether corporations are donating to causes that align with their **political agendas**. This may also **affect their independence** in terms of donating to causes of their choice.

Although it is **logical and morally right** to encourage companies to spend their surpluses on social projects such as education and health instead of merely enhancing shareholder value, it is **not a panacea that can completely transform society**.

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

### HIGHER EDUCATION AND RELATED ISSUES

#### **88. Barring students from studying Indian history or culture in foreign universities speaks of prickliness and prejudice**

**Source:** This post is based on the article **“Barring students from studying Indian history or culture in foreign universities speaks of prickliness and prejudice”** published in the **Indian Express** on **23rd February 2022**.

**News:** Under the new government guidelines, courses concerning Indian Culture, History, and Social Studies in foreign universities shall not be covered under National Overseas Scholarship (NOS).

#### **What the new guidelines are not justified?**

– It will shrink the student opportunities, and put a ceiling on their academic ambitions.

– Government should not decide on what students can or cannot study. The academic autonomy of scholars should be respected.

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– Additional conditions will make it more difficult for people from marginalized communities to gain from scholarships. At present, only a tiny number of students from underprivileged communities manage to make that leap.

### What is the government's justification for the new guidelines?

Ministry of Social Justice and Empowerment has given the argument that Indian culture can be better studied in Indian institutions and that foreign universities are better suited for more technical expertise.

The government view is wrong as some of the most interesting work on India has been carried out by foreign scholars like Paul Brass, Lloyd, Susane Rudolph, Stephen Cohen, Amartya Sen, etc.

### Online courses by autonomous colleges: UGC gets Bold

**Source:** This post is based on the article “**UGC gets bold**” published in **Times of India** on 22nd Feb 2022.

**News:** UGC (University Grants Commission) is planning to allow autonomous colleges that are under top-100 ranks in the NIRF subject rankings or having NAAC-grade higher than 3.26 to offer online degrees from the next academic session.

### What are the implications of this move?

**Quality education:** Although many universities are offering online degrees but allowing prestigious colleges to run such courses will benefit a large number of students, if the colleges offer same quality online.

This will definitely help those with lower grades who are seeking quality education, which is in short supply.

**Gross Enrolment Ratio:** These online degrees could help India improve the gross enrolment ratio in higher education, which is a key metric in improving human capital. National Education Policy envisages to double India's GER to 50%.

**Affordability:** Nearly three in four young Indians don't enrol for higher education due to economic pressure. Affordable online degrees with a measure of flexibility could offer a ray of hope to these people.

**Employability:** One leading problem in Indian higher education sector is that the employability of many graduates is poor. Online education from a top college may help solve this problem, as it will be a better alternative than campus learning in a low-ranked institution.

### What is the way forward?

Although UGC's proposal is a positive development, but there is need for more investment in improving quality of online education.

**Infrastructure also needs to be set up**, including manpower for continuous assessment of a larger student intake.

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For the initiative to be successful, there is a need for **a) ensuring availability of good internet speeds, b) creating engaging online content, c) enhancing National Testing Agency's capacity to conduct online semester examinations.**

There will also be need for **Public funding** to support students who are **economically weaker and for infra upgrades.**

### NATIONAL EDUCATION POLICY AND RELATED ISSUES

#### 89. Tapping technology for multilingual learning

**Source:** This post is based on the article **"Tapping technology for multilingual learning"** published in **The Hindu** on **21st February 2022.**

**News:** Mother tongue represents an individual or a community's cultural identity. Thousands of different languages are spoken in India, making India's cultural diversity unique in the world. But this uniqueness is vanishing in present times.

#### **What is the reason behind declaration of International Mother Language Day?**

Languages are the key bridges that ensure cultural and civilizational continuity, Globalisation and Westernisation have impacted the growth and survival of many of these languages. According to the UN agency, at least 43% of the estimated 6,000 languages spoken in the world are endangered. To preserve the decline of many languages, **UNESCO demarcated February 21** as International Mother Language Day in 1999.

#### **How International Mother Language Day 2022 theme is of great significance?**

The theme of 2022 is **"Using Technology for Multilingual Learning: Challenges and Opportunities"**. The central idea of the theme is to **discuss the role of technology** to support and enrich the teaching-learning experience on a multi-lingual level. It also aims at achieving a qualitative, equitable, and inclusive educational experience. Director-General of UNESCO also highlights the importance of technology as it can provide new tools for protecting linguistic diversity.

Importance of technology also came to light during the pandemic times when the education system switched its mode from physical to online.

#### **Why multi-lingual approach is required in Indian classrooms?**

The use of mother tongue in teaching is bound to create a positive impact on learning outcomes, and the development of the cognitive faculties of students. There is an urgent need to create and improve scientific and technical terminology in Indian languages. It would help transform the educational experience by making existing knowledge systems accessible to learners.

Renowned physicist, **Sir C.V. Raman**, also observed the need for teaching in our mother tongue. He observed that India has been able to create a large English-based education system in fields like medicine and engineering but excludes a vast majority of learners from accessing higher education.

In [the All India Council for Technical Education \(AICTE\) survey 2020](#) which involves over 83,000 students, nearly 44% of students voted in favor of studying engineering in their mother tongue, highlighting a critical need in technical education. So, [National Education Policy \(NEP\) 2020](#), is a step in this direction

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**Read here:** [Mother tongue must be the medium of instruction to preserve India's cultural diversity, heritage](#)

### **What steps did the government introduce in promoting regional languages?**

– AICTE and IIT Madras collaborated in translating some courses on the central government's e-learning platform [SWAYAM](#) into eight regional languages such as Tamil, Hindi, Telugu, Kannada, Bengali, Marathi, Malayalam, and Gujarati.

– AICTE also permitted B. Tech programmes in 11 native languages, in tune with the NEP.

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

India is home to 19,500 languages or dialects, of which 121 languages are spoken by 10,000 or more people in our country. Indians should collectively take the responsibility to revive and revitalize the 196 Indian languages which fall under the “endangered” category.

Government should also learn from EU countries and Asian powers and adopt policies to promote education in mother tongue and local languages.

GS2 – GOVERNANCE – WELFARE SCHEMES

## **NREGA AND RELATED ISSUES**

### **90. Questions on MGNREGA budget estimation**

**Source:** This post is based on the article “**Questions on MGNREGA budget estimation**” published in **The Hindu** on 22<sup>nd</sup> Feb 2022.

**News:** The disappointing allocation for the Mahatma Gandhi National Rural Employment Guarantee Act in the FY 2022-23 budget has created a buzz.

Government's allocation for MGNREGA has been much lower than what State governments ask for and civil society actors had recommended.

For instance, The initial allocations in the past two FYs have been just about half of what was recommended by groups like the People's Action for Employment Guarantee (PAEG) and NSM (NREGA Sangharsh Morcha).

**Why is the government's allocation so much lower than what State governments ask for and civil society actors recommend?**

**Firstly, the issue of underestimation of the projected person-days.**

Projected persondays are the total days of work anticipated for the year. For instance, the projected persondays for Q4 in FY 2021-22 appeared to be strangely and significantly lower than that in Q3. Also, there seems to be no clarity on how this projection was arrived at.

Since budget allocations are based on projected persondays Underestimated projections will lead to inadequate allocation.

**Secondly, the official MGNREGA daily wages also contribute to keeping the budget low.**



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According to the NREGA 'At a Glance' report, the average MGNREGA wages paid this year remain at a meagre ₹209 per day. Whereas, the expert committee (under the chairmanship of Anoop Satpathy) suggested a need-based national minimum wage of ₹375 per day as of July 2018. Even the PAEG recommended a minimum wage of ₹269 per day in its recently released pre-budget brief.

Even if we take the wage rate of ₹209 per day, the government's estimated expenditure will be ₹1.19 lakh crore by the end of this FY. And yet, the government has allocated only ₹98,000 crores (₹73,000 crores in the initial budget plus ₹25,000 crores as supplementary grants) for the FY.

### How it has impacted the MGNREGA Scheme?

**First**, the consistent shortage of funds has caused a situation endemic to MGNREGA. For example, deficits for State governments, long delays in wage payments, decline in the work provided in the last two-quarters of the FYs, and significant pending dues at the end of the FYs. Further, less than 5% of households active this year have completed 100 days of work.

**Second**, the Centre's approach has eroded the very premise of employment guarantee as a legal right.

Any rural household can demand to work up to 100 days every year, and the government has to provide it. As and when the demand arises, the government must fulfill it. In this context, treating the budget allocation as a 'ceiling' to the work that can be provided erodes the core premise of the scheme.

### What is the way forward?

**Increasing the financial allocation:** For FY 2022-23, PAEG had recommended a minimal allocation of ₹2.64 lakh crore, and NSM had recommended ₹3.64 lakh crore.

**Provision for Supplementary Grants:** MGNREGA funds must be regularly replenished by supplementary grants provided based on actual work demand in each State

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# General

# Studies

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### 1. For the finance Minister to note

**Source:** This post is based on the article “**For the finance Minister to note**” published in **The Hindu**.

**News:** World Inequality Report 2022 has pointed out that India is now among the most unequal countries in the world. Inequality today is as great as it was at the peak of western imperialism in the early 20th century. The pandemic has only worsened it.

**What does the report says about the inequality in India?**

Read [here](#).

Nations have become richer, but governments have become poor. Global multimillionaires have captured a disproportionate share of global wealth growth over the past several decades. And companies continue to devise novel ways to escape the taxation.

**What are the factors that may lead to an increase in inequality?**

Government have recently tried to **lower the tax rates**.

– This reduces government revenue at a time of growing public deficit and declining public wealth.

– Also, due to lower taxation on corporates, High-income individuals choose to incorporate their business so that they can shift income from personal income tax to corporate tax.

Further, there has been recently a lot of discussion around the issue of **global minimum taxation**.

– Around 130 countries had in July 2021 agreed for the introduction of the global minimum tax of 15% on MNCs. This is lower than what working class and middle-class people in high-income countries pay.

– Most of the Big MNCs are working in the digital space like Metaverse, Microsoft, etc but as the digital access has not been equitable it will be a challenge to implement the proposed global minimum tax.

**What are the possible positive implications of global minimum tax on India?**

Read [here](#).

**What are the apprehensions regarding India joining the implementation of global minimum taxation?**

Read [here](#).

**What is the way forward?**

The World Inequality Report suggested a minimum global tax on MNCs at 25%.

MNCs and their shareholders have been the main winners from globalisation. Their profits have boomed due to the ever-closer integration of world markets. Therefore, there is need for a socially conscious policymaking that supports equity.

#### **UNEMPLOYMENT IN INDIA**

##### **2. A hazy picture on employment in India**

**Source:** This post is based on the article “**A hazy picture on employment in India**” and “**Govt can’t create jobs**” published in **The Hindu and Business Standard**.

**News:** This article says that the employment data in India is not consistent and does not show a clear pattern.

The two important indicators of structural transformation in any economy are rates of growth and changes in the structural composition of output and the workforce.

India has experienced fairly consistent changes in the first indicator, especially after the 1991 reforms, but the trend in employment has not revealed any consistent or clear pattern.

##### **What are the challenges associated with the pattern of employment as revealed by the PLFS survey?**

Between 2019-20 and 2017-18, 56.4 million new jobs were created but 57.4% of this were created in the agriculture and allied sectors, 28.5% in services, and 14.5% in industry.

This shows only a small increase of jobs in the manufacturing sector and labor shift out of agriculture is not happening.

The growth of jobs in the agriculture sector reveals that among the young educated labor force only a few succeeded. This is due to the capital-intensive nature of industries and labor-displacing technologies.

The rising share of industry and services in national income without an increase in employment share raises questions on the relevance of conventional models of economic growth and development.

##### **What are the problems/challenges in creating jobs?**

**One**, there is **no clear separation between agricultural, manufacturing, or services and formal or informal business**. For example, agriculture is consolidating and gradually becoming partly manufacturing and partly services too.

Similarly, most manufacturing companies have realized the need to redefine themselves as service providers in order to deliver customer value. Hence, it is difficult to devise policies for job creation in specific sectors.

**Two**, **fixed-term labor contracts were introduced in the 2018 budget**. But it did not result in growth in employment over the last four years. Hence, there is a question of whether job creation initiatives work.

Similarly, Incentives are given for formalizing jobs through subsidies on social security contributions. But it is not known that the rise in payroll employment is creating additional jobs or a mere transfer from informal to formal jobs.

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

**First**, labor laws should be amended to encourage industries to adopt labor-intensive production and provide employment-linked production incentives.

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**Second**, the prime minister's economic advisory council should include corporate and business data analysts with access to real-time data from not only government sources but also private players.

**Third**, the government should increase investments in information flows about jobs and skilling. For example, releasing monthly payroll information to know formal jobs.

**Fourth**, the government should first understand how the economy works and how jobs are created, what skills are in demand, then only better policy responses can follow.

### Geoeconomics

#### 3. Doing Business in a New World

**Source:** This post is based on the article “**Doing Business in a New World**” published in **Indian Express**.

**News:** Recently, Luttwak an american strategist discussed the legacy of the Indian strategist late K Subrahmanyam and addressed the emerging consensus on the importance of economics in global affairs.

#### **What is current scenario of Indian economy?**

India's is recovering after a slowdown and its geopolitical significance will continue to rise. India's total trade is expected to touch \$1.3 trillion this year which is about 40 per cent of India's GDP. India could cross \$8 trillion and become the third-largest by the end of the decade. But the world is geo-economically changing. Hence, transition for India will be a challenging one

#### **How geo-economics plays a significant role in geopolitics?**

**One**, globalisation which was seen as irreversible is changing. Geo-economic has become an important term now which was used by Edward Luttwak during the end of the Cold War and economic globalisation.

**Two**, the classic example of geo-economics is China's rapid economic rise and its success in leveraging it for political gain. Luttwak has not said that economics will replace geo-politics, but he has offered a more powerful argument on the relationship between geopolitics and geoeconomics.

#### **How Luttwak's has explained the relationship between geopolitics and geoeconomics?**

**First**, according to him, economic interdependence will not eliminate the disputes among nation-states. Hence, national interest will remain powerful in the economic domain and the geopolitical domain as well.

**Two**, Luttwak propounded that zero-sum situation exists in the economic domain like in military conflict, which sometimes triggers conflicts. Zero-sum is a situation in which one person's gain is equivalent to another's loss.

He further says the replacement of politics by geoeconomics will continue, but it cannot be completely replaced. For example, Pakistan. It needs a long transition to move from geopolitics to a developmental state.



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**Three**, he had also warned against illusions of economic interdependence and globalization. For example, US-China relations in recent years.

Capitalist America and communist China have formed a strong economic partnership, which is complemented by the linkage between business elite and civil societies. But economic nationalism has re-emerged. The US is also strengthening domestic research and industrial capabilities to compete more effectively with China. China is also reducing exposure to external factors.

### How India is adapting to new geo-economic order?

**First**, India has walked out from the Regional Comprehensive Economic Partnership (RCEP). India did not accept China-centred regional economic order.

**Second**, India has turned towards free trade agreements with countries like Australia, Britain, UAE, and Israel. India is deepening its engagement with countries whose economies are complementary.

**Third**, India has argued that no large country can leave domestic manufacturing to other countries in the name of economic efficiency and globalisation. That is why India is taking initiatives to promote domestic manufacturing under the banner of “Atmanirbhar Bharat”.

### What is the way forward?

**First**, India’s policy must be related to the structural changes in the international economic order.

**Second**, India should find better ways to integrate its financial, trade, technological, security and foreign policies to adapt to the current global geo-economic order.

**Third**, India needs a strategy to build domestic capabilities, develop geo-economic partnerships and construct geopolitical coalitions with like-minded countries.

GS3 – ENVIRONMENT – CLIMATE CHANGE

### Oil price rise and climate change goals

#### 4. How surging oil prices threaten world’s climate goals

**Source:** This post is based on the article “**How surging oil prices threaten world’s climate goals**” published in **Down to Earth** on 31st Jan 2022.

**News:** Oil prices globally have seen a massive surge due to reduced supply and increased demand due to economies rebounding from the effects of the COVID-19 pandemic. The geopolitical tensions in Russia-Ukraine are also helping the price surge.

### What are the implications of the price rise?

**Economic aspect:** Companies may be tempted to invest in oil and gas extraction. However, this will **not be profitable in the long term as oil demand will slow down** as governments around the globe have climate commitments and are planning to increase reliance on electric vehicles.

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This may lead to **oversupply and stranded assets**, and **Shareholders could face catastrophic levels of value destruction** as prices fall.

**Environmental aspect:** Not only this investment is unsound economically but has obvious negative implications for the environment. Around **53% of the 34.81 gigatonnes of carbon dioxide** emitted from the burning of fossil fuels in 2020 **came from oil and natural gas**.

This is specially important as wealthy countries have not made commitments to limit oil and gas production. Major producers like the United States, Canada and Norway have aggressive production plans in place for the next few years.

**Impact on India:** As India **imports 86% of its crude oil and 55% of gas**. It is thus **heavily exposed to global fluctuations** in the oil markets.

### What is the way forward?

Oil and gas industry is well aware of the energy transition underway— from fossil fuels to zero-carbon renewables and electrification. So to effectively manage this transition, they must resist the temptation to invest heavily on short-term price signals

Failure to acknowledge these change involves the **risk of wasting** huge amounts of **capital**, delivering **sub-par returns to investors** and locking-in **emissions that will make the world miss Paris goals**.

### GS3 – ENVIRONMENT – BIODIVERSITY AND CONSERVATION

#### 5. How Auroville can teach us all a thing or two about offsetting

**Source:** This post is based on the article “**How Auroville can teach us all a thing or two about offsetting carbon**” published in **Down to Earth**.

**News:** The Auroville Forest Group, a non-profit in Puducherry, has introduced a new method of increasing tree cover that can mitigate climate change effectively in the future.

Lessons from Auroville can be implemented on a larger scale all over the country.

Auroville, an international town in Puducherry, has planted about three million trees from 1968 onwards.

### How was this achieved?

**Removal of invasive alien species**, planting native tree species and improving the area through various **soil and moisture conservation measures** like building check dams and percolation ponds.

**Protecting trees** from wood cutters and grazing.

Around **30 tropical dry evergreen forest trees were identified** which were indigenous to the town and has potential to sequester one million tonnes of carbon during their lifetime. The program laid emphasis on their plantation.

A methodology was devised to **convert transport details into total emissions**. Here a carbon converter, a greenhouse gas (GHG) emission calculator, a tool using global conversion factor from the GHG Protocol for Corporate Accounting is used.

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Emissions from transportation like flights, cars, buses and trains can be calculated by using the method. Thus, the impact of transport on the environment can be calculated, and the same can be compensated by planting the required number of trees.

### How can this practice be implemented on a large scale?

**Legislation-** Government may bring legislation to emulate the same methodology as the one followed in Auroville. Due **provision for carbon offsetting** can be provided under the Act.

**Tax-** A green tax may be calculated by considering the carbon emissions from cars, buses, trains and flights and the cost of planting the required number of trees and subsequent maintenance. The same **amount can be allotted** to the city corporation or the forest department concerned **for carrying out planting activities.**

**Note-**On a similar line, compensatory afforestation programmes currently are carried out by the state forest departments from the funds allotted by the Centre. This is done under the provisions of the Compensatory Afforestation Fund Management and Planning Authority (CAMPA) act.

### GS3 – INDIAN ECONOMY – INDUSTRIAL POLICY AND GROWTH

#### 6. Amplify e-commerce and help all MSMEs reach markets online

**Source:** This post is based on the article “**Amplify e-commerce and help all MSMEs reach markets online**” published in **Livemint**.

**News:** The author of this article says that to achieve a \$5 trillion economy, India should boost digitalization. It will support MSMEs, ensure GST parity and empower small businesses to venture into the online ecosystem and diversify their operations.

#### What is the significance of digitalization?

**One,** Covid has caused shift in all spheres of lives, economy, education but digitalization and e-commerce have remained a common thread. For example, e-commerce, fintech, ed-tech, medical teleconsultation, online entertainment, virtual travel and work-from-home.

**Two,** it has encouraged innovation and led to growth of enterprises and tech startups. India is now the world's third-biggest startup hub.

**Three,** digitization can help Micro, small and medium enterprises (MSMEs) to survive. For example, inventory management and interface with markets via the e-commerce ecosystem. MSMEs account for 30% of India's gross domestic product (GDP) and constitute more than 40% of exports, but less than 10% of Indian MSMEs sell online and 85% are unregistered.

According to a report by Accenture and the Trust for Retailers and Retail Associates of India, digitizing 10% of India's 13 million kirana stores has the potential of generating an estimated 3.2 million new jobs in the country.

#### How GST is acting as hurdle for MSMEs in transitioning from conventional sales to e-commerce platforms?

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**One**, Goods and services tax (GST) rules increases compliance costs and processes. According to GST Rules, any offline seller with annual turnover under ₹40 lakh engaged in intra-state sales must obtain GST registration to sell online.

**Two**, offline sellers under ₹1.5 crore annual turnover with intra-state sales cannot continue with simplified GST compliance processes under the composite GST scheme if they want to sell online. Hence, even if MSME's turnover does not cross the threshold, it would be required to register itself under GST and fulfil all compliance requirements.

**Three**, MSMEs operating through online platforms are burdened with time-consuming periodical compliance needs like registration and the monthly filing of returns. It prevents them from registering under the GST Network.

**Four**, the difference between registration thresholds for online and offline sellers stop small businesses to venture onto e-commerce platforms. This results in tax revenue loss for the government also.

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

**First**, there is a need to provide an enabling GST ecosystem in the interest of all suppliers, online as well as offline. Policymakers should focus on reducing their compliance burden.

**Second**, there should be similar GST rules and registration process for all MSMEs whether they sell offline or online.

**Three**, there is a need to amend the rules to allow small offline sellers to sell online without needing a GST registration. It will increase GST and income tax collections for the government, improve transparency and efficiency of tax collection.

**Four**, the differentiation of essential from non-essential products and services should be removed and Section 194-O, relating to TDS on payments made to e-commerce participants, should be terminated. It only increases the compliance burden.

### **7. Budget's missed healthcare opportunity**

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

**"Budget 2022: Can the finance minister solve India's health challenges?"** published in the **Business Standard**.

**"Budget's missed healthcare opportunity"** published in the **Indian Express**.

**News:** Given the Covid pandemic it was expected that health would be the focus of the budget. But government's focus is more on capital expenditure.

#### **Why is the government focusing on health important?**

An estimated 70,000 crore have been spent on out-of-pocket expenditure by people. This pushed millions below the poverty line. Children have lost two years of schooling. Covid resulted in a 30% shortfall in covering immunisation and reproductive and child health programmes.

Though The budget allocation on health has increased to 83,000 crores, it is only an increase of 16.4% over the previous year.

#### **Why less allocation is a challenge for the health sector?**

**First**, because of the COVID-19 pandemic fiscal space for health is small. And the key priorities of defence, education and subsidies also cannot be ignored.

**Second**, While the Centre bears only 8% of health expenditure, states spend twice that amount. There is a huge divergence in health spending across states, with states like Uttar Pradesh and Bihar becoming major determinants in health outcomes.



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**Third**, improvement in health outcomes needs long-term planning, which is lacking in India.

### **Why investment in health sectors is important?**

Investment in maternal and child health and nutrition will pay dividends with a more capable workforce. Investments in health provide financial risk protection to the population. This can save families from going into poverty.

The window of long-term investment is small. The 26 million children born in India every year are part of human capital that should be converted into an active and healthy workforce.

### **What should be done going forward?**

There should be a **sustained 20-year plan to reach critical milestones** like infant mortality, nutrition, child immunisation, reductions in infectious diseases etc.

India can **learn from the Chinese plan** and long-term investment which pulled millions out of poverty by investing in health.

The national health Mission thus becomes key for attaining long-term health goals in India.

## **8. A betrayal of the social sector when it needs help**

**Source:** This post is based on the article “**A betrayal of the social sector when it needs help**” published in **The Hindu**.

**News:** India continues to rank poorly in various global indices such as the Human Development Index, the Global Hunger Index and others. But, despite this, the budget has put less emphasis on the social sector like health, education and food security.

### **What is the present condition of Indian economic growth?**

Various reports like **Oxfam’s ‘Inequality Kills’** and the **ICE360 survey**, found that the recovery in economic growth in India is **K-shaped**. It means that the incomes of the poorer sections of the society are decreasing, while those of the richer sections are increasing.

India has been experiencing increasing inequality over the last couple of decades. Also, there is stagnancy in real wages and an increase in unemployment after 2016.

### **What are the allocations provided to the social sector in the Budget 2022-23?**

**School Education:** The government acknowledged learning challenges created by the closure of schools. Yet, the government announced an expansion of the ‘**one class, one TV channel**’ scheme instead of allocations of school. The government needs to focus on school infrastructure, teachers vacancies, etc

The budget for school education at ₹63,449 crores is a slight improvement over last year’s ₹54,873 crores (2021-22 budget estimates, BE). Allocation to [PM Poshan](#), has also reduced from ₹11,500 crores last year to ₹10,233 crores this year.

**Public Health System:** Despite the pandemic, the budget for the department of health and family welfare has gone up only 16%. Even, the budget for [jal jeevan mission](#) increased to 60,000 crores, only 44% of allocated funds were spent as of December 2021. Also, the budget for water and sanitation should not be clubbed with health.

**Public Distribution scheme:** Though the national food security act covered only 60% of the population, PDS served as a lifeline during the pandemic period. Eligible persons benefited from additional foodgrains under PMGKAY. But food subsidy of 2.06 lakh crore is only enough to cover NFSA entitlements.



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**Schemes:** Budgets for important schemes such as Saksham Anganwadi, maternity entitlements and social security pensions are around the same as the allocations for last year. The allocation for [MGNREGA](#) at ₹73,000 crores also does not reflect the increased demand for work or the pending wages of ₹21,000 crores.

### How less allocation of resources can affect the social sector?

[International Labour Organization](#), shows that the spending on social protection (excluding health) in India is 1.4% of the GDP, while the average for low-middle income countries is 2.5%. Budgets on health and education have also been low, much below the desirable levels of 3% and 6% of the GDP. This together, can impact the inclusive development of India.

### MGNREGA: Is the govt expecting unemployment levels to change soon?

**Source:** This post is based on the article “**MGNREGA: Is the govt expecting unemployment levels to change soon?**” published in **Business Standard on 2<sup>nd</sup> Feb 2022**.

**News:** Recently finance minister released Union Budget 2022-23.

This article discusses the regressive nature of budget in terms of social welfare.

### Why the budget 2022-2023 appears regressive in nature with respect to social welfare?

**One**, last year only Rs 73,000 crore was budgeted but the allocation for MGNREGA was increased to Rs 1.11 trillion due to pandemic. The funds were utilized within seven months itself and 23 states/UTs used more money than they received but still there are complaints of delay in payments.

This year again MGNREGA budget estimate is again Rs 73,000 crore. It appears that government is expecting jobs to increase.

**Two**, under Pradhan Mantri Garib Kalyan Yojana, 60 per cent of the population, receive 6 kg of free grain and dal. But the budget has not given clarity on its continuance.

**Three**, the mid-day meal scheme saw budget cut in 2021-22 and the Revised Estimate was lower. The scheme has been renamed PM Poshan but the allocation is same this year. If it is adjusted for inflation, it will be lower by 40 per cent.

Poshan Abhiyan aims to improve nutritional outcomes by 2022, but the government had released only 46 per cent of the annual outlay by October 31, 2020. Also, in 2021, the budget was cut by 27 per cent.

**Four**, the expenditure on ICDS was also lower in nominal terms in 2021-22 compared to 2014-15. ICDS schemes reduce the mortality, morbidity, malnutrition and school dropout and enhance the capability of the mother. But Inflation adjusted expenditure is 36 per cent lower for 2021-22 compared to 2014.

The ICDS was clubbed with the Poshan Abhiyan, the Scheme for Adolescent Girls, and the National Creche Scheme, and now known as Saksham. Its budget for 2021-22 was less than the previous year's budget for the ICDS alone and estimates for 2022-23 is unchanged from last year revised estimate.

**Five**, the Drinking Water and Sanitation Department saw its budget rise but Rs 50,000 crore of that was for the Central Road and Infrastructure Fund. It suggests an act of cover up to avoid questions.

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**Six**, the Pradhan Mantri Matru Vandana Yojana was clubbed with the Beti Bachao Beti Padhao scheme for girls' education, the Mahila Shakti Kendra and other general gender budgeting. It is now known as Samarthya. It received less than allocated funds in 2021-22 and there is no direct reference to it in 2022-23 Budget.

**Seven**, the allocation for Ayushman Bharat was Rs 6,400 crore in 2021-22 which was same as previous year. But the Revised Estimates show that only Rs 585 crore was actually spent.

### 9. A recipe to deepen the distress in rural economy

**Source:** This post is based on the article “**A recipe to deepen the distress in rural economy**” published in **Live-Mint**.

**News:** The pandemic induced slowdown has **disproportionately affected those at the bottom**. Also the economy specially the rural economy had been facing challenges due to **demand deficiency** even before the pandemic started.

Given that monetary policy has limited success in dealing with a crisis of this nature, fiscal policy is expected to play the dominant role.

#### How can fiscal policy help the rural economy come out of distress?

It can be done by **increasing consumption** demand in the economy and also **protect those impacted by the slowdown** and the pandemic. One way of doing this is to **raise incomes of those engaged in agriculture**, directly as well as indirectly.

#### How has the Budget missed out on addressing rural economy distress?

**Rising cost of agricultural inputs:** Budget has drastically reduced the subsidy on fertilisers for 2022-23. This is in addition to the high prices for energy, which has also seen a sharp rise last year as **prices for both diesel and electricity rose**.

This will lead to **farmer incomes declining** even more than the levels of 2019.

Although there has been a **rise in inflation**, **the budget has not increased allocation for support schemes**, such as crop insurance, interest subvention and cash transfer scheme.

Due to the challenges faced by the agriculture economy, rural non-farm economy acted as a refuge for a majority of wageworkers. **For example** – Majority of the workers took employment under the National Rural Employment Guarantee Scheme (NREGS). However, budget **allocation of NREGS also has been reduced** compared to last year.

Overall, there is a **net result is a 12% decline in the budget of rural development** at a time when distress in the rural economy is at its highest.

Government should strive to provide protection of incomes, employment and basic services to the majority in rural areas.

### 10. **Budget sets up the digital pitch for India to bat on**

**Source:** This post is based on the article “**Foundation for digital India 2.0**” published in **The Hindu** and “**Budget sets up the digital pitch for India to bat on**” published in **Live-Mint**.

**News:** Finance Minister has recently presented the budget.

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Although there are many positives in the Indian economic scenario like with 9.3% India is the fastest-growing large economy, it has over \$630 billion of foreign reserves equaling 13 months of imports.

However, there are some challenges too like the problem of unemployment rate.

### How the present budget tries to address these issues?

**Infrastructure**– The current budget allocates ₹7.5 lakh crore to infrastructure, which is **35% higher than previous year**.

It has the benefit of triple effect that is it generates employment, revives the core sector and improves the productivity of the economy.

A large part of this allocation will be to fund the PM Gatishakti, with special emphasis on setting up 100 multimodal cargo terminals and data connectivity for seamless movement of goods. This initiative will bring tremendous benefits to “Make in India” & PLI initiatives and reduce business costs.

However, government should focus on proper implementation to harness its complete benefit.

**Financial assistance to States for capital Investments has increased:** This reflects the true spirit of a federal structure.

**Digital India:** Government initiatives like issuing digital currency, Digital University, emphasis on digital banking, auctioning 5G spectrum, building optical fibre network, etc will improve efficiency and lead to generation of employment in the services sector.

It also puts emphasis on urban planning and development, as 50% of India’s population lives in urban areas. This will improve quality of life.

### What the budget still missed to address?

**Healthcare** did not get the expected share of allocation. This is specially important as India has one of the lowest hospital infrastructures for its population.

While there is mention of light touch regulation for **AI, green energy and clean mobility**, there was need for more to accelerate growth in these sunrise sectors.

The budget also misses overcoming the shortfalls of the **Privatisation and asset monetisation initiatives** that under delivered, and reforms were expected to ensure that those get back on track.

The other sector, one of the largest employers of blue-collared workers, i.e. the real estate sector, was missing in terms of suitable incentives, especially when it is still recovering from the pandemic

Indian Diaspora had a long-standing demand that the OCI (Overseas Citizen of India) investments be treated at par with the resident investors, Budget could have used the diaspora as an additional economic engine if it fulfilled this demand.

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### 11. A takeaway is the good infrastructure push

**Source:** This post is based on the article “**A takeaway is the good infrastructure push**” published in **The Hindu**.

**News: Recently** Union Budget 2022-23 has been released which has focused on expanding capital expenditure.

The article discusses the projected growth, revenue, expenditure, debt and real growth.

#### **What is projected income growth?**

Budget has projected a nominal GDP growth estimate of 11.1% for 2022-23. The real GDP growth is estimated of 8% with an implicit price deflator (IPD)-based inflation of 2.9%. It will deliver nominal growth of 11.1%.

#### **But what could be real GDP?**

According to NSO, real GDP in 2021-22 will exceed marginally from 2019-20 level. In the second half of 2021-22, real GDP growth was only 5.6% without any base effects. But the IPD-based inflation will be relatively high in 2022-23.

The reason of high IPD- based inflation is high wholesale price index in the first half of 2022-23 due to high prices of global crude and primary products. Hence, the real GDP growth will be around 7%-7.5% in 2022-23 with nominal growth assumption of 13% and IPD-based inflation will be 5%.

#### **What is projected revenue and expenditure?**

**One**, the Centre's gross and net tax revenues are estimated to grow at 24.1% and 23.8%. However, the tax buoyancy has been reduced to 0.9. But the Centre's tax buoyancy will be higher than 0.9 due to digitization and formalization of the economy.

**Two**, the total expenditure will grow by 4.6%. But the revenue and capital expenditures will grow by 0.9% and 24.5% respectively. This structural change will increase output and act as employment multiplier.

#### **What is projected level of debt and fiscal deficit?**

As per Economic Survey for 2021-22, the general government debt relative to GDP is close to 90% at the end of 2021-22 and 2022-23. The debt-GDP ratio will increase in 2022-23 which will cover major part of the Government's revenue budget.

There will be reduction in fiscal deficit by 0.5% points and the target is to reach a level of 4.5% by 2025-26. This will result in reduction of 0.63% points in fiscal deficit per year in the next three years.

#### **What are the other changes made in Budget 2022?**

**One**, it incentivized States to expand capital expenditures by permitting a fiscal deficit limit of 4% of GDP. 0.5% is marked for expanding power infrastructure. Also, ₹1 lakh-crore has been allocated to States for capital expenditure in 2022-23 as 50-year interest-free loans.



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**Two**, subsidies are reduced to 1.2% of GDP in 2022-23 from 1.9% in 2021-22 to reduce the burden of interest payments which has gone up from 3.5% in 2021-22 to 3.6% in 2022-23. Interest payments are also rising due to increased borrowings from the market.

### What is the way forward?

**First**, there should be medium-term assessment of the National Infrastructure Pipeline (NIP) to indicate the sectors of deficient investment to increase transparency.

**Second**, Fiscal Responsibility and Budget Management (FRBM) Act should be re-examined to give the sustainable levels of debt and fiscal deficit and the adjustment path given the high debt-GDP levels.

**Third**, there is need to correct the under-assessment of tax buoyancy and nominal GDP growth assumption. It will increase fiscal space for raising expenditure

### Great On Growth, Not on Jobs

**Source:** This post is based on the article “Great on Growth, Not on Jobs” and “Short, Sharp & Smart” published in **Time of India**

**News:** Recently Union Budget 2022-23 has been released.

The article discusses the wise choices made in the budget along with challenges still existing to be resolved.

### What are the excellent strategies seen in the Budget 2022-23?

**One**, the finance minister has avoided populist measure and focused on increasing public investment.

Government capital expenditure is expected to grow by 35% and interest-free loans will be given to states for capex spending.

It will increase private investment and build a base for strong growth in the future. Also, the twin balance sheet problem is on path of recovery and banks are ready to lend.

It will help in achieving virtuous growth cycle. To further encourage private investment, the Budget has offered stability in the direct tax regime.

It is done even when there is risk of high inflation because Inflation is mostly due to higher energy and commodity prices and the government has very less control over these factors.

**Two**, Budget 2022-23 has also focused on soft infrastructure. It will help in building trust, reducing cost of business and becoming a part of the world's China+1 strategy.

**Three**, Budget has imposed 30 % tax on income from trading in virtual digital assets. RBI will also come out with an e-rupee, a digital version of the paper currency next year.

Finance minister has also said that 30% tax on digital assets doesn't mean legalizing them. But the Budget has made the first move towards accepting the reality of crypto assets. This will give time to crypto asset holders to adjust their portfolios.

**Four**, Finance minister has acknowledged that economic recovery is uneven. Hence, extended credit guarantee for MSMEs.



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### How has the government planned to finance the increased capex?

**First**, nominal GDP is expected to grow 11.1% in 2022-23 which will increase gross tax revenue by 9.6% and the total expenditure is budgeted to increase by only 4.6%. Hence, huge capex can be funded by increased tax revenue.

**Second**, the food subsidy and MGNREGA allocation have been lowered by about Rs 1.05 lakh crore. Also, spending on vaccines and Air India will fall in 2022-23. These steps will free up resources.

### What are the challenges existing for the Indian economy?

**First**, the major issue is joblessness and pandemic has added to it. For instance, nearly 10 million jobs have been lost due to growth slowdown and the shift in activity from the labour-intensive informal sector to the capital-intensive formal sector.

India is in need of huge numbers of jobs that can be fulfilled by MSMEs. MSME sector is job-intensive but Budget has nothing new for this sector except continuing the existing guarantee schemes.

**Second**, other major issue is fiscal deficit. It is 6.9% of GDP this year and it has to decline to 6.4% by next year. Budget 2022-23 has committed to bring it down to 4.5% of GDP by 2025-26. But it has not given the path and steps that will be taken to achieve that target. This would have enhanced credibility and reduced government's cost of borrowing.

**Third**, people who want to shift to virtual transaction have already shifted to UPI-based fast payment systems. Hence, there are doubts about success of e-rupee.

**Fourth**, if inflation will rise, retail fuel prices will start rising again and RBI's MPC will increase rates. But any sharp rate hikes will affect growth without bringing down cost-push inflation.

### What is the way forward?

PLI incentives can be linked to job creation. Government should not follow protectionist policies and import tariffs should be reduced to make export sector competitive as it creates jobs.

## 12. Creating jobs by increasing Capex

**Source:** This post is based on the article “**Creating jobs by increasing Capex**” published in **The Hindu**.

**News:** Recent budget has put a lot of attention into enhancing capital expenditure. It is due to the huge potential of capex to generate employment.

### What is the employment scenario in India?

**Employment to population ratio:** According to data from ILO, India's employment to population (over the age of 15) ratio has steadily dropped from 55% in 2005 to 43% in 2020. This was much lower than in other neighbouring countries like 52% in Bangladesh, 63% in China and 73% in Vietnam.

**Female labour force participation:** Women form just 20% of India's workforce, while they comprise between 30% and 70% of the workforce in the other three countries.

### What is capex and its multiplier effect?

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Read [here](#).

### What are the provisions in recent budget regarding capital expenditure?

Read [here](#).

### What are other positive trends in the budget which can help in generating employment?

Centre's revenue receipts of the current fiscal year 2021-22 (FY22) are going to reach the full year target in just nine months.

This has been possible due to **higher income tax and Goods and Services Tax (GST)** collections, increased **formalisation** of the economy, **conservative Budget projections** of last year.

A sustained momentum in tax collections will provide **an additional degree of fiscal policy freedom to the government** to foster domestic jobs and output.

### What are the challenges that can arise?

Not all the headline capital expenditure is indicative of fresh greenfield investments. Some of it comes from the disinvestment.

**Higher fiscal deficit:** Thrust on capital expenditure has resulted in notably higher fiscal deficit numbers than expected, which can raise the risk of inflation, higher current account deficits, and also be a threat to financial stability.

### What is the way forward?

There is a visible thrust on hard capital expenditure. However, spending towards critical areas such as education, healthcare and urban infrastructure is equally important.

**Execution risks:** Although the budget has provided ample funds for the infrastructure thrust. It is up to the entire administration – Central, State, and local – to ensure that the funds are utilised in a timely fashion, and result in delivery of world-class infrastructure.

For this it is **significant to maintain ease of doing business**, especially around key areas such as land acquisition, contract enforcement, and policy stability.

For more about challenges, read [here](#).

### 13. The Budget has ignored the poor

**Source:** This post is based on the article “**The Budget has ignored the poor**” published in **The Indian express** on 3rd Feb 2022.

**News:** The 2022-23 Union Budget was presented in the backdrop of acute unemployment, growing poverty, burgeoning wealth and income inequalities, and accelerating inflation which affect the poor disproportionately.

However, the recent budget falls short of addressing these concerns.

### Where is the current budget lacking in addressing the problems of the poor?

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**Not enough government expenditure:** Although the budget shows a rise in capital expenditure, but the rise is just 4.6 per cent which is even lower than the inflation rate. This means that the government expenditure as a proportion of GDP will decline, and this will have a dampening effect on the economy.

**Decline in allocation of MGNREGA:** As expansion of increased allocation takes time, and delayed wage payment can discourage demand. It is essential that any increase in allocation in such a demand-driven scheme takes place in the budget itself.

**Fuel prices:** Oil price is set to increase for consumers because of the additional excise duty.

### Why the current fiscal policy strategy may not serve the needs of the poor?

The government has **reduced corporate tax** and is also **not introducing wealth tax**, which is sharp contrast to fiscal policy followed in other countries.

For example, USA is spending more on welfare schemes, by resorting to heavier corporate taxation. For this, it has even negotiated an internationally-agreed minimum corporate tax rate to prevent corporates from parking profits in tax havens.

This policy may lead to **recession**. As **raising fuel taxes** raises prices in general and since the money incomes of the working people do not increase in parallel to it, there is **a reduction in real demand, and hence a recession**.

Due to this recession, **private corporate investment** that was supposed to increase in lieu of decreased corporate taxation, **actually will decrease**.

### What conditions demand a change in fiscal policy?

**Internal scenario:** Although there was some recovery that had occurred in 2021-22 relative to 2019-20, but it did not affect real consumption expenditure, which continues to be below its 2019-20 level.

Unutilized capacity in the consumer goods sector has increased, which means that investment will come down, and its multiplier effects on consumption will make it shrink further.

**External scenario:** The oil price is on the rise and this will prompt the government to pass on the higher import price to the consumers for fear of losing revenue, which will only exacerbate domestic inflation.

The near-zero interest rate policy pursued in the US is coming to an end because of the acceleration of inflation there. This threatens a depreciation in the external value of the rupee. It will further add to the rate of inflation in the Indian economy and higher rupee prices of imported oil.

## 14. Regarding the budget: 4 Choices, No Free Lunch

**Source:** This post is based on the article “**4 Choices, No Free Lunch**” published in **Times of India** on **4th January 2022**.

**News:** The government has followed a capital expenditure strategy in the recent budget, but there are certain questions associated with the government’s strategy.

### What is the dilemma the government is facing?

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On the one hand, the economy still needs fiscal support to drive growth and employment. On the other hand, the global backdrop has become much more risky. For instance, the Fed is set to deliver a series of rate hikes in 2022 (already spilling over into Indian bond yields) and crude prices are close to \$90. In addition, public debt/GDP has climbed towards 90% and the current account deficit has widened past 2% of GDP.

**Must read:** [Explained: Significance of US Federal Reserves rate cut and its impact on India](#)

### How did the budget support growth while consolidating the deficit?

The Budget pegs this year's deficit at 6.9% of GDP. If Govt introduced more growth, the fiscal deficit will widen. But this is not the case because

- The Government introduced a fiscal impulse of up to 3.1% of GDP last year. But this year the government has planned to withdraw subsidies up to 1.6% this year.
- The government has automatic stabilisers in the form of higher-than-expected direct tax collections.

Hence, the Fiscal consolidation in FY 2023 will be more modest at 0.2% of GDP, due to withdrawal of significant stimulus packages.

### The debate of income support versus capital expenditure tradeoff

Components of demand (private consumption and investment) will take time to recover, some sectors got severely hit because of the pandemic. Only a perceived increase in permanent income (ie a job) can induce households to spend. Introducing employment is therefore absolutely key to livelihoods and future consumption prospects. So, the capital expenditure will provide the required benefits.

**Must Read:** [What is the core strategy adopted by the Union Budget 2022-23?](#)

### How does the budget facilitate the creation of fiscal buffers?

Every budget will focus on creating a buffer against global and domestic shocks, either by ex-ante (before the shock) or by ex-post (after the shock).

In the present budget, the government decided to work on ex-ante. This is done by conservative tax accounting for next year. According to the budget, the Tax buoyancy is pegged at just 0.4 next year vis-à-vis an expected outturn of 1.8 this year. Hence, the tax collections are likely to exceed budgeted targets, with a buoyancy of 1 delivering an extra 0.5% of GDP to the Centre.

This fiscal buffer will be used to deal with shocks. e.g. If oil surges, excise duties can be cut, if fertilizer prices remain high, its subsidy allocation can be increased.

**Read here:** [Union Budget 2022-23: Highlights and Concerns - Explained, pointwise](#)

### What should be done to facilitate near-term growth and simultaneously preserve medium-term stability?

The long term stability has been managed by capital expenditure and job creation. To bring short term stability, the government has introduced various borrowing programmes. It is now the time for RBI to ramp up monetary policy parallelly to balance the fiscal policy of the government by normalising the inflation rates.



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### 15. Fiscal management during a pandemic

**Source:** This post is based on the article “**Fiscal management during a pandemic**” published in **Indian express**.

**News:** India’s actual growth performance for the fiscal years 2020-21 and 2021-22 was above the projections made by the Finance commission. Even for the fiscal year 2022-23, the economy is projected to grow at 11% (*at current prices*) compared to 9.5% projected by the Commission.

#### What is the effect of this improved growth performance?

Higher growth performance is also reflected in higher revenue mobilisation, thus creating fiscal space for higher spending. Govt has also introduced higher capital expenditure as a way to generate demand and employment in the economy.

#### Why Government’s decision to improve allocation for capital expenditure is perfectly timed?

It is very **imperative that government makes capital investment** in such uncertain times to achieve a strong and sustainable recovery from the pandemic, specially when **private and household investments have been negatively affected by the pandemic**.

However, as two-thirds of the general government’s capital expenditure is undertaken by states, so the announcement of the Rs 1 lakh crore interest-free loans to the states to increase public investment has been a significant step.

#### How this increased allocation to states will be helpful for the economy?

Since in the year 2021-22, many states had reported revenue deficit in their accounts, this loan facility can **prevent the risk of reduction in capital expenditure** at the state level.

Also, since it is meant for capital spending, it **cannot be diverted to finance revenue deficit** and thus has the potential to augment capital spending at the state level and thereby the overall capital spending in the country.

Effective utilization of this facility to states will also be critical for **higher public investment**.

#### What has been the scenario on the revenue side of the budget?

Although there has been an **increase in taxes** in both the 2020-21 (the first year of the pandemic) and 2022-23, but **revenue deficit continues to be more than 55% of the fiscal deficit**.

This needs to be kept in consideration while deciding for revenue expenditure, that is, interest payments and allocation under various centrally sponsored and central sector schemes.

It is also important to consider central sector scheme (CSS) especially when it is contributing to the high revenue deficit of the central government and binding state resources for matching contribution, thereby increasing states’ deficit.

#### What should be government’s stance on fiscal consolidation to ease this deficit?

Although the fiscal deficit for the year 2022-23 is higher than what was recommended by the Fifteenth Finance Commission, but it still is on the decline.



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Government should focus on the direction of fiscal consolidation rather than a specific reduction, especially in an unprecedented time like these.

### **16. A bigger, not better, defence budget**

**Source:** This post is based on the article “**A bigger, not better, defence budget**” published in **Business Standard**.

**News:** Even as the total allocation for defence under the current budget has increased, it has fallen as a percentage of GDP.

#### **About the recent budget allocation in the defence sector**

The government allocated Rs 5.25 trillion to the Ministry of Defence, out of the total government outlay of Rs 39.45 trillion. This accounts for 13.31% of total government spending.

**Navy:** Among these, the Navy received a significant rise in its capital allocation. The navy’s capital budget has been enhanced by about 43 % in comparison to FY 2021-22 to FY 2022-23. It will be used for the acquisition of new platforms, like six [air-independent propulsion \(AIP\)](#), a second indigenous aircraft carrier (IAC-2), 57 twin-engine deck-based fighters (TEDBFs), etc.

**Coastal Security:** The capital budget of the Indian Coast Guard has been enhanced by over 60% in FY 2022-23.

**Border Roads Organisation (BRO):** The capital budget of the BRO has been augmented by 40% from the current year to FY 2022-23.

**Defence Research & Development Organisation (DRDO):** The DRDO’s capital budget allocation is up by 5.3%. This denotes a limited boost to indigenous R&D projects.

#### **Why the defence allocation under Budget 2022-23 is not enough?**

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### ANNUAL DEFENCE ALLOCATIONS

Figures in ₹ crore

	2020-21 (Actual)	2021-22 (RE)	2022-23 (BE)
<b>Total revenue allocation</b>	217,703	240,419	245,353
<b>Capital allocation</b>			
Army*	29,389	28,877	35,515
Navy**	44,170	49,258	51,837
Air Force	58,138	51,831	55,587
DRDO <sup>#</sup>	7,838	11,275	13,367
OFB	377	4,347	3,765
"Make" projects	70	–	–
<b>Total capital allocation</b>	<b>139,982</b>	<b>145,588</b>	<b>160,071</b>
Total pension allocation	128,066	116,878	119,696
Total defence budget	485,751	502,885	525,120
Central government spending	3,509,836	3,770,000	3,944,909
Percentage of govt spending	13.8%	13.35%	13.31%
Total GDP	22,489,420	23,214,703	25,800,000
Percentage of GDP	2.4%	2.16%	2.03%

\*Includes Border Roads, J&K Light Infantry, Rashtriya Rifles and NCC

\*\*Includes budget for Coast Guard

<sup>#</sup>Including budget for Quality Assurance

**First,** The present allocation is the lowest in percentage terms since the 1950s. Also, as a percentage of GDP, the defence allocation amounted to just 2.03%. This is a reason of concern, especially in times when China claims many parts of Indian territory as their own.

**Second,** India is focusing on military modernisation and border infrastructure development for its national security. There has been a 76% rise in the defence capital outlay from 2013-14 to 2022-23. Although it seems like a healthy growth rate, it actually amounts to less than 5 %, compounded annually.

**Third,** seven new defence public sector undertakings(DPSUs) were incorporated under the defence ministry after the dissolution of the [Ordnance Factory Board \(OFB\)](#). They require a huge sum for their planned modernisation.

**Read here:** [PM launches 7 defence PSUs carved out of OFB](#)

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### 17. **A budget that overlooks real needs**

**Source:** This post is based on the article “**A budget that overlooks real needs**” published in **Indian express**.

**News:** The recently presented budget has digital technology at its core. It focusses on providing important services like education, health, employment to even the remotest corners of the country with the help of digital initiative.

However, there are apprehensions that this may not be appropriate to solve the pressing issue of rural India

#### **What are the issues in rural India?**

Rural India has many complex structural problems like **caste-class skewed distribution of land and natural resources, inadequate public institutions** of health and education, persisting problems of **malnutrition** etc.

#### **Why the current budget's vision is not sufficient to solve problems of rural India?**

There has been a failure to see that the basic services of health and education cannot be met via technology. Health and education in rural areas require **brick-and-mortar institutions, with qualified personnel** to cater to health and learning needs.

The pressing issue of unemployment should be addressed by the creation of learning, skilling and employment opportunities for rural natural resource restoration, agricultural as these form part of the rural service economy. This will be **beneficial for both employment generation and strengthening biodiversity**.

Apart from this, the economic survey proposes a shift from the previous dominant “**waterfall**” (or detailed study) approach to an “**agile**” **approach** for policy implementation.

#### **How is the current approach different from the previous one?**

The agile approach is based on “**feedback loops**” and “**high frequency indicators**” related to **data** from GST collections, power consumption, mobility, digital payments, satellite imagery, toll collections etc. are drawn on to make budgetary allocations and plans.

### 18. **Budget disappoints on healthcare**

**Source:** This post is based on the article “**Budget disappoints on healthcare**” published in **Indian express**.

**News:** Recently unveiled budget proposes many initiatives for health sector like digitally managed health ecosystem and provisions for mental health.

But, many expectations for the health sector remain unfulfilled.

#### **What are the limitation in current budget's approach towards health sector?**

Budget's emphasis on **Digital technology** could be a game-changer, but only if the facility, doctors, patients, and systems work in tandem.

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**Problem with excessive reliance on digital ecosystem:** When it comes to Covid vaccinations, the digital platform has been a runaway success, primarily due to the COWIN platform. It was simple, and the citizen could choose between public and private facilities.

However, management of hospital beds across the country is a different story. Nearly 95% of them are operated by small hospitals or nursing homes. The setting up of a **National Digital Ecosystem** which “will maintain digital registries of health providers and health facilities,” is a positive move but needs elaboration on how it will manage to include these private facilities.

Also there are apprehensions regarding the **consent and compliance cost** in maintaining such a database.

**Mental healthcare:** Although inclusion of this subject in budget makes society aware that such conditions can afflict anyone, but the disease can be treated, and patients should not be stigmatised.

Also, the budget speech did not mention if the mental health strategy will focus on all psychological problems or only those that have arisen in the wake of Covid.

Also, many mental health conditions encompass disorders that are **not suited to teleconsultation**, which is at the core of digital health strategy envisaged in this budget.

### What is the way forward?

There is need to substantially **raise the overall budgetary contribution** to the health sector. It is currently set at **1.8% of the GDP** and the push in the budget appears very small.

During the pandemic, the **unorganised middle class** was caught without adequate (or even any) **health insurance**. There is need for some provisions for supporting this lower end of the “missing middle”.

Ayushman Bharat should be expanded **to cover the outpatient costs faced by the poor**. The Economic Survey has recognised that such expenditure is huge.

There is need to address the **crisis of non-communicable diseases** — hypertension, diabetes, and cardiovascular diseases. They can be addressed by the same strategy of fiscal measures, incentives, and disincentives that have reduced the incidences related to lethal consequences of smoking.

## 9 PM Compilation for the Month of February, 2022

GS3 – INDIAN ECONOMY – GOVT BUDGETING AND FISCAL POLICY

### Taxation and related issues

#### **19. A less taxing state**

**Source:** This post is based on the article “**A less taxing state**” published in **Times of India** on **4th Feb 2022**.

**News:** India has had a very high rate of tax litigation. Therefore, Government has recently announced that the overarching aim of direct tax policy reform is to move towards a simpler regime, without exemptions and low rates.

#### **What has been the status of tax litigation in the country?**

In 2014-15, about Rs 2.1 lakh crore had been under dispute for a duration between one and two years. By **2020-21**, it had increased more than threefold to **Rs 6.6 lakh crore**. This also **limits the tax collection**.

#### **How a simpler tax regime for corporate tax is helpful?**

Sovereign governments face limitations in setting tax rates on companies because capital is mobile. Therefore, a shift to a simpler tax regime will reduce the incidence of litigation and, thereby, attract more investment.

#### **How personal income tax can be made more appropriate as per the current economic situation?**

Around 75% of the returns filed are for income below Rs 5 lakh. Therefore it is important to reform this aspect of revenue collection as well.

The current **threshold for tax, which is Rs 2.5 lakh, needs to be indexed to inflation**. The current floor has been in place since July 2014. Inflation has effectively lowered the tax threshold over succeeding years. Linking it with inflation makes it fairer.

Also there is a need to decide a timeline when **everyone can be moved to a regime without exemptions** except the retirement savings, and also the **process of filing returns should be made more simple**.



## 9 PM Compilation for the Month of February, 2022

GS3 – INDIAN ECONOMY – TRADE AGREEMENTS: BITs, FTAs

### **FREE TRADE AGREEMENTS (FTAs)**

#### **20. Ink India-Britain free trade, unlock new opportunity**

**Source:** This post is based on the article “ **Ink India-Britain free trade, unlock new opportunity**” published in **The Hindu**.

**News:** Both India and UK are working together to build a strong relationship and to harness new opportunities.

**Read here:** [India UK Relations and its challenges – Explained, Pointwise](#)

#### **What are the new developments in the India UK relationship?**

- India and the UK also declared their ambition to more than double bilateral trade by 2030, which totalled over £23 billion in 2019.
- UK enables a greater number of Indian fisheries to export shrimp to the U.K.
- Unlocking the export of British apples to India
- Both countries aim to finish negotiations on a comprehensive and balanced FTA by the end of 2022.

#### **What is the present status of the business in both countries?**

**Companies:** Nearly 600 U.K. companies in India employed more than 3,20,000 people. Eg: Barclays has its biggest office outside of London in Pune, JCB's products manufactured in India are exported to over 110 countries across the globe, etc

**Investment:** India is a big investor in the U.K. especially in sectors like fintech, electric vehicles, and batteries. In 2020-21, India was the U.K.'s second-largest source of investment in terms of several projects. Recently, both Essar Group and Ola Electric announced investments into the U.K.

#### **How the FTA will help India-UK to grow business further?**

According to U.K. government analysis, an [Free Trade Agreement](#) would add around £14.8 billion to India and the UK GDP collectively by 2035. Trade deals can help diversify supply chains by making it easier and cheaper for more businesses to do business across borders. Lower barriers would also incentivize new small and medium-sized enterprises to export their goods and services.

#### **Artificial Intelligence and related issues**

#### **21. Artificial intelligence technologies have a climate cost**

**Source:** This post is based on the article “**Artificial intelligence technologies have a climate cost**” published in **The Indian express**.

**News:** Recent budget has described AI as **sunrise technology** that has the potential to assist sustainable development at scale and modernise the country.

While a large amount of focus is on achieving economic prosperity and global competitiveness with **AI**, **there is hardly any acknowledgement of the environmental cost associated with it.**

#### **What is the climate impact associated with increased use of AI?**

There will be a **lot of energy use in training and operating large AI models.**

This with increased demand of AI from developing countries to solve various socio-economic issues will only lead to growing share of AI in technology-linked emissions in the coming decades.

In 2020, **digital technologies accounted for** between **1.8% and 6.3% of global emissions.**

#### **What are the challenges in mitigating the environmental impact of AI?**

Although international organisations like UNESCO and Big tech companies like Amazon, Alphabet, Microsoft, etc have taken steps to overcome this issue, but they are not sufficient.

Apart from this, the major challenge is **inequity in the AI space**. That is, few developed economies possess certain material advantages right from the start, and they also set the global rules. They have an advantage in research and development, and possess a skilled workforce as well as wealth to invest in.

This inequity is visible in the **difference in the tech adaptability** of government in developing and developed nations, and also **under-representation of developing countries** on international platforms discussing AI.

At the same time, the emerging challenge at the nexus of AI and climate change could deepen this inequity.

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

Developing countries like India should assess their technology-led growth priorities in the context of AI's climate costs. India should analyse how it can use AI sustainably in its **unique social and economic contexts.**

#### ISSUE OF FUGITIVE ECONOMIC OFFENDERS

#### **22. Show Me the Money – On Fugitive Economic Offenders**

**Source:** This post is based on the article “**Show Me the Money**” published in **Times of India**.

**News:** Recently, Supreme Court suggested halting criminal proceedings against economic fugitives, who are willing to repay the money they owe to lenders and others they defrauded.

This article discusses that government should revisit its current stance on fugitive economic offenders.

#### **What is the case?**

The co-accused in the Sterling Biotech fraud case has claimed that he had repaid a portion of the money and would repay the remaining amount. But he is looking for protection from prosecution and harassment by investigating agencies. But the CBI isn't willing to leave him because the law doesn't allow it to use discretion.

#### **Why SC's suggestions should be taken seriously?**

**One**, this will save resources like time, money, and effort of investigating agencies like ED and CBI who are trying to bring fugitives back from foreign jurisdictions. Also, the legal process on extradition is lengthy.

**Two**, the government has allowed investigating agencies to go after high-value offenders via the Fugitive Economic Offenders Act, 2018. The act allows quick seizure and sale of their assets. But such fugitives have assets in foreign countries, or they have Benami assets that are away from the eyes of agencies.

**Three**, the legal processes, paperwork, and evidence required in each country are different. However, the end goal of banks and investigating agencies is to recover the money, criminalization will make the process more complex.

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

**First**, the government can explore option of imposing monetary penalties. For example, SEBI imposes a monetary penalty on insider trading. It helps in avoiding costly litigation and also penalizes violators.

**Second**, adopt US's plea-bargaining method. It is also known as a deferred prosecution agreement. This helps in avoiding criminal prosecution of company executives in place of fines and compliance monitoring in a court-approved deal.

GS3 – ENVIRONMENT – CLIMATE CHANGE

### **Decarbonization of public transport**

#### **23. INDIA'S Quest to Decarbonize Transport**

**Source:** This post is based on the article “**INSIDE INDIA'S QUEST TO DECARBONIZE TRANSPORT**” published in **Live Mint on 3<sup>rd</sup> Feb 2022**.

**News:** India has recently committed to achieving net-zero emissions by 2070 and public transport is one of the largest emitters.

This article discusses **the Opex model of Ahmedabad** and the challenges that exist while modernizing urban transport.

#### **How did Ahmedabad modernize its transport system?**

Ahmedabad introduced an **operational expenditure (opex) model** in 2007. The municipality purchased bus services for an annual fee from private contractors and linked it to per kilometer run per bus per day. It improved frequency and reduced fares.

Also, in 2019, Ahmedabad Janmarg Ltd, started an experiment to make it the first Indian city that will electrify its entire bus fleet.

#### **Why opex model is beneficial?**

Offering public transit with electric buses under the opex model is cheaper than owning a fleet that uses internal combustion engines. Gujarat is now replicating this model in Surat and Rajkot by offering viability gap funding to its municipalities.

#### **What is the issue with other cities?**

Other city corporations have not modernized due to inadequate policy, lack of innovative vehicle models and deficiencies in financing.

Also, the rate of private ownership is low and over 90% of Indians rely on state-run vehicles, private vehicles, and shared mobility like scooters, taxi cabs, and rickshaws, to commute.

#### **Why public transit needs to be modernized?**

**First**, the transport sector is the third-biggest emitter of greenhouse gases in India and has tripled its carbon emissions over the three decades.

**Second**, India's urban population is expected to double by 2050. Hence, public transport has to improve its efficiency to reduce its emissions.

**Third**, India has also pledged to cut total carbon emission by 1 billion tonnes and reduce the carbon intensity by less than 45% by 2030 at the COP26 summit. Hence, it needs to promote electric vehicles (EV) quickly.

**Four**, current EV penetration is less than 1% and the government's EV 30@30 campaign aims to achieve the target of 30% electric vehicle auto sales by 2030. Hence, the focus should be on expanding existing capacity.

#### **What are the existing challenges?**

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**One**, only about half of Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India (FAME) subsidies were used in three years. In April 2019, FAME II was launched, but only 215,000 vehicles have been approved under both schemes so far.

**Two**, the current policy is designed to primarily benefit two-wheeler sales and the public transport segment (three-wheelers and buses).

**Three**, the FAME subsidy is similar to opex model and only applies under a gross cost contract basis. But most municipal-run transport services are unfamiliar with it. Also, there is a delay for states in issuing tenders for e-buses.

Furthermore, due to the lack of standardized concession agreements, the private sectors are reluctant to sign as counterparties. For instance, Delhi had issued a tender for 1,000 buses, which was later canceled.

**Four**, another major challenge is demand aggregation. Bus companies want to be promised at least 70,000 km per year. But in congested cities, it's hard to offer such long routes. The maximum that's possible is 160-170 km a day, but in that case, the bid prices go up and municipalities can't afford it.

**Five**, India's EV policy is scattered across different programs with no set annual targets. It allows the stock of new combustion engine vehicles to grow till 2029. Hence, Automakers aren't motivated to set up new production lines.

For instance, Clean Energy Ministerial 30@30 initiative lacks concrete sales targets. Also, FAME II ends in 2024 and after that, there is no clear roadmap.

**Six**, tenders move slowly due to the lack of manufacturing capacity and that is why charging depots aren't set up fast enough.

### What is the way forward?

**First**, State and city transport should replace ageing bus fleets with buses that run on clean energy.

**Second**, the Niti Aayog has recommended creating escrow accounts to prioritize payment of services from fares collected to the private contractor to make tenders pick up faster.

**Three**, the easy way out is low-carbon shared mobility. For instance, Delhi's battery-powered rickshaws are offering last-mile mobility. Another example is BluSmart Mobility, which started in 2019 and has about 40,000 unique users on a monthly basis today. There is no surge pricing with a zero-cancellation policy.



GS3 – ENVIRONMENT – CLIMATE CHANGE

### **Indian monsoon and related issues**

#### **24. Frequent marine heatwaves in Indian Ocean disrupt India's monsoon pattern**

**Source:** This post is based on the article “**Frequent marine heatwaves in Indian Ocean disrupt India's monsoon pattern**” published in **Down to earth**.

**News:** A phenomenon called Marine heat waves (MHW) have increased significantly in the past few decades in the Indian Ocean region. This is also impacting the Indian monsoon.

#### **What are marine heatwaves and why they occur?**

These are **periods of increased temperatures** over seas and oceans.

They are caused by an **increase in the heat content of oceans**, especially in the upper layers.

Marine heat waves are one of the **major result of human-induced global warming**, as around 90% of the warming caused by greenhouse gas emissions is absorbed by the oceans.

#### **What is the impact on the oceans?**

These events cause **habitat destruction** due to coral bleaching, seagrass destruction and loss of kelp forests, affecting the fisheries sector adversely.

An underwater survey showed 85% of corals in the **Gulf of Mannar** near the Tamil Nadu coast got bleached after the marine heatwave in 2020.

#### **How are they impacting the Indian monsoon?**

The recent increase in marine heat waves in the Indian Ocean was **due to rapid warming and strong El Niño events**.

In the Indian Ocean, the worst-affected area was its western part and northern Bay of Bengal. This **reduces the monsoon rainfall over central India** while **increasing rainfall over the southern peninsular area**.

Climate model projections suggest further warming of the Indian Ocean in the future, which will very likely intensify the marine heatwaves and their impact on the monsoon rainfall.

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

It is important to update current weather models to skilfully predict the challenges presented by a warming world and also enhance ocean observational arrays to monitor these events accurately.

### **FINANCIAL INCLUSION AND RELATED ISSUES**

#### **25. Financial inclusion is integral to holistic development**

**Source:** This post is based on the article “Financial inclusion is integral to holistic development” published in Live mint.

**News:** India is working on the path to achieving the motto of “**Sabka Saath, Sabka Vikas, Sabka Vishwas**“, a vision enshrined by the Prime Minister of India. Recently budget also shows that the government is focused on boosting financial inclusion.

**Read here:** [Financial Inclusion and challenges associated with it](#)

#### **What steps does government initiate to achieve financial inclusion?**

**Financial system:** Reserve Bank of India has constituted [an innovation hub](#) to address the challenges of financial inclusion and efficient banking. The government took the initiative to resolve stressed assets worth ₹2 trillion via the [National Asset Reconstruction Company \(NARCL\)](#).

The government also introduces various steps to strengthen the financial system. e.g. An asset-quality review in 2021, reported that the gross [non-performing assets \(NPAs\)](#) of public sector banks had decreased by 31.2%. The reforms launched under this government have helped recover about ₹5 trillion from financial defaulters.

**Read here:** [RBI chalks out financial inclusion strategy for 2024](#)

**Expanding the banking system:** In the recent budget, the government announced to bring 100% of India’s 150,000 post offices into the core banking system. The government has also provided infrastructure and policy support for the fintech sector to prosper. India has witnessed a 72% rise in the number of digital payments processed in 2021 over 2020.

The government has also launched bank mobile vans. It helps provide banking and ATM services to spread financial awareness and educate people

**Schemes:** The government introduced [JAM Trinity](#), to increase financial inclusion and reduce leakages. In 2020-21, ₹2.1 trillion was sent directly to people’s accounts under various schemes such as the [Mahatma Gandhi National Rural Employment Guarantee Act](#), the public distribution system, [Pradhan Mantri Awas Yojana](#), and others.

**Read here:** [JAM: Scheme for social and economic inclusion](#)

#### **Impact of climate change on agriculture**

#### **26. In 60 years, climate change took seven years of agri-productivity growth**

**Source:** This post is based on the article “In 60 years, climate change took seven years of agri-productivity growth” and “India has fabulous plant diversity — we venerate life-giving plants” published in Times of India.

**News:** Recently, Ariel Ortiz-Bobea who is an economist discussed his research findings about climate change and its impact on agricultural productivity with Times Evoke.

This article discusses the rich plant diversity in India, its significance and impact of climate change on Agri-productivity.

#### **What is the significance of plants in India?**

**One,** India has rich plant diversity and has two of the world’s biodiversity hotspots in the Western Ghats and the eastern Himalayas. Then there is Eastern Ghats, the central Indian forests, the western Himalayas, deserts, wetlands and mangrove forests. Each region has its own kinds of plants, and it holds 11% of the world’s flora.

**Two,** plants have special place in Indian culture. For example, in Biligiri Rangaswamy Tiger Reserve (Karnataka), the Soliga tribe has a ‘dodda sampige mara’, a huge champak tree. It is believed that this tree is 2,000 years old. On the request of locals, a highway was adjusted to prevent the damage to the tree. Villagers have also built a small temple within the tree.

#### **How climate change is impacting economy and agriculture?**

**First,** each plant has its own environmental range or the temperature, humidity and soil within which it grows. Climate change is making the higher parts warmer. New plant varieties can be grown there but many traditional crops can no longer be grown.

**Second,** forests are growing drier with more frequent forest fires. It is increasing opportunities for invasive plant species like thorny lantana which makes the forest dry and crowd out productive plants. This has implication on food chain as well.

For example, animals have to come out of forest in search of food. In Bannerghata National Park, many farmers have started growing non-food crops like eucalyptus as animals seek food crops to eat. But such nonfood crops are water-hungry, increase soil pollution and do not supply food to animals as well.

**Third,** increased warming lowers the agricultural productivity and to produce the same outputs, more inputs are required. The impact is more on countries lying near the equator than temperate regions, which also.

**Fourth,** agriculture is more sensitive to high temperatures and this increase the slowdown effect. That is why there is need of more investment to build resilience.

**Fifth,** climate change has serious implication on global food production and their prices. Hence it also impacts food security and employment.

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For instance, climate change will reduce food supply and hence food prices will rise. Farmers will try to grow more but increasing inputs to grow more means more fertilizers, more soil pollution and deforestation.

### What is the way forward?

**First**, there is need to protect plant from dangers. For instance, slum inhabitants in Bengaluru live in tin shacks but plant saplings in old paint buckets.

**Second**, there has to be more investments in research to find a sustainable way to boost agriculture by increasing efficiency.

**Third**, the problem of climate change requires systemic change. India should take steps to increase water use efficiency and rethink the current water pricing, which encourage more use of water than needed.

### GS3 – ENVIRONMENT – BIODIVERSITY AND CONSERVATION

#### **ENVIRONMENT IMPACT ASSESSMENT AND RELATED ISSUES**

#### **27. Our broken system of clearances**

**Source: This post is based on the article “Our broken system of clearances” published in Business Standard.**

**News:** Recently, the Union Ministry of Environment, Forest, and Climate Change has said that it will rank the state environmental impact assessment authorities based on the speed at which environmental approvals are given.

#### **What is the issue with such ranking?**

[Read Here](#)

#### **How the EIA process of assessment has been systematically destroyed over the years?**

Environmental impact assessment (EIA) started in 1994. The development projects were few at that time and the process remained unchallenged. During the 2000s, building projects due to their huge environmental footprints were also included in the system of scrutiny.

But the problem was that the system was not upgraded to handle the huge volume of “building” projects, which led to delays, high transaction costs, and corruption.

That’s why **in 2006**, the ministry **decentralized the process** and outsourced the work to states by setting up the state environmental impact assessment authorities. Different Categories were created, but there were overlaps and discretion. Hence, the quality of scrutiny did not improve.

#### **What is the issues with EIA exercise?**

First, the project proposer pays the consultants to do the EIA.

The terms of reference (ToR) are approved by the Central or state environmental impact assessment authority. Category A projects come to the Centre and Category B projects go to the

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state. Then, the state authority decides if it is B1 (projects requiring detailed assessments) or B2 (that do not require detailed assessments).

The committee can approve the ToR, ask for more information, or reject it. The draft EIA is then put out for public consultation. A detailed process is in place for holding the public hearing. Then, the appraisal committee has to scrutinize the draft, ask for more information and accept it with conditions or reject it.

### **Why EIA has become a useless exercise?**

**One**, projects are rarely rejected. Between July 2015 and August 2020, out of the 3,100 projects submitted, only 3 per cent were not recommended.

Also, these projects proposers can come again with more information. The committees “clear” the project, and to protect themselves they put some conditions that are never monitored.

**Two**, the committees are not held responsible for the quality of decisions after clearance. The monitoring is left to the understaffed regional offices of the ministry.

**Three**, state pollution control boards are not empowered to monitor impacts because clearance is done under the Environmental Protection Act and not under the laws governing air or water. Hence, there is duplication and lack of scrutiny.

### **28. About Green clearances: The missing green**

**Source-**This post is based on the article “The missing green” published in Indian Express.

**News:** For many years, many environmentalists have raised the apprehension that a large number of infrastructure projects in the country are implemented without mandatory due diligence. They often complain of irregularities in green clearances. There have also been reports that mega initiatives proposed in the country in the last 15 years have failed to fulfil their green commitments.

### **What are the reasons for ineffective environmental protection in the country?**

The Public hearing requirement in the [Environmental Impact Assessment](#) notification was diluted.

There is an **absence of an effective mechanism** to ensure environmental compliance. This is due to reasons like lack of manpower in the Ministry of Environment and Forests, state pollution control boards and environmental tribunals.

Governments at the Centre and states have been relying on procedures such as **post-facto clearances** instead of strengthening the monitoring mechanism. This is despite the supreme court in 2020 calling the practice of allowing project developers to report a violation retrospectively as “a derogation of the fundamental principle of environmental jurisprudence”.

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



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Sites of developmental projects are often located in **ecologically fragile zones**. As India strives to grow into a \$5-trillion economy, which will involve rapid infrastructural development, the government needs to ensure that such prosperity doesn't come at the cost of the environment. This can be done by providing **autonomy to institutions** mandated to protect the environment. As green clearance will require a strong foundation of **strong checks and balances**.

### 29. Consolidate clearances-4 steps for effective green clearances

**Source: This post is based on the article "Consolidate clearances-4 steps for effective green clearances" published in Down to earth.**

**News:** Environmental Clearance to various developmental projects has been at the core of Environment- development debate.

However, both Environment and development are not the two different ends of a spectrum and can definitely coexist if some changes are made to our green clearance policy.

#### What will make the system more effective?

There is a need to **consolidate all clearances** — environment, forests, wildlife and coastal — so that the environmental impact assessment (EIA) is comprehensive.

– The process of **public assessment must be deepened**. Going forward, the mandatory videography of the public hearing should be livestreamed. The committee assessing the project must be held to account that it has taken these concerns on board.

– It is also necessary to **review the role of the environmental assessment committees** — at the Centre and at the state. These committees are the weakest link in this process, as they are faceless and are not responsible for the compliance or monitoring of the project.

An alternative to these committees is that the process of assessment and monitoring be done by the central and state environment departments, comprising experts.

– The most important step would be to **greatly strengthen the process of monitoring the project after the clearance has been given**. For this, there is a need to integrate the functioning of all agencies — from state pollution control boards to the coastal- and forest-related institutions. Currently, there are many agencies and yet enforcement is weak.

– Also, it is to be ensured that the **baseline data about the project is credible and publicly available**. For this, the process of collecting updated information on different environmental parameters and on the ecological importance of the project site must be strengthened.

#### What is the way forward?

There is a need for a robust and **credible system of environmental scrutiny** to find the balance between environment and development.

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An effective system, working for environmental integrity, would ensure these happen, both in design and in implementation.

### 30. Big golden mahseer to small kudremukh barb, freshwater fish are richly diverse

**Source:** This post is based on the article “Big golden mahseer to small kudremukh barb, freshwater fish are richly diverse” published in Times of India on 12th Feb 2022.

**News:** In this article, Vidhyadhar Atkore while speaking to Times Evoke explained the river biodiversity and threat faced by it due to human interference. He has studied four major river basins, the Malaprabha, Mhadei, Tunga and Bhadra systems in Karnataka.

#### What are some significant findings?

**One,** the free-flowing riverine systems have nearly 50% more endemic fish species, compared to hydrologically modified systems which have more generalist species found across diverse habitats. **For instance,** the Tunga and Bhadra riverine structures are free-flowing, Mhadei and Malaprabha are highly disturbed in terms of the number of check dams built on them, the quality of the water, the degradation of vegetation along the river banks, etc.

**Two,** endemic and habitat specialist fish require certain conditions, like an ambient temperature, vegetation, etc. to survive. They can only find these in areas without disturbance or no check dams, water diversions and fishing pressure.

**Three,** dams act as a barrier and stand in the way of fish. It also impacts the composition of species found naturally. Mhadei and Malaprabha have many barrages leading to changes in water flow. Also, when the flow is disturbed by human activity, surface-dwelling fish are affected.

**Four,** human modifications of hydrology have enormous impacts on river sediments, vegetation and water surfaces. There are more insectivore species living in the Tunga and Bhadra regions due to more insects while the modified sites have more omnivorous and carnivorous fish.

**Five,** an entirely new fish was discovered which was named as Kudremukh barb. It swims along in the headwaters of the Tunga. Taxonomically, it is named as **Pethia striata**. It has remarkable colour, the male is in shaded red and the female is of grey color with unique cross-stripe pattern.

#### Why there is need of more research in the field of riverine ecosystem?

**First,** there is need to know the causes and consequences of the degradation of freshwater systems, due to anthropogenic pressures like illegal fishing, sand mining, hydropower dams, etc.

**Second,** the baseline data is essential to deepen the understanding of river biodiversity. Also, there is comparatively less ecological information on riverine systems. **For example,** the golden mahseer, a freshwater fish which is migratory in nature can weigh up to 55 kgs, but it is hard to find a fish of that size now.

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**Third**, freshwater riverine systems are linked to human wellbeing. Hence, there is need to read more about freshwater biodiversity to appreciate the huge variations of species, their extraordinary colours, abilities and migratory behaviour. It will also help in inspiring people to join campaigns for river cleaning.

### What is the way forward?

**First**, mitigations can help species. For instance, retaining undammed tributaries enables fish to recover.

**Second**, minimize plastic usage because it is a major threat which is affecting freshwater systems. Also, the removal of obsolete dams which is taking place worldwide to save freshwater species should be considered now.

**Third**, those who buy ornamental fish should not release them into streams. Because, this adversely impacts native fish.

GS3 – ENVIRONMENT – DISASTER MANAGEMENT
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GS3 – INDIAN ECONOMY – ECO SURVEY AND UNION BUDGET
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## GOVT BUDGETING AND DISASTER RESILIENCE

### UNION BUDGET 2022-23

#### 31. Why Union Budget 2022-23 falls short in addressing gaps to build disaster resilience

**Source:** This post is based on the article “Why Union Budget 2022-23 falls short in addressing gaps to build disaster resilience” published in the Down to Earth.

**News:** The budgetary allocations under relief on natural calamities and MGNREGA are not up to mark. This can affect India in building disaster resilience.

#### Why is the allocation provided under disaster resilience is not enough?

According to the [World Meteorological Organization's 'State of the Climate in Asia'](#) report, India lost Rs 65 lakh crore in 2020 alone because of tropical cyclones, floods, and droughts. But, still, the allocation under relief operations for natural calamities has been decreased to Rs 1,511.93 crore in 2022-23 from Rs 1,538.03 crores in 2021-22. The **ActionAid India recent citizens report**, also indicated that India needs more resources at ground level.

This allocation is not sufficient as between 1991 and 2021, India covered only 8% of the total losses and there is a protection gap of 92% during this period.

#### Why there is a need to review the disaster funds?

**First**, the list of items and norms of assistance from SDRF and [National Disaster Response Fund \(NDRF\)](#) for 2010-15 and 2015-20 is outdated, so needs to be revised.

**Second**, Some of the compensation listed in the norms is highly inadequate. For example, Under the 2015-20 guidelines, Rs 3,200 is given as compensation for partially damaged kuchcha

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houses and Rs 95,100 for fully damaged kuchcha houses. However, no one gets Rs 95,100 as compensation and Rs 3,200 is highly inadequate for restoring even a kutchcha house.

### What steps should the government adopt in its disaster relief activities?

- The state allocations for SDRF are not enough, so need to increase them.
- Need to bring **uniformity of compensation** across the country.
- Need to present **disaster-risk reduction (DRR)** component in all the departments which will help in prioritizing the life of people living in coastal regions, within 5 km of the sea, building disaster-resilient houses in for ecologically sensitive zones, etc.
- Government should **allocate financial resources** to formulate community-level disaster management plans. It should map the blocks and Gram Panchayats which are susceptible to disaster and fund them to operationalize their DRR plan.
- More focus should be on Vulnerable population groups such as women, children, elderly and disabled people.
- Allocation provided under National Coastal Mission and MoEFCC should be used to protect the livelihoods of fisherfolk and also the mangroves in the Sundarbans. The West Bengal government has already set up a mangrove resource centre to study and raise mangrove forests.

### What should be the way forward?

Achieving SDG 13 requires urgent actions to combat climate change. This requires reevaluating grant **infrastructure projects in ecologically fragile areas**. The focus should shift to villages, towns, and other locations in states which are affected by disasters every year.

There is a need to speed up **relief distribution and rehabilitation**, and also enhance compensation amounts. To add to this, disaster-resilient houses and social security safety nets should be built.

## GS3 – ENVIRONMENT – POLLUTION AND ITS ASPECTS

### WASTE MANAGEMENT

#### 32. E-fasting can minimize E-waste

**Source:** This post is based on the article “E-fasting can minimize E-waste” published in Down to earth.

**News:** Electronic (e-waste) is emerging as a serious public health and environmental issue globally in this century.

### Why is e-waste generated and how different countries fare on the e-waste generation metric?

When obsolete devices are replaced by new devices due to the advent of new technologies, this, in turn, results in electronic waste.

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**United States** and **China** are the first and second most electronic waste generating nations in the world.

**India** is the '**fifth-largest electronic waste producer** in the world'. Approximately 1.2 million tonnes of e-waste is generated annually in India, according to the Central Pollution Control Board (CPCB).

Majority of the e-waste, about **70 percent comes from computer devices** and then comes the telecom sector which has 12 percent share.

Government, public sector companies and private sector companies, generate nearly 75% of electronic waste, with the contribution of individual households being only 16%.

### **What are harmful effects of e-waste?**

E-waste can pose **several health hazards** which include damage of kidney, immune system, reproductive system and central nervous system.

They can add **heavy metals in landfills**.

E-waste largely undergoes unorganised processing and recycling, which is not safe from the **environmental point of view**.

Children and adults who often live work and play in or near e-waste recycling centres are especially vulnerable to the effects of e-waste

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

Electronics waste contains hazardous but also simultaneously **valuable and scarce materials** which should be **extracted**.

**Segregation of e-waste** from normal waste and estimation of the amount of e-waste generated are the first few steps which will help in proper processing and disposal of e-waste.

There is need for **enhanced awareness among every individual** about the cause and effects of e-waste and request cooperation in the disposal of the same. Users may be encouraged to practice digital fasting or e-fasting. This involves reducing technology use — such as turning off notifications, turning phone off while working and setting limits for the amount of time spent on technology.

**Manufacturers** should be encouraged to produce **greener electronics**.

## GS3 – INDIAN ECONOMY – INDUSTRIAL POLICY AND GROWTH

### **POWER SECTOR IN INDIA**

#### **33. How to create a better power distribution Network**

**Source - This post is based on the article "How to create a better power distribution Network" published in Indian Express.**

**News:** The Government in July 2021 launched [Revamped Distribution Sector Reform Scheme](#)



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[\(RDSS\)](#). This is the latest of many central government grant-based programmes towards electricity distribution network investments. This has been introduced to increase access and improve performance in the electricity distribution sector.

### **What is the Revamped Distribution Sector Reform Scheme (RDSS) scheme?**

The scheme will support financially-strained electricity distribution companies. The scheme includes provision for better feeder and transformer metering and pre-paid smart consumer metering, power loss reduction and strengthening networks.

### **What are some limitations still present in the scheme?**

It has **complex processes** and conditions for **fund disbursal**. Many schemes of the past have had similar problems.

The scheme also suffers from a **Lack of public review and regulatory oversight** in states.

RDSS emphasises loss reduction investments over **system strengthening**. However, high losses are typically connected to sustained poor quality service which, in turn, is affected by inadequate investment in system strengthening.

There is also a need for evaluating whether measures suggested in the scheme such as privatisation and franchisee adoption are suitable or not.

Despite these limitations, the Scheme can bring a lot of positive changes for India's power sector.

**Must read:** [DISCOM sector in India: Challenges & solutions – Explained, pointwise](#)

### **How to effectively implement the RDSS to strengthen the Indian power distribution sector?**

**Strengthen rural networks** – Actual investments in the rural sector have been much less than planned. Also, connections given to rural homes were optimal for lower electricity consumption like for operating few lights, fan and TV.

This does not account for use of appliances such as refrigerators, heaters, etc. Without incorporating this, the risk of power outages is high. This can be fixed through the RDSS system's strengthening plans.

**Separate feeders for agricultural consumers** – Farmers currently receive highly subsidised, but erratic and poor-quality power supply.

This can be addressed by leveraging the [KUSUM scheme](#)'s day-time, low-cost supply. The KUSUM Scheme benefits can be provided to a large number of farmers by installing large megawatt-scale solar plants. Under this, there is a supply of eight hours of quality power directly to dedicated agricultural feeders. This would address farmers' demand for reliable supply and almost half of the discom's cost and subsidy requirements.

**Automatic metering of distribution feeders** – This will help in accurate energy accounting and loss monitoring. All feeders must be equipped with meters capable of communicating readings

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without manual intervention. States should leverage RDSS's emphasis on automatic meter reading for this.

RDSS prescribes a phase-wise roll-out of consumer smart meters, starting with commercial and industrial consumers and urban areas. This approach will provide states with an opportunity to understand implementation issues, adopt suitable strategies for metering and evolve frameworks for assessing benefits vis-a-vis the costs.

**Electrical vehicles** – Grants under RDSS can be used to address the demand for charging infrastructure for electric vehicles. This can accelerate a shift away from petrol and diesel fuels.

GS3 – SCIENCE AND TECHNOLOGY – INFORMATION TECH

**5G AND RELATED ISSUES**

### 34. 5g technology: Fixing frequencies first

**Source-**This post is based on the article “Fixing frequencies first” published in The Hindu.

**News:** In the [recent budget](#), the Finance Minister announced that the Government proposes to conduct the “required spectrum auctions” in 2022 to facilitate the roll-out of 5G mobile phone services in fiscal 2022-23.

The government has been keen on implementing this technology due to its ability to serve as an enabler of economic growth and job creation.

**What is 5G technology?**

**Must Read:** [What is 5G in telecom, and how will this tech work in India](#)

**What are the possible challenges that can arise in 5 G implementation?**

The government needs to come up with more information on the issues like particular frequencies that it is likely to recommend, its plans on pricing the spectrum, and most crucially, the very viability of the new technology.

The Telecom sector is currently financially stressed, and thus the sector's appetite for the highly capital intensive 5G technology is unlikely to be substantial at the moment.

Even most countries that are more developed than India have commercialised 5G, deploying it as an upgraded replacement for 4G in terms of end-use. They still don't have the industrial and public utility applications that India is targeting.

**What is the way forward?**

For the new technology to work at its optimum potential, the Government would need to not only offer the key operational frequencies but also crucially enable the transport or backhaul of signals between the base stations.

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Government should also focus on expanding the reach of existing mobile networks so that cost to benefit ratio for 5G deployment is positive.

GS3 – SCIENCE AND TECHNOLOGY - Developments and their Applications and Effects in Everyday Life

### **DRONES AND RELATED ISSUES**

#### **35. Blanket ban on imports of drones may disrupt industry**

**Source:** This post is based on the article “Blanket ban on imports of drones may disrupt industry” published in Live mint.

**News:** According to experts, the blanket ban on the import of finished foreign drones is likely to disrupt the drone industry in India.

#### **What will be the impact of the ban on the import of drones?**

**Firstly**, it will lead to a lot of disruption in terms of business and derail a lot of well-laid plans as 90% of the service providers in India are using imported drones.

**Secondly**, many foreign brands specially make drones for agricultural use. This would have helped with the government’s Kisan drone initiatives. These too will now be restricted.

**Thirdly**, India does not have a supply chain for local manufacturing of drones. Hence, schemes like PLI Scheme for drones and drone components to encourage local manufacturing will not have much impact.

**Fourthly**, it will increase the cost burden on companies, as imported drones are cheaper than locally assembled ones.

#### **What can the government do to reduce the impact of the ban on the import of drones?**

Government can offer some incentives to the industry to override the ban on drones, as India does not have the manufacturing capacity to cut dependence on imports.

### **NUCLEAR FUSION AND RELATED ISSUES**

#### **36. Breakthrough in nuclear fusion, and why it is significant**

**Source:** This post is based on the article “Breakthrough in nuclear fusion, and why it is significant” published in Indian Express.

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

**Relevance:** Significance of Fusion reaction, ITER

**News:** Recently Scientists in the Joint European Torus (JET) facility, United Kingdom have said that they have achieved a new milestone in producing energy from nuclear fusion.

#### **Why it is significant?**

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**One**, it is major breakthrough because all current nuclear reactors are based on the fission process. In fission process, the nucleus of a heavier atom is split into those of lighter elements in a controlled manner. It is accompanied with the release of large amounts of energy.

Fusion is the opposite process, in which nuclei of relatively lighter atoms, typically those of hydrogen, are fused to make the nucleus of a heavier atom.

**Two**, the raw materials are easily available. A very small amount of raw material of deuterium and tritium nuclei can produce very large amounts of clean energy.

**Three**, it generates huge amount of energy with no carbon emissions. Hence, it is considered as future of energy and it will help in solving the problem of climate change. It also produces much less radioactive waste compared to fission. Hence, it is considered much safer.

### What are the challenges associated with fusion reaction?

**First**, it is possible only at very high temperatures which is similar to the temperature that exists at the core of the Sun and the stars. Hence, recreating such extreme temperatures is not easy.

**Second**, the materials that are used to make the reactor should be able to withstand such huge amounts of heat.

**Three**, another major issue is that at such high temperatures, matter exists only in the plasma state, where atoms break up into positive and negative ions due to excessive heat. Plasma has a tendency to expand very fast and that's why it is extremely difficult to work with it.

**Read more here:** <https://blog.forumias.com/nuclear-fusion-technology-evolution-challenges-and-future-potential/>

### What is ITER?

**Read here:** <https://blog.forumias.com/nuclear-fusion-technology-evolution-challenges-and-future-potential/>

GS3 – SCIENCE AND TECHNOLOGY – AWARENESS IN THE FIELD OF SPACE, NANOTECH, BIOTECH

GS3 – INDIAN ECONOMY – UNION BUDGET 2022 -23

### 37. Union budget 2022-23: Is India's Rs 13,700 cr space budget enough?

**Source:** This post is based on the article “Union budget 2022-23: Is India's Rs 13,700 cr space budget enough?” published in the Down to Earth on 8th February 2022.

**News:** Budget allocation to the space sector in the Union Budget 2022-23, attracts reactions from the experts.

### What is the expert's view on the allocation of resources for the space?

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Center has kept aside Rs 13,700 crore as [ISRO](#) space itself for the Gaganyaan mission. ISRO Will receive the maximum share from the space budget. But still, experts say, it is difficult to estimate the sufficiency of funds as officials do not disclose the progress of ongoing projects.

According to experts, budgetary constraints led to shorted lifespans of ISRO missions in comparison to NASA. Also, it is difficult to have the best scientific observations on limited instruments. For example, [MOM carried five instruments](#) while the eight is carried by [MAVEN](#). Another reason that India can carry a low-cost mission is because of lower salaries of the workforce and cost of living.

Also, according to experts, as the space sector is doing well, there is a need to allocate more monetary allocations.

### What is India's position in global space?

According to **Economic Survey 2021-22**, the global space economy was close to \$447 billion in 2020. Of this, India's share was only about 2%, much behind the US and China, reports. Also, India launches roughly 5-7 satellites per year. In contrast, the United States, China, and Russia had 19, 25, and 34 satellite launches.

### What are the upcoming missions of ISRO?

There are several missions in the pipeline like [Chandrayaan](#), Small Satellite Launch Vehicle; [Aditya L1](#), XpoSat an X-ray observatory satellite, and [Indian Regional Navigation Satellite System](#).

**Read here: [ISRO gearing up for multiple space missions in 2022](#)**

### How the collaboration with the private sector can help ISRO?

The government introduced [Indian National Space Promotion and Authorization Centre in 2020](#). This was aimed at channelling non- government-private enterprises to watch space activities. According to the [2021-2022 Economic Survey](#), IN-SPACe received close to 40 proposals from large industries, micro, small and medium enterprises, start-ups, and academia for manufacturing launch vehicles and satellites.

Also, the number of space start-ups increased to 100 in 2021, from one in 2012.

GS3 – INDIAN ECONOMY – MONEY AND BANKING

**CORPORATIZATION**

**OF**

**BANKS**

### 38. Let business houses with good track records run banks

**Source: This post is based on the article “Let business houses with good track records run banks” published in Livemint.**

**News:** The RBI has revised the guidelines to allow 26% long-term promoter ownership in private banks based on recommendations of its internal working group.



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### **What are the arguments in favour of allowing bank ownership by corporate business houses?**

**One**, the RBI has allowed non-industrial groups having financial businesses (with the share of assets of financial businesses of the group exceeding 60% of group's total assets) to apply for on-tap banking licenses. The issues of securing depositors and investors from systemic risk have been addressed with suitable guidelines. The same can be extended to well-reputed industrial houses through appropriate regulations.

**Two**, there are certain risks associated with giving banking licenses to industrial houses e.g., it is necessary to ensure that the ownership does not impact the management of the bank and its lending policies. Such risks can be avoided by greater monitoring of transactions, assigning higher risk weightages, tighter governance structures and proper regulatory audits.

**Three**, it will help in ensuring timely availability of credit for MSMEs which are key driver of employment generation. According to an RBI report, credit by private banks to MSMEs rose but the numbers of accounts declined by 1.5% in 2020-21 i.e., the number of MSME entities availing credit declined. It indicates stress suffered by small units, major restructuring of loans and shows that major portion of loans are cornered by big units.

**Four**, allowing the industrial houses to bid for divestment in the Public Sector Banks will help improve their valuations (more bidders) and thus help better realizations for the Government.

**Five**, ownership of Banks by industrial houses is expected to help in modernization of the Banks and increase customer focus thus improving service levels.

**Six**, past failures of listed banks were due to their faulty business models like aggressive high-risk, high-return sectoral lending, fraudulent practices. Hence, past failures should not be used as argument against corporatization of banks.

**Seven**, RBI working group has cautioned against the unregulated big-tech entry into the digital lending space. The unregulated big-tech are using their large customer bases and cross-selling opaque financial products like crypto. Hence, to compete there is need of full-stack digital bank licenses given to strong domestic players.

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

**First**, India's banking scenario is highly competitive and big companies are raising more money via commercial paper and bonds instead of bank loans. The regulator has to watch over the business models of banks to check overzealous business practices and prevent the shrinking of banking sector. Hence, allowing industrial houses in banking sector is a win-win outcome for all stakeholders.

**Two**, there is need to increase fintech partnerships with existing banks and allow reputed business houses with good track record to run banks. They will help in increasing focus on MSMEs through differential directed commitments.

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GS3 – AGRICULTURE – MAJOR CROPS – CROPPING PATTERNS

### **EDIBLE OIL AND RELATED ISSUES**

#### **39. Reducing edible oil imports**

**Source:** This post is based on the article “Reducing edible oil imports” published in The Hindu.

**News:** Government has extended the stockholding curbs on oilseeds and edible oils. This may prove to be harmful for India’s vision of boosting the output of oilseeds to reduce dependence on imports for edible oils.

#### **Why is this step harmful for the economy’s health?**

**Wrong signal to market:** Economic Survey has also cautioned against such knee-jerk reactions that arise due to sudden policy changes. They may lead to price fluctuations of essential items and send wrong signals to domestic producers.

This along with step like **abolishing import duties and drastically slash the agri-cess** on edible oils will only lead to **an increase in import of the commodity**.

There has been a **bumper rabi harvest of oilseeds**. Any restraint on stock holding at this stage would tend to keep the buyers away from the market, thereby, depressing the prices during the post-harvest marketing season to the detriment of the growers.

**Low price realisation** would deter the farmers from raising oilseeds production in the next kharif as well, thus perpetuating the dependence on purchases from abroad.

#### **Why India’ dependence on imports for oilseeds is not a good long-term policy?**

Oil is an essential kitchen component, and depending on imports to such a large extent may have negative consequences in the future. Any disruption in supplies can pose problems for India.

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

India has the **potential to grow** enough oilseeds and edible oils to meet its needs, it just needs a right strategy.

The Oilseed Technology Mission, set up in the mid-1980s had given some positive results for the sector, but it was abandoned in the 1990s. India **can adopt a similar policy** now to increase domestic production for the benefit of all stakeholders, that is producers, processors and consumers.

**CROP                      DIVERSIFICATION                      AND                      RELATED                      ISSUES**

### 40. Back to nature: Immense need for crop diversification and role of agroforestry

**Source:** This post is based on the article “Back to nature: Immense need for crop diversification and role of agroforestry” published in Down To Earth.

**News:** This article discusses how crop diversification can help in dealing with numerous issues faced by the Indian agriculture and how agroforestry can add to it.

#### **What are the issues associated with Indian Agriculture?**

**One**, farmers face numerous challenges and climatic vagaries during agricultural production, such as untimely rainfall, stone hail, drought, flood etc. Other challenges include post-harvest losses, storage and unavailability of proper marketing which increases the problem.

**Two**, the human-wildlife or human-crops conflict, forest fires, organic matter deficit soil, monoculture, plant disease and infestation, migration are a new set of problems. Also, the mono-cropping pattern reduces resource-use efficiency.

**Three**, other issue is rising input cost. Increase in input, increases the productivity initially but then progressively declines. Also, Green Revolution has changed the cropping pattern resulting in nutrient deficiency along with a declined population of microfauna.

#### **How traditional approach of ‘crop diversification’ can help?**

**One**, crop diversification is a strategy applied to grow more diverse crops from shrinking land resources with an increase in productivity. It helps in breaking the mono-cropping pattern by the introduction of diverse crops which helps in reviving the soil health and increasing the resource-use efficiency.

**Two**, it is more stable and pro-nature. For example, in the Garhwal Himalayan region of India, Barahnaja is a crop diversification system for cultivating 12 crops in a year.

**Three**, the persistent use of chemicals, weedicides and insecticides in mono-cropping pattern reduces productivity, resource-use efficiency, result in accumulation of chemical residue and deteriorates soil health.

#### **How agroforestry can help in sustaining crop diversification?**

**First**, integration of trees in the cropping system is known as agroforestry. It is a part of primitive and tribal agriculture which includes indigenous technical knowledge

**Second**, agroforestry balances both ecological and economic interactions of biotic and abiotic components for efficient utilisation of available resources.

**Third**, agroforestry can generate food, feed, fruits, fibre, fuel, fodder, fish, flavour, fragrance, floss, gum, resins and other non-wood products for food and nutritional security. It can also support livelihoods and promote productive, resilient agricultural environments.

For instance, in North America, farmers preferred agroforestry over agriculture to improve their economic gain and natural resource conservation.

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Major agroforestry practices in India include multifunctional improved fallows, home gardens, plantation crop-based mixed-species production systems, alley cropping, woodlots, windbreaks, protein banks, shifting cultivation and Taungya.

**Fourth**, agro-forestry enhances biodiversity by creating diverse habitat for macro and micro-organisms and maintains landforms for future generations.

**Sixth**, it integrates traditionally grown crops with other commercial crops such as cereals, oilseeds, pulses, vegetables, fruits in agri-horticulture, horti-silviculture, silviculture, silvofloriculture, silvi-medicinal, agri-hortisilviculture, aqua-forestry, silvi-pasture, horti-pasture.

**Seventh**, trees also increase the resiliency in the cropping system and reduce negative externalities. Hence, it promotes crop diversity.

### What is the way forward?

**First**, there is an urgent need to adopt modified cropping system, agroforestry and integrated cropping pattern with changing agronomical practices. It will help in adaptation to the climate change and promote sustainable cropping to support small and marginal farmers.

**Second**, there is need to promote integrated farming system which advocates diversification of the agri-production with other associated secondary and tertiary agriculture practices.

## GS3 – INDIAN ECONOMY – CRYPTOCURRENCY AND RELATED ISSUES

### REGULATION OF CRYPTOCURRENCY

#### 41. INDIA'S FRAMEWORK FOR CRYPTO TAX STILL NEEDS WORK

**Source:** This post is based on the article "INDIA'S FRAMEWORK FOR CRYPTO TAX STILL NEEDS WORK" published in Live mint.

**News:** The recent decision to tax Cryptocurrency by 30% has received mixed reactions. A more robust regulatory framework is needed.

#### Has India legitimized Cryptocurrency?

No. Tax law, by nature, cannot legitimise transactions or commodities. The understanding that India has proposed a tax on cryptocurrency and hence legitimized it, is, therefore, flawed.

#### How Virtual Digital Assets (VDAs) have been defined and issues with the definition?

– Read [here](#)

**Exception:** Indian and foreign currencies have been excluded from the definition of VDAs.

#### Issues:

– **Debit card or credit card holders** earn reward points generated through electronic means. Generally, not taxable, but by virtue of the broad definition of VDAs, experts think that they may be taxed.

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– As per the Govt, any income from the transfer of any VDA shall be taxed at 30%. But it is **unclear whether the ‘transfer’ would include coin rewards for mining and staking**. A mining reward, sometimes in the form of coins is paid to the miners. The coins are not paid by an entity but are won on the network. Therefore, there is no transfer or transferor per se.

### Is Bitcoin a foreign currency?

Since Bitcoin was adopted by El Salvador as a legal tender (currency) there was some confusion whether definition of VDAs would include Bitcoin or not.

But, even if Bitcoin is adopted as a currency in foreign countries, it still will come under the purview of a VDA because any instrument must be a currency first and then only can it be foreign currency.

### What is the policy approach wrt NFTs and the associated issues?

Only NFTs specifically notified by the government will be covered by VDAs. This approach seems quite tedious because every NFT will have to be notified first and can only then can it be taxed. The second approach, wherein characteristics will be laid out for NFTs in the notification, seems much more apt. Until a notification spelling out these characteristics are not laid out, they cannot be taxed at 30%.

### What is the way forward?

To have a more robust taxation framework for cryptocurrencies, the government must:

- Clarify that cryptocurrencies whether recognised as legal tender in other jurisdictions or not will be covered by the definition of VDAs
- Clarify whether mining rewards in the form of coins are taxable under section 115BBH
- Notify preferably, the characteristics of NFTs that will be covered under the definition of VDAs
- Introduce the framework for taxing cryptocurrencies under goods and services tax law to offer tax certainty.

## CENTRAL BANK DIGITAL CURRENCY (CBDC)

### 42. RBI shouldn't rush the launch of India's official digital rupee

**Source: This post is based on the article “RBI shouldn't rush the launch of India's official digital rupee” published in Live mint.**

**News:** Rushing the implementation of a digital rupee is fraught with unnecessary risks.

### What are the advantages and associated issues of a CBDC?

**Advantages:**



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- As researcher Bhargavi Zaveri observes, depositors at 21 Indian lenders have been restricted from withdrawing their funds due to bank distress in the last few years. A CBDC will **mitigate the risk of losses** that Indian depositors face when dealing with commercial banks.
- A CBDC could **eliminate the need for an expensive network of correspondent banks to settle cross-border payments**. For Indians working abroad, sending money home will become simpler and cheaper.

### Issues:

- **Threat to financial stability:** If e-cash becomes popular and RBI places no limit on the amount that can be stored in mobile wallets, weaker banks may struggle to retain low-cost deposits. Their less-liquid balance sheets could leave them vulnerable to bank runs.
- Moreover, as purchases go online, the basis of trust in demand deposits, that they convert to cash at face value, may get reduced.
- Transactions conducted with CBDCs may not be visible to payment apps, and fintech firms may lose access to some data being mined for cheap loans to those who don't have collateral.

### What is the global situation wrt a digital currency?

**Sweden:** In India, banknotes account for about 15% of money supply, compared with 1% in Sweden. Yet, Riksbank is in no hurry to embrace a CBDC. After five years of weighing options, the Swedish monetary authority is still to take a final decision on whether to issue an e-krona.

**USA:** The US Fed is seeking the public's views on whether to provide an official tender to compete against private stablecoins.

**Europe:** A digital euro is in a 24-month investigation. If all goes well, the European Central Bank may offer it by 2025. Japan may delay a call to 2026.

### Why has India set an early deadline to launch a CBDC?

India recently announced that its central bank will issue a digital currency as early as 2022-23.

- India's rushed deadline seems to be at least partly a response to rising popularity of cryptocurrencies.
- Another reason for hurry, may be a desire to compete with China's e-CNY, which by early November had some 140 million individuals signed up for its e-CNY. But China has no national roll-out date, and Alipay and WeChat Pay retain their stranglehold on digital payments.

### What is the way forward?

A digital rupee may not be a bad idea for the monetary authority to use technology to put out a message for the bank managements that they need to stop taking depositors for granted.

Still, that lesson is probably best administered after lenders have put the covid-related stress on their balance sheets behind them.

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Besides, RBI must do its homework. The technology, blockchain or otherwise, will need to balance the often-conflicting goals of speed, scalability, auditability, security and privacy, something the Fed is trying to do as part of its **Project Hamilton**.

Given India's vast digital divide, a **protocol for offline use** has also to be worked out.

GS3 – INDIAN ECONOMY – ISSUES RELATED TO GROWTH AND DEV

### **AGRICULTURAL GROWTH AND DEV**

#### **43. Step up agri-spending, boost farm incomes**

**Source:** This post is based on the article “Step up agri-spending, boost farm incomes” published in The Hindu.

**News:** The present budget (2022-23) has increased allocation towards the agricultural sector by 4.4%.

#### **What is the issue with the current budgetary allocation for agriculture?**

**First**, the current rate of increase in budget is lower than the current inflation rate of 5.5%-6%. According to the Food and Agriculture Organization (FAO) report, the government expenditure on agriculture in India is 7.3% of its total expenditure. But, India lags behind several low-income countries such as Malawi (18%), Mali (12.4%), Bhutan (12%), Nepal (8%).

**Second**, there is no visible increase in capital investment, which is more crucial than price support programs. For instance, Allocation for rural development was 5.59% in the previous Budget, which has been reduced to 5.23%.

**Third**, flow of funds towards important schemes has also been reduced. For example, allocation towards Market Intervention Scheme and Price Support Scheme (MIS-PSS) is 62% less than the previous budgets.

#### **How Agriculture Orientation Index (AOI) ranks India?**

**One**, AOI was developed as part of the Goal 2 (Zero Hunger) of the 2030 Agenda for Sustainable Development. It measures the ratio between government spending towards the agricultural sector and the sector's contribution to GDP.

As per this index, India spends lowest towards the agricultural sector, which is not in line with the sector's contribution towards GDP.

**Two**, India's AOI is lowest in Asia and among several other middle-income and upper-income countries. Also, lower income African countries such as Zambia spend more despite being a landlocked country.

**Three**, India is an agrarian economy where a large population depends on it, but it holds only the 38th rank in the world while being one of the largest producers of several crops.

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**Four**, larger spending is associated with greater productivity. For example, the total cereal yield in India is only around 3,282 kilograms per hectare compared to 4,225 kg per hectare in Asia. Eastern Asia has the highest cereal yield of 6,237 kg per hectare. In China, the average land holding size is lower than in India, but the crop yield is much higher than India.

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

**First**, there is need to increase government spending towards the agricultural sector to attain the sustainable development goals of higher agricultural growth and farm income.

**Second**, as suggested by National Commission on Farmers, there is a need to develop irrigation facilities, urban infrastructure, national highways, rural infrastructure, rural transportation facilities, and increase the number of markets. It will integrate small and marginal farmers into the agricultural supply chain to a greater extent.

**Three**, AOI suggest increasing investment in rural infrastructure, agricultural research and extension services, development of technology to enhance agricultural productivity and eradication of poverty in middle- and lower-income countries.

## **UNEMPLOYMENT AND RELATED ISSUES**

### **44. The many layers of an unemployment problem**

**Source:** This post is based on the article “Step up agri-spending, boost farm incomes” published in The Hindu.

**News:** Recently, protests were held in several parts of north India by students who had appeared for the Non-Technical Popular Categories exam conducted by the Railway Recruitment Board. This has once again brought the issue of prevailing unemployment into the limelight.

### **What is the unemployment situation in the country?**

According to **Periodic Labour Force Surveys (PLFS)** in the 18-25 age group, **unemployment rate is 24.5%** for 2019-20, which is among the highest in the world.

India has a labour force participation rate of around 40% which means that **every tenth young person in the country is unemployed** by the official definition.

### **How even these figures are an underestimation?**

While these figures may appear too high, even this is a gross underestimate of joblessness in the country. **For instance**, in the recent incident of protests against the Railway Recruitment Board (RRB), those protesting are unlikely to be captured as unemployed by our official statistics as they would be counted as **students rather than as unemployed**.

Some fraction of those employed may be working for private establishment that hardly have any **security of tenure, good wages and social protection**. **For instance:** according to PLFS

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estimates, two-thirds of regular salaried workers in 2019-20 did not have a written job contract and most had no social security.

According to official estimates, a third of our population is categorised as poor. For these households, It is a **necessity to work whatever wages they can get**.

There is also a **social stigma** attached to being unemployed, which means that many would prefer the **disguise of employment** in agriculture and other enterprises, even though they might **not be contributing to production**.

### Are unemployment allowances a viable solution?

India undergoes elections occasionally, and this leads to politicisation of the issue of unemployment. In this, many political parties promise unemployment allowances to woo the electorate.

However, ideas like an unemployment allowance or an urban employment guarantee are **unlikely to solve the problem in its entirety**. Even as a temporary reprieve from the crisis, these are **insufficient**.

### What is the way forward?

There should not be just creation of additional employment, but it is to be ensured that the jobs so created **provide decent wages, security of tenure and social protection**.

Indian Economy is currently struggling with low demand and a crisis of income in the rural economy.

Government may **revive rural demand through public expenditure**. This will also lead to an increase in employment.

## 45. India's Employment problem predates COVID. The pandemic has deepened the faultlines

**Source: This post is based on the article "India's Employment problem predates COVID. The pandemic has deepened the faultlines" published in The Indian express.**

**News:** Data from the Periodic labour force survey (PLFS) suggests that urban unemployment during January-March 2021 had declined to the pre-Covid level of around 9%, after peaking at 20.8% during the first wave.

Various other estimates also point towards the same. However, it necessarily does not reflect an expansion of more productive forms of employment.

### What has been the pandemic's effect on the job market in India?

The unemployment issue in India date back to even before the pandemic began, but the pandemic has definitely made the situation worse.

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India has witnessed a **decline in the labour force participation rate**. This implies that many have simply opted out of the labour force, perhaps due to absence of jobs.

**Unemployment rates** are significantly **higher among the youth**, and the more educated sections.

There has been **formalization of labour**, but there are two problems with this.

– **First** is that this employment is more likely to be concentrated among low-income jobs in the larger industrial regions.

– **Second**, there is also the casualisation of employment to contend with. Casual wage labour employment lacks the social security framework that formal employment provides.

The **per capita income levels are very low** currently, so many people are simply forced to opt for less productive jobs at lower wages. So a decline in unemployment rate may not be an accurate gauge of labour market distress.

**Heightened demand for work under MGNREGA**, despite large parts of the economy having recovered to their pre-pandemic levels, is also a sign of economic distress.

### What are the main issues concerning the Indian labour market?

There is a **lack of adequate and remunerative employment** generation in the country .

– This is highlighted by the incidents like recent protests in North India by those who had appeared for the non-technical popular categories exam and the demands by various caste groups for increasing reservation.

There has also been a **lack of a labour-intensive manufacturing sector** that can absorb the surplus labour force in agriculture.

## GS3 – INDIAN ECONOMY – GOVT BUDGETING AND FISCAL POLICY

### TAXATION AND RELATED ISSUES

#### 46. Income tax on our rich should've been rejigged

**Source:** This post is based on the article “Income tax on our rich should've been rejigged” published in Live mint on 10th Feb 2022.

**News:** This article discusses the view of former Reserve Bank of India governor C. Rangarajan on taxation. The article says tax rules should be made easier for better tax collections. India needs direct tax reforms because tax relief is not enough.

#### How the government missed the opportunity to simplify the tax rate?

Pandemic has increased government spending, which has also increased fear of increasing tax burden. However, the Union Budget 2022-23 has not increased this burden, with no rate hike



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for all income brackets. It has given relief to taxpayers, but the government missed the opportunity to make some changes to simplify taxes with minimum fiscal damage.

**Why the view of former Reserve Bank of India governor C. Rangarajan on taxation should be considered?**

**One**, he suggested that the multiple cesses and surcharges that are levied should be withdrawn. A clean new slab should be created at the top with a rate of over 35% but under 40%. It will bring clarity on what top earners must pay and also help out states which are in need of fiscal space.

**Two**, bringing clarity on the tax rate is required. For example, in the mid-2019 budget, it was declared that a surcharge on the tax liability of individuals earning over ₹5 crores a year will be levied. It resulted in a peak effective rate of almost 43%. This tax on tax increases complexity, and it is **against the principle of simplification of taxation**.

**Three**, tax claims which are near the 50 percent mark of what one earns create disharmony among taxpayers. Hence, a burden level above 40% is perceived as punitive.

**Four**, high tax rates are also one of the reasons which are enabling people with high incomes to leave India for friendlier tax regimes overseas. Also, multinational employers are willing to relocate executive talent abroad as a retention strategy. For example, an increasing option of work-from-anywhere after the pandemic, which basically means 'any tax jurisdiction'.

**What is the way forward?**

**First**, the peak rate on top earners should be under 40%, the same way corporate tax rates are dropped to attract investment.

**Second**, a clean 35% slab for multi-crore incomes is needed without any tax on tax. Also, India needs to phase out dual-rate system because it goes against the basic principle of keeping taxes simple. Furthermore, cesses were meant to be temporary, hence they must be withdrawn.

GS3 – INDIAN ECONOMY – MOBILIZATION OF RESOURCES

### PRIVATIZATION AND RELATED ISSUES

#### **47. It's time to take a relook at privatisation**

**Source:** This post is based on the article "It's time to take a relook at privatisation" published in The Hindu.

**News:** This article discusses that privatization and the short-term gain associated with it should not overshadow the long-term interest. Hence, there is need to take a relook at privatization.

**Why privatization is being considered as panacea?**

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India's fiscal deficit (for the Centre) in FY22 is expected to be at 6.8% of the GDP and with the debts of States, it will be 12.7% of the GDP. Fiscal deficit is growing wider every year and there is a consensus that privatization is the panacea.

### Why privatization is not panacea?

**One**, the gap in growth between public sector undertakings (PSUs) with autonomy and private firms is not significant. For instance, British privatization initiative of British Airways, British Gas, and the Railways led to no systemic difference in performance.

**Two**, privatization has mixed results in developing countries. There are examples like VSNL and Hindustan Zinc, but growth post-privatization is due to multiple factors like better funding and better business cycle. The issue with PSUs is government apathy and their inability to generate tax revenues.

**Three**, privatization as a policy has failed to raise significant funds and actual receipts from disinvestment have always fallen short of targets. For example, by FY20, ₹50,304 crore was raised against a target of ₹1 lakh crore (PRS India, 2021). In total, between FY11 and FY21, about ₹5 lakh crore was raised that is, about 33% of just FY22's projected fiscal deficit.

**Four**, considering social and institutional constraints, India's ability to privatise firms will be slow in the future. For example, BPCL.

**Five**, since interest rate is rising, this is not the right time to privatize. For example, the recently held auction of 21 oil and gas blocks had only three firms participating, of which two were PSUs and 18 blocks ended up with just a single bid.

**Six**, there is also a challenge of valuation. For example, about 65% of 300 national highway projects have recorded significant toll collection growth. The valuations of such assets should ensure that they capture potential growth in toll revenue.

**Seven**, there are also serious social consequences. PSUs generates employment and have multiplier effects on economy. Hence, a push for privatisation is a push for mass layoffs when there is already low job creation.

**Eighth**, another major concern is greater concentration of public assets in selected private hands. For example, telecom has only three players left. It will increase higher usage fees, inflation and also a loss of strategic control.

### What is the way forward?

**First**, stake sales can be considered a preferred route. It gives time to ensure price discovery, allowing improved performance to raise valuations over time.

For example, the Maruti model. The government had a joint venture with the Suzuki Corporation. Exits from Maruti were conducted in small tranches which ensured a better valuation for the government.

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**Second**, a PSU with greater autonomy with the government retaining control via a holding firm can be a solution. For example, in China growth has been led by corporatised PSUs, all of them are held under a holding company (SASAC), which promotes better governance, appoints leadership and executes mergers and acquisitions.

In Singapore, the Ministry of Finance focuses on policymaking, while Temasek (the holding firm) is focused on corporatizing and expanding its PSUs.

### 48. A change of course on privatisation

**Source:** This post is based on the article “A change of course on privatisation” published in Business Standard.

**News:** Recently released India’s Budget 22-23 has signalled that the government will proceed cautiously on privatisation.

The article says that the retreat on privatisation is a pragmatic economic policy.

#### Why the Budget has changed the course of privatisation?

The Budget has set a **modest target** for privatisation of Rs 65,000 crore. Also, much of the receipts for FY 21-22 will be accounted by disinvestment in LIC, not from privatisation.

Though the privatization of Air India is successful, but the fact is that the Air India’s privatisation took four years to conclude.

Also, to privatize it, the government took various measures such as taking over nearly 75 per cent of Air India’s debt, employees are guaranteed jobs for one year, and then it was sold to a trusted business group.

Taking so many measures for other public sector undertakings (PSUs) is time-consuming and impossible as well.

#### What does the government’s decision to de-emphasise privatisation reflect?

**One**, the Indian state lacks the capacity to execute privatisation on a large scale.

**Two**, carrying out the sale of public assets carelessly can prove costly in both political and economic terms.

**Three**, it is not helpful to turn privatisation into a benchmark of overall economic performance. It overshadows all other reforms and initiatives of the government.

#### Why executing privatisation is a challenge?

**First**, the objective is to bring more efficient utilisation of assets and fetch revenues. But for this to happen, the government must get the valuation right. For instance, in a depressed market, the chances of the asset being under-valued are higher.

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**Second**, the firm needs to undergo a certain amount of restructuring before it is offered for sale so that it attracts the right suitors. To attract a better price, there must be multiple bidders. Ensuring these conditions is not a simple matter.

**Third**, rushing for privatization by setting targets with no proper valuation becomes controversial. For example, in the Hindustan Zinc Limited (HZL) sale, the Supreme Court has asked the Central Bureau of Investigation to conduct an enquiry into the transaction.

**Fourth**, for the sale of public sector banks (PSBs), there is a need to be clear as to who the potential buyers might be. The larger private banks of India are not interested due to legacy issues with a PSB.

Foreign banks are also not ready to come into India by setting up a wholly-owned subsidiary, as the Reserve Bank of India (RBI) wants.

Also, selling to a scattered group of foreign institutional investors creates a governance vacuum. For instance, public sector entities had a significant stake in the UTI Bank and a large stake was sold to FIIs. Now, they continue to hold a significant stake in Axis Bank.

**Fifth**, bank failure has numerous negative economic and political consequences such as disruptions in Parliament, paralysis of the administrative machinery and negative media coverage. For example, Yes Bank.

### What is the way forward?

**First**, government should set a modest target for privatisation, or it should avoid setting the targets and use the disinvestment and privatisation receipts as a balancing item in the Budget.

**Second**, government should consult the RBI on “fit and proper” criteria for potential buyers.

GS3 – INDIAN ECONOMY – GOVT BUDGETING AND FISCAL POLICY
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GS3 – INDIAN ECONOMY – ECO SURVEY AND UNION BUDGET 2022-23
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### 49. Budget 2022: Some musings

**Source:** This post is based on the article “Budget 2022: Some musings” published in Business Standard.

**News:** Recently, union budget 2022-23 has been presented. This article analyses the positives of the budget and suggest way forward to deal with the challenges.

### What are the challenges currently faced by the economy?

This Budget is presented in an extremely challenging economic situation. Pandemic has disrupted the economy and it has not recovered completely from the shocks of the lockdown.

The fiscal deficit is widening and debt-GDP ratios is also growing with high unemployment and underemployment. The informal sector has suffered more, which reduced consumption. Also,

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private investment is not growing due to an uncertain global economic environment. This all calls for fiscal consolidation.

### **What are the positives of Budget 2022-23?**

The budget has showed commitment to transparency with proper accounting of budget numbers. Also, the initiatives are continuing to help the most badly hit sections of society. There is also a major expansion of capital expenditure which will act as multiplier effect and help in strengthening medium-term growth potential.

### **Which issues are left unaddressed?**

**One**, the government debt ratios are around 85-90 per cent of GDP but the budget has only promised a modest fiscal consolidation of 0.5 per cent of GDP.

**Two**, though, the special programs to assist the pandemic affected sections of the population have also been maintained. But there are no new taxes on the super-rich or any other significant tax-raising measures.

**Three**, also there are no marked reductions in protective Customs duty structure, which act against sustained growth of exports and successful global value chain participation.

### **What are the adverse consequences of a high fiscal deficit?**

**First**, interest payments of the Centre have jumped by nearly 40 percent between 2020/21 and 2022/23. It is shrinking the share of non-interest expenditures from over 80 percent to just 76 percent.

**Second**, high deficits have increased market borrowings, which will pose serious monetary and debt management problems. This will increase inflation, which hurts the poor. Also, it will make exports less competitive and ultimately reduce economic growth. All this will increase the risk of crowding of private investment.

### **What are the signs of optimism currently visible for the economy?**

**First**, the budget has shown conservatism in estimating revenues and expenditures have been exaggerated. It shows that government will have a sizable cash balance to reduce the market borrowings.

**Second**, due to “low base effects” because of Delta and Omicron in the several months of 2021-22, real GDP growth in 2022-23 can be around 7 percent and the GDP deflator is likely to be in the 6-7 per cent range.

This suggests that nominal GDP growth can be around 13-14 percent. Hence, net taxes of the Centre could be around Rs 0.7 trillion higher than estimated. That is why market borrowings will be Rs 2-3 trillion less than projected.

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

**First**, Budget Estimates can be affected by an unforeseen domestic or international shock. Hence, macroeconomic management is needed with lower fiscal deficits.

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**Second**, trade policy reforms are needed to consolidate and strengthen the rebound in foreign trade.

GS3 – AGRICULTURE – ISSUES RELATED WITH MSP

### 50. An MSP scheme to transform Indian agriculture

**Source:** This post is based on the article “An MSP scheme to transform Indian agriculture” published in The Hindu.

**News:** The article suggests a different way of designing a minimum support price (MSP) to transform Indian agriculture.

#### How the current price stabilization policy for food grains has evolved?

The Essential Commodities Act in 1955 was passed to counter price rise due to speculative private trading, and then MSP came in the 1960s.

Then, a buffer stock policy for market intervention was developed

– to set cost-based minimum procurement price, to pay the difference between procurement price and market price, store the procured surplus for sale through the Public Distribution System (PDS) and for market intervention to stabilize price.

#### What are the consequences of this price stabilization policy?

The current price stabilization policy has resulted into **centralized** procurement, storage and distribution **mechanism** which has increased procurement cost.

Also, the partial MSP coverage skewed the cropping pattern against several coarse grains and millets, particularly in rain-fed areas. The area under cultivation of rice and wheat increased, while that of coarse cereals reduced.

It also changed the dietary pattern.

#### How MSP should be redesigned?

**One**, price should be charged in a range according to harvest conditions. **For instance**, each crop within a band of maximum and a minimum price depending on harvest conditions will have its price set in the band.

The price of some selected coarse grains can be fixed at the upper end to encourage production in rain fed areas. This will fulfil objective of income support to farmers, price stabilisation and food security and induce more climate-friendly cropping patterns.

**Two**, there is need of wider MSP coverage with decentralized procurement mechanism. **For instance**, if we calculate economic cost, some 45%-50% of production is for farmers' self-consumption and the rest is marketed surplus. From the total procurement cost of this surplus, the net revenue recovered through the PDS must be deducted.

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It will be the same as DA to public sector employees, less than the total tax break given to a handful of industrial houses.

This expenditure will benefit more than half the population directly and another 20%-25% of the population indirectly in the unorganized sector. It will raise industrial demand for the unorganized sector.

### **Why India needs a decentralized mechanism of procurement?**

The centralized mechanism of procurement at MSP requires bringing the procured grains to centralized Food Corporation warehouses. From here they are sent back to each district/province and from there to villages/slums/wards for distribution through fair price shops at an issue price fixed by the government. It is below the market price to make it affordable for poor households.

Hence, the total economic cost is rising which include subsidy for selling below market price, procurement costs, distribution costs of freight, handling, storage, interest and administrative charges along with costs of transit and storage losses.

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

**First**, agricultural debt can be linked with selling of grains under MSP to provision of bank credit particularly for small farmers.

The farmer can get a certificate for selling grains at MSP which would be credit points proportional to the amount sold. This will entitle them to a bank loan as their right and protect them from bad harvest years by storing the certificates for later use.

**Second**, decentralize the implementing agencies for MSP under the constitutionally mandated supervision of panchayats.

## GS3 – INDIAN ECONOMY – INDUSTRIAL POLICY AND GROWTH

### **EASE OF DOING BUSINESS IN INDIA AND RELATED ISSUES**

#### **51. Time to end employer criminalisation**

**Source:** This post is based on the article “Time to end employer criminalisation” published in Indian Express.

**News:** The recent budget has prioritized Ease of Doing Business (EODB) 2.0.

The article says that criminalization of employers has affected productivity of Indian economy, hence there is need to relook the jail provisions and simplify the laws.

#### **Why there is need to reconsider employer criminalization?**

**One**, the excessive criminalisation of employers has painful consequences for corruption, formal jobs, and justice.

**For instance**, excessive and arbitrary power combined with the power of putting people in jail, breeds corruption.

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Unreasonable or unfair policies combine with discretionary and weakly checked power to impose huge financial, social, or bodily damage increases corruption.

**Two**, the PM's in his last Independence Day speech has emphasized upon lower regulatory cholesterol which means less state interference.

### What is the situation wrt penal provisions against employers in India?

Employers and entrepreneurs face imprisonment risks across 1,536 laws in seven categories — labour, secretarial, environment health and safety, finance and taxation, industry-specific, commercial, and general.

Eight hundred and forty-three laws have 26,134 criminal provisions, 67% have more than five jail provisions and one law has 700 ways to end up in jail.

### On what grounds, criminalization of employers can be removed?

**First**, India is poor not because of shortage of land, labour, or capital. It is because there is no effective employer rule of law regime which tackles information asymmetry, market power, negative externalities and creates public good.

Jail threats discourage entrepreneurship, and that's why firms prefer to remain small. Hence, Government must support the entrepreneurship that creates formal jobs.

**Second**, there should be a smaller number of laws which are tightly enforced rather than a greater number of laws with poor enforcement.

It does not empower the powerless. **For instance**, adding 300 plus jail provisions every year for 70 years in labour laws has not protected workers.

John Ruskin has also suggested punishment is the last and least effective instrument for the prevention of crime.

**Third**, excessive criminalization increased in the mid-1960s due to weak state capacity. But it proved counterproductive.

State capacity diminished faster because jail provisions lack transparent enforcement and conviction rates declined because of higher usage of "beyond reasonable doubt" thresholds.

Thus, voluntary quashing became a weapon for corruption.

### What is the way forward?

**First**, the central government is reducing compliances and has asked state governments to rationalize them. Also, parliament must demand higher conviction rates from economic investigative agencies, so the law can move from anticipating future criminals to actually putting real criminals in jail.

**Second**, there is need to reduce employer jail provisions to expand good job creation. The jail provisions affect negative liberty of employers that breed corruption, sabotage formal job creation, and poison justice.

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GS3 – INTERNAL SECURITY – THREATS TO INTERNAL SECURITY

GS3 – SCIENCE AND TECHNOLOGY – INFORMATION AND TECH

### 52. Taking a byte out of cyber threats

**Source:** This post is based on the article “Taking a byte out of cyber threats” published in The Hindu.

**News:** The cycle of cyber-attacks and the distrust will threaten the foundations of democratic society.

The world was made aware of the threat posed by cyber weapons with the advent of the Stuxnet Worm in 2010. It resulted in damage to Iran’s centrifuge capabilities.

In 2012, a bank of computers belonging to the Saudi Aramco Oil Company were targeted by Iranian operatives to wipe out data on 30,000 computers. Iran was also believed to have been behind a targeted attack on the Qatari natural gas company, RasGas.

The article says that there is a need to build resilience at both the technical and human level to deal with cyber-attacks.

#### Why there is need to change the response methodology?

**One,** a new era of potential vulnerabilities is coming. The years 2020 and 2021 were extremely difficult from the perspective of cyber-attacks, but no change in methodology have been seen.

**Two,** if prudent steps are not taken, then cyber-crime will become more profitable than the global trade of all major illegal drugs combined.

**Three,** cyber threat is likely to be the biggest concern for both companies and governments across the globe. Also, in the Information age, data is gold.

**Four,** the consequences of cyber-crimes can be more than the damage caused by COVID-19 pandemic or natural disasters.

#### How cybercrime is emerging as biggest threat?

**First,** the most targeted sectors are: health care, education and research, communications and governments. **For instance,** Health-care ransomware which leads to longer stays in hospitals, delays in procedures and tests resulting in an increase in patient mortality.

**Two,** it is very difficult to develop preventive and reactive strategies in an increasingly hyper-connected world. **For instance,** new attacks are taking place every 10 seconds.

**Three,** ransomware criminals are becoming more sophisticated and targeting large enterprises and even governments. **For instance,** emergence of ‘Ransomware as a Service’ (RaaS) for ransomware developers.

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**Four**, the emergence of work from home during the pandemic has increased the pace of cyber-attacks. The tendency to put everything on the Cloud has potential to backfire, and the Dark web is allowing criminals to access even sensitive corporate networks.

**Five**, there is little clarity among experts about how to ensure protection from all-encompassing cyber-attacks. Solution such as SASE — Secure Access Service Edge — to reduce the risk of cyber-attacks, CASB — Cloud Access Security Broker and SWG (Secure Web Gateway) aimed at limiting the risks to users from web-based threats, are self-limiting.

**Six**, the cyber technology presents certain unique challenges which need particularized answers. Hence, the western approach of devising standard methodologies and certain international norms is misplaced. It is enabling cyber criminals to gain the upper hand.

### What is the way forward?

**First**, nations and institutions should prioritize the defence of data above everything else. Law enforcement agencies should play a vital role in providing effective defence.

**Second**, to devise a strategy, understanding the nature of cyberspace is important. There is need to prioritise resilience through decentralised and dense networks, hybrid cloud structures, redundant applications and backup processes. Hence, planning and training for network failures is significant so that the network can adapt and continue to provide service.

**Third**, backup plans should be created about what should be online or digital and what needs to stay analog or physical. The network should survive even if one node is attacked.

**Four**, a detailed study of the series of low- and medium-level proactive cyber-attacks is needed. It will act as deterrent because cyber-attacks at small companies can also have huge external costs for national security. For example, SolarWinds attack.



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GS3 – SCIENCE AND TECHNOLOGY – AWARENESS IN THE FIELD OF SPACE, NANOTECH, BIOTECH

GS3 – SCIENCE AND TECHNOLOGY - ACHIEVEMENTS OF INDIANS IN SCIENCE AND TECHNOLOGY

### **INDIA'S SPACE PROGRAMME**

#### **HOMI J BHABHA AND VIKRAM SARABHAI**

##### **53. Living up to rocket boys' dreams**

**Source: This post is based on the article “Living up to rocket boys' dreams” published in Business Standard.**

**News:** The recent series named Rocket Boys on SonyLIV explores the friendship between the two legendary scientists — Homi J. Bhabha and Vikram Sarabhai.

One is the father of the Indian nuclear programme and the other is the pioneer of India's space research. This article discusses how far India has succeeded in fulfilling their aspirations.

##### **What was the ambition of Homi J. Bhabha?**

**First,** he wanted to make India self-reliant in energy by harnessing nuclear power and develop India's first atomic bomb to counterbalance external threats to the country.

**Second,** he believed that India must develop nuclear capabilities, as well as an atom bomb, to become a nuclear power. In October 1965, he announced over All India Radio that India could develop a nuclear bomb in 18 months. He was a two-time Nobel Prize nominee, and he died in 1966 during a plane crash in the Swiss Alps.

##### **How far India has succeeded in fulfilling Bhabha's aspirations?**

India conducted its first nuclear test, “**smiling Buddha**” in 1974. After that there were three underground nuclear tests at Pokhran in 1998. Then India declared itself a full-fledged nuclear state, which was one of Bhabha's dreams.

##### **What are the existing issues in fulfilling Bhabha's aspirations?**

**One,** in terms of energy self-reliance via atomic power, the progress has been slow. There is huge demand for clean and reliable source of energy but the share of nuclear power generation has not exceeded 4 per cent.

**Two,** in 2021, the Parliament was informed that N-power generation capacity would increase to 22,480 MWe by 2031. But India's nuclear power capacity stood at 6,885 MWe from 23 reactors in 2021.

In India, 18 nuclear reactors have a capacity of less than 300 Mwe in comparison to South Korea which has 24 nuclear reactors with a capacity of three times that of India. Also, China has 43 reactors and one reactor has a capacity of 1,000 Mwe.

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### How far India has succeeded in fulfilling ambitions of Sarabhai?

Indian Space Research Organisation (ISRO) has done enough to make him proud. **For example**, record of sending 104 satellites at one go, 27 satellite missions and 25 launch vehicles in the past five years.

**Chandrayaan-1** discovered water on the sunlit side of the moon, and Chandrayaan-2 confirmed the presence of water ice in the dark regions. It reignited global interest in lunar research and colonisation. Mangalyaan mission was completed in its first attempt with the least cost.

There are some upcoming missions which promises great future for Indian space sector. **For example**, Aditya-L1, the first Indian observatory class mission to study the solar corona and Venus orbiter Shukrayaan-1 (2024), Chandrayaan-3 (2022) and Mangalyaan-2 (2024). India is also planning to set up its space station by 2030.

### What are the existing issues in fulfilling the ambitions of Sarabhai?

**One**, the challenges and competition are growing. **For instance**, the Chandrayaan-2 Vikram lander crashed on the lunar surface in 2019, Gaganyaan the country's first human spaceflight mission has been delayed.

**Two**, India's Geosynchronous Satellite Launch Vehicle Mark-III, which carried Chandrayaan-2, doesn't have the same thrust as the giant Saturn V rockets that were used in NASA's Apollo programme. Though India is providing space opportunities on a budget but the entry of private companies, such as SpaceX and Blue Origin, has brought tough competition.

GS4 – ETHICS – ETHICS – in human actions
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GS2 – GOVERNANCE – GOVT POLICIES AND INTERVENTIONS
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### 54. India, heal thyself

**Source:** This post is based on the article “India, heal thyself” published in Times of India.

**News:** National Medical Commission (NMC) has decided to replace the Hippocratic Oath in medical colleges with the Charak Shapath from the new academic session. The Hippocratic Oath is taken by medical students worldwide.

#### Why this move is not very appropriate?

Both the Hippocratic Oath and Charak Shapath (derived from Maharshi Charaka's Charaka Samhita ) essentially enjoin medical practitioners to put patients first, respect their privacy, and practise with the best of judgment.

Thus, it hardly makes any difference which oath is administered.

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The type of oath administered to medical students is irrelevant what is the type of medical education is what matters.

### What is NMC and what are its responsibilities?

NMC came into being in 2020 when it replaced the Medical Council of India. NMC's aims include improving access to quality medical education and ensuring availability of adequate medical professionals.

### What is the status of medical Infrastructure in India?

The shortage of medical professionals in the country remains chronic. As per a report of the **15th Finance Commission** made public last year, every **allopathic doctor in India caters to 1,511 people as opposed to the WHO norm of 1:1,000**. The shortage of trained nurses is even worse.

### What is the way forward?

Efforts should be directed at **improving these numbers**.

Even if a need is felt for mainstreaming alternative/indigenous medical systems or AYUSH, the focus ought to be on **rigorous scientific standardisation of these streams**.

Government should aim for **boosting medical infrastructure** especially in light of Covid.

GS3 – INDIAN ECONOMY – ISSUES RELATED TO GROWTH AND DEV

GS3 – AGRICULTURE - Major Crops - Cropping Patterns in various parts of the country

## **BOOSTING FARMERS' INCOME**

### **55. A Blueprint to Revive Farming**

**Source:** This post is based on the article **"A Blueprint to Revive Farming"** published in **Indian Express**.

**News:** The recently released Budget 2022-23 has increased the agricultural credit target to Rs 18 lakh crore for 2022-23 from Rs 16.5 lakh crore for the current fiscal, with an allocated subsidy of Rs 20,870 crore.

### What is the need to increase Agri-credit?

**First**, both the budget speech and the Economic Survey 2021-22 recommended crop diversification and inclusion of horticulture, organic farming, dairying and fishing to increase farmers income. But to enable this shift and to improve income through allied sectors, farmers must have **access to institutional credit at reasonable rates of interest**.

**Second**, credit is critical for achieving **higher farm output**. Institutional credit will help delink farmers from non-institutional sources where they borrow at high rates of interest.

### Why the huge credit and subsidy will not necessarily help farmers?

**One**, the volume of credit has grown but its **quality and impact on agriculture has deteriorated**. Over the years, the growth rate in the agriculture sector has been falling.

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It was 6.8 per cent in 2016-17, whereas it is 3.9 per cent in 2021-22. Agricultural credit has become less efficient in delivering growth.

**Two**, majority of subsidized agri-credit is **grabbed by a handful of big farmers and agri-business companies**.

According to RBI, the agricultural households with the small landholding get only about 15 per cent of the subsidized loan, but the big farmers get 79 per cent of subsidized loans.

As per the Situation Assessment Survey of Agricultural Households by NSSO, the share of institutional loans increases with an increase in land possessed.

**Three**, a loose definition of agri-credit has led to the leakage of loans at subsidised rates to large agri-firms. For example, in 2017, 53 per cent of the agriculture credit that NABARD provided to Maharashtra was allocated to Mumbai metro city and suburbs, where there are no agriculturists, only agri-business.

Also, the subsidised credit is being refinanced to small farmers and in the open market at interest rates up to 24 per cent.

### What is the way forward?

**First**, the Working Group on Agriculture Production constituted in 2010 had recommended that credit should be made available at no more than 4 per cent per annum rate of interest.

**Second**, Institutional development across states should be priority area for equitable and uniform flow of subsidized credit across states.

**Three**, state governments should work in close coordination with the banking system for the promotion of more Joint Liability Groups (JLGs) as per NABARD guidelines to ensure that formal credit reaches financially-excluded farmers.

**Four**, state governments should regularly monitor credit flow. Also, a comprehensive list of all farm-related activities should be prepared by the banks in consultation with NABARD, agriculture experts, farmers and administration.

For example, in Haryana the law was amended to provide the recovery of the cooperative loans by leasing out the mortgaged land in place of selling, in the event of default. The Haryana model on agri-credit can be a blueprint for other states.

**Fifth**, the eligibility criteria for providing agriculture loans should be further simplified, liberalized and the repayment schedule should be according to the farmers' capacity.

GS3 – INDIAN ECONOMY - GST AND RELATED ISSUES

### **GST AND RELATED ISSUES**

#### **56. GST has been a win-win taxation regime for the Centre and states**

**Source:** This **post** is based on the article **“GST has been a win-win taxation regime for the Centre and states”** published in **Livemint**.

**News:** Recently, India's chief economic advisor claimed that GST had led to a faster increase in revenues for states such as Tamil Nadu than the sales tax, which was collected earlier.

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### How GST is a win-win taxation regime?

**First**, definitions play a key role in comparisons. The definitional issue is important because the state's own tax revenues (SOTR) include excise duty on alcohol and value-added tax on petrol and diesel. These are critical for revenues, but have nothing to do with the GST.

**For instance**, the growth rate of SOTR was 6.7% in 2015 and 2.31% in 2016. And, the growth rates were 9.07% in 2018 and 12.59% in 2019. Therefore, even if these two are compared, the growth rate is higher in years after the introduction of GST.

**Second**, it does not make economic sense to arbitrarily pick random years and present their compounded annual growth rate (CAGR) to present an argument without considering the prevalent macroeconomic situation.

**Third**, taxes are levied on the value of goods and services, which makes prices significant. High inflation years typically lead to higher revenue mobilization.

Since 2013, India's inflation has moderated from double-digit rates to 4-5%. This moderation in inflation has also meant that tax revenues would grow slower than in the past.

Low inflation, high real growth and modest tax growth is good for macroeconomic stability. Considering this structural change in the economy, the revenue growth of GST is better.

**Fourth**, the data about revenue growth do not include compensation provided to states by the central government. The 14% compensation was decided based on the revenue growth rates in the preceding years, which had experienced higher inflation. As inflation moderated, revenues decreased which resulted in the Union government compensating states. It imposed an additional cost on the Centre.

Most important, during the pandemic, most states introduced lockdown-like restrictions but then also they were assured of their revenues because of the Centre's commitment under GST regime.

### What are the existing challenges with GST?

**One**, the revenue-neutral rate was 15% but due to various interventions by different state finance ministers, the weighted average rate has fallen to 11%. Also, these interventions have added too many exemptions.

**Two**, there are close to nine effective GST rates, which has added to the complexity of the taxation structure. States are also responsible for complex GST rates. Because, the tax is the responsibility of the GST Council, not the central government and the Council comprises the finance ministers of states also.

**Three**, states during lockdown have shown lack of caution while implementing ad hoc restrictions on economic activity or towards improving GST compliance.

### What is the way forward?

**First**, though there are complexities, but GST represents an improvement over the older taxation system. GST has shown improvement in terms of revenues and efficiency. Hence, the new taxation regime should not be politicized.

**Second**, India's former chief economic advisor had extensively reviewed GST to document the issues and has proposed simplification so as to further build on the gains derived from the



implementation

of

GST.

GS3 – ENVIRONMENT – CLIMATE CHANGE

### **CLIMATE CHANGE AND AGRICULTURE**

#### **57. For Climate smart agriculture**

**Source:** This post is based on the article “**For Climate smart agriculture**” published in **The Indian express**.

**News:** India has set a carbon neutrality target for the year 2070 at the CoP26 in Glasgow. Union Budget for 2022-23 has also listed climate action and energy transition as one of the four main priorities for the country in the coming decades.

Although agriculture has been a major contributor to climate change problem, yet the budget fails to have sufficient provisions to combat it.

#### **What has been the agriculture sector’s contribution to the climate change issue?**

Agriculture contributes 73% of the country’s **methane** emissions, and India is the world’s third-largest emitter of methane.

Agriculture sector also emits huge amount **of carbon-dioxide equivalent**, and rice cultivation is the third-highest source (*17.5 per cent*) of GHG emissions in Indian agriculture.

According to the Sixth Assessment Report IPCC 2021, paddy fields are anthropogenic sources of atmospheric **nitrous oxide and methane**, which are up to 200 times more powerful than carbon dioxide in driving temperature increase in 20 years.

#### **What are the causes for agriculture sector’s increasing contribution to climate change in India?**

The environmental damage due to agriculture is mainly the result of the following:

– **Various kinds of subsidies on urea:** These subsidies also lead to an excessive production of wheat and rice in the country, which leads to record stock in country’s central pool. **For example:** Rice stocks with the Food Corporation of India (FCI) are seven times the buffer norms for rice. All this does not just reflect inefficient use of scarce capital, but also leads to release of excessive amount of greenhouse gases (GHG).

– **Canal irrigation and power for irrigation**

– **Minimum support prices (MSP) and procurement policies** concentrated on a few states and largely on two crops, rice, and wheat.

#### **What has been Govt’s announcement for sustainable agriculture in the budget?**

The budget mentions chemical-free natural farming in a 5 km wide corridor along the river Ganga, support for millets, and increased domestic production of oilseeds and kisan drones.

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Although these are positive steps, but they don't assure that the environmental damage already done by the sector can be undone.

### What are the additional steps required?

**GHG Inventories:** India does not report nitrous oxide emissions in its national GHG inventories. When methods like intermittent flooding are applied to reduce methane emissions it is assumed that they will lead to a decrease in overall emissions but on the contrary they increase nitrous oxide emissions which goes unaccounted.

Emissions due to other factors like application of fertilisers, energy operations like harvesting, transportation are also not accounted for in the GHG emissions. There is need for including these to get a wholistic picture of agriculture sector's emissions.

**Carbon tax:** According to the IMF, the world needs a carbon tax of \$75 per tonne by 2030 to reduce emissions to a level consistent with a 2°C warming target. India does not have an explicit carbon-price yet, but many countries have begun to implement carbon pricing. Introduction of an indicative carbon pricing can incentivise green growth.

**Water security:** The Economic Survey 2021-22 points out that the country is over-exploiting its groundwater, primarily due to paddy cultivation. This calls for revisiting policies to subsidise power and fertilisers, MSP and procurement and reorient them towards minimising GHG emissions.

**Awareness:** Farmer groups and the private sector can be mobilised to develop carbon markets in agriculture by rewarding them for improving farming practices to lower GHG emissions.

GS3 – INDIAN ECONOMY – ECO SURVEY AND UNION BUDGET

GS3 – ENVIRONMENT – BIODIVERSITY AND CONSERVATION

### ENVIRONMENTAL ISSUES AND UNION BUDGET 2022-23

#### 58. Why Union Budget is not good in environmental terms

**Source:** This post is based on the article “**Why Union Budget is not good in environmental terms**” published in **Down to earth**.

**News:** Indian government at Glasgow CoP26 has set targets like achieving Net zero carbon emissions by 2070 and Reduction of one billion carbon emissions by 2021 to 2030, etc.

However, the recent budget does not have provisions that would help it achieve these.

#### What are the issues in the present Budget wrt environment conservation?

**Reduced budgetary allocation:** Union budget of this year has reduced the budgetary allocation for the statutory body Commission for Air Quality Management (CAQM), National Clean Air Programme, statutory and autonomous bodies under environment ministry.

Budget allocation for **Climate Action Plan** is also very low for controlling any kind of natural calamity.

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Budget of the **National Coastal Mission** has also been reduced, which is responsible for the protection of coastal areas from natural disasters. This will leave these areas more exposed to natural disasters.

Budget has announced the [Gati Shakti project](#) worth Rs one lakh crore for developing **infrastructure in the country. According to Land Conflict Watch (a data research agency), the expansion of infrastructure projects often cause severe damage to the environment.**

Budget has also announced **huge sum of allocation for the project connecting the Ken and Betwa rivers.** Environmentalists are wary that it may damage the natural environment. There is also an apprehension that it may increase the incidence of floods. This is due to the fact that a river or stream flows naturally in a certain direction and if an attempt is made to change it, after some time it returns to its natural course.

### What is the possible impact?

Reduction in the budget allocation of environmental organisations and regulatory boards will also lead to neglect of environmental protection measures.

GS3 – INDIAN ECONOMY – INCLUSIVE GROWTH AND ISSUES ARISING OUT OF IT

## INEQUALITY AND RELATED ISSUES

### 59. The myth of the trickle-down

**Source:** This post is based on the article **“The myth of the trickle-down”** published in **Indian Express on 15<sup>th</sup> Feb 2022.**

**News:** This article says trickle-down is a flawed approach and that’s why Indian policymakers must discover India’s own model of development and shed defunct economic theories.

### How budget 2022-23 is aligned towards a trickle-down theory?

The budget has not announced any populist measure, and taxes on incomes and wealth have not increased. Also, economists believe that investments in physical infrastructure will benefit the economy in the long run due to trickle-down and in the short run by creating more employment. Also, the allocations for health and social security are inadequate.

### Why the “trickle down” approach is not suitable for India’s economy?

**One,** the budget presumes that large wealth creators will create wealth that will trickle down to the masses. Evidence shows that the approach of increasing the overall size of the pie by reducing taxes at the top and then “redistributing” the wealth has not delivered benefits to people.

Also, current policies are making it easier for investors to do their business of making more profits for themselves in an uncontrolled manner.

**Two,** Gandhiji was not against wealth creators. But according to him, wealth creation should not be at the cost of workers and welfare. Wealth creators must be trustees of the wealth, not its exclusive owners.

## 9 PM Compilation for the Month of February, 2022

**Three**, the Indian economy is suffering from a “demand-side” problem. The new generation with better education and vocational skills are not able to find decent jobs.

**For instance**, the CMIE estimates that in UP, the number of persons of working age who have a job has decreased in the last five years from 43 percent to 33 percent. Since there is no earning, that’s why investments in businesses will not be able to increase the demand.

**Four**, there is a growing reaction against globalization. In May 2007, the Prime Minister had said that the time has come for the better-off sections of society to understand the need to make the growth process more inclusive.

However, business feared that he was going against the “Washington Consensus” of “minimum government”, “ease of doing business” and lower corporate and wealth taxes.

**Five**, due to Davos Man’s theory, the wealthiest people have influenced economic policies in democratic countries from the 1990s to make themselves wealthier. Wealth has accumulated at the top with regressive tax policies along with deregulation. Government expenditure on social reforms has been reduced.

**Six**, when inequalities increase without any control, governments divide to rule, and persecution of minorities increases with politics of national identities.

**Seven**, Neo-liberal Indian economists say that until the economy grows, there will be no resources to invest in human development. But China invested in human development before its economic take-off.

Also, Davos Man’s theory says global free trade and competition will help the unprepared industrial sector to grow. But the UK, USA, Japan, and China grew their industrial sectors under protection and then demanded that the rest open their markets.

GS3 – INDIAN ECONOMY – INDUSTRIAL POLICY AND GROWTH

### **EASE OF DOING BUSINESS IN INDIA AND RELATED ISSUES**

#### **60. Niti versus Nyaya: When policy provisions deny people justice**

**Source:** This post is based on the article “**Niti versus Nyaya: When policy provisions deny people justice**” published in **Livemint on 15<sup>th</sup> Feb 2022**.

**News:** A recently released paper titled Jailed for Doing Business by Gautam Chikermane of Observer Research Foundation and Rishi Agrawal of Teamlease Regtech has documented the jail provisions faced by Indian entrepreneurs.

This article discusses the difference between Niti and Nyaya while discussing the over-regulation in Indian economy.

#### **What does the research paper reveal?**

There are around 1,536 laws in seven categories to jail the employers. Around 843 laws are consequential and they have 26,134 criminal provisions. Also, one law has 700 ways in which a business person can end up in jail.

#### **How the disagreement between Niti (policy) and Nyaya (justice) grew?**

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**One**, Mahatma Gandhi had pleaded guilty to sedition charges in 1922. He said that the mere existence of a procedurally legitimate law is not enough. It must have the moral authority to rule.

**Two**, in the late 1940s, US Supreme Court Justice Felix counselled B.N Rau (constitutional advisor) that India would be best served without a clause for “due process”.

Hence, India adopted “procedure established by law” from the Japanese Constitution. This has resulted into over-regulation and over-emphasis on Niti. For example, 26,134 criminal provisions for employers in India.

**Three**, Indian Constitution lack a due process clause. Article 21 of the Indian Constitution states that “No person shall be deprived of his life or personal liberty except according to procedure established by law”.

Supreme Court interpreted it in A.K. Gopalan in which he challenged his detention under Article 32.

He argued that he had a fundamental right under Article 21 not to be deprived of his personal liberty except “according to procedure established by law”.

However, the Supreme Court rejected Gopalan’s arguments. The court said that only the legislature can decide the adequacy of procedures, and courts would not go into reasonableness and fairness. Hence, it gave preference to the legislature’s wisdom.

### How this difference is narrowed down?

**One**, the Supreme Court overruled the Gopalan case verdict in 1978. It held that the procedure established by law should not be unfair, fanciful, or arbitrary.

**Two**, after 2017 the test of constitutionality includes, whether Parliament has the legislative competence to enact a law on the subject, whether the law violates fundamental rights or any other provision of the Constitution and whether the legislation passed by Parliament is arbitrary.

### What is the way forward?

**First**, India will soon become third in the world’s gross domestic product (GDP) rankings, but due to low productivity, it stands at 138th in per capita GDP. So there is a need to change how land, labour, and capital combine to create well-paying jobs, livelihoods, and businesses.

**Second**, entrepreneurship is growing in India, but regulatory cholesterol (Niti) ensures that most employers remain dwarfs. It shows that cost of Niti is poor economic Nyaya which manifests itself in the form of corruption, low wages, and low productivity. Hence, they must be relooked.

**Three**, Krishnadevaraya of Vijayanagara was inspired by Telugu political theorist Badenna, who believed “Justice is the way to make the people prosper and the people’s prosperity is the way to wealth”. Hence, emphasis should be given to Nyaya over Niti.

GS3 – INDIAN ECONOMY – MOBILIZATION OF RESOURCES

GS3 – INDIAN ECONOMY – INDUSTRIAL POLICY AND GROWTH

## PRIVATISATION AND RELATED ISSUES



## 9 PM Compilation for the Month of February, 2022

### 61. LIC disinvestment: Right and wrong

**Source:** This post is based on the article “LIC disinvestment: Right and wrong” published in **Business Standard on 15<sup>th</sup> Feb 2022.**

**News:** The Government of India (GoI) is disinvesting 5 per cent of the shares of the Life Insurance Corporation of India (LIC). However, the GoI will retain control of the company.

#### Why LIC should be privatized rather than disinvested?

**First,** the previous experience shows outcome of disinvestment in public sector banks has not been good for the taxpayer or for the economy. On the other hand, in case of proper privatization experience has been better.

**Second,** LIC has grown substantially over time and has a monopoly. That's why it is suggested that GoI should privatise LIC, and it should give up the control to the private sector at the right price.

**Third,** it is said that it is not the business of the government to be in business. But it is very much the business of the government to provide public goods and services, which the private sector fails to provide. The proceeds of privatization can be utilized to improve public service delivery.

#### How proceeds of privatization can help in providing public goods?

**First,** there are several public goods and services that need to be expanded and improved.

**For example,** the police, judiciary, and tax administration. The policing system is small considering the population of the country. Also, more spending is needed on the infrastructure and the human capital in the judiciary. And, the tax administration, because the tax-gross domestic ratio (GDP) ratio is low in India.

**Second,** the public authorities have not over time invested adequately in research, planning, and the administrative machinery for the purpose of collecting more taxes. A higher tax-GDP ratio can pave the way for larger public spending on education and health. The spending on these merit goods will enhance equity and productivity.

**Third,** better public services enable more people to carry out an economic activity, which leads to an increase in GDP. There will be social return also. Hence, the GoI and the public at large can benefit more from spending on public services rather than spending on highways.

**For example,** disinvestment proceeds of LIC will be used in highways construction, but actually highways are not always public goods because a toll can be charged by a private player to cover the costs and even make some profit.

#### What is the way forward?

Instead of mere disinvestment, it is important to privatize LIC and use the sale proceeds for expanding and improving basic public services that are effectively productive. It will benefit the common person much more than those who are well-placed.

GS3 – SCIENCE AND TECHNOLOGY – DEVELOPMENTS AND THEIR APPLICATIONS IN DAILY LIFE

### **GEOSPATIAL SECTOR AND RELATED ISSUES**

#### **62. Zooming in on the potential of India's geospatial sector**

**Source-** This post is based on the article “**Zooming in on the potential of India's geospatial sector**” published in **The Hindu** on 15th Feb 2022.

#### **News**

It has been one year since the new guidelines for the geospatial sector were introduced and there have been many positive developments due to this. The investment in the geospatial sector has increased significantly and there is a positive response from the private industry as well.

#### **What is the status of geospatial sector in India?**

India has a robust ecosystem in geospatial, with the Survey of India (SoI), the Indian Space Research Organisation (ISRO), remote sensing application centres (RSAC)s, and the National Informatics Centre (NIC) in particular, and all ministries and departments, in general, using geospatial technology.

#### **What have been various initiatives in the sector both public and private?**

The Geospatial sector finds mention in the Union Budget. There also have been private initiatives like MapmyIndia. City mapping programme by Genesys International.

#### **What are the limitations that remain?**

Despite this progress the **full benefits have yet to percolate to the public** and there is **not much contribution to the nation's GDP**.

**Absence of a sizeable geospatial market in India** – The demand for geospatial services and products is very low as compared to India's potential and size. This is mainly due to the lack of awareness among potential users in government and private.

There is **lack of skilled manpower** across the entire pyramid.

There is **unavailability of foundation data** especially at high-resolution.

There is **lack of ready-to-use solutions** especially catering to the problems of India.

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

**Need for culture of data sharing, collaboration and cocreation**– Entire policy document should be published and government and private users should be made aware of things.

**Data sharing should be encouraged and facilitated**-This can be done by unlocking data available with government departments and having open data sharing protocol. There is also a need to establish a geo-portal to make all public-funded data accessible through data as a service model, with no or nominal charge.

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**Need to generate foundation data across India** -While different types of data is produced on a project-to-project basis, there is a need to generate foundation data across India. For example- data layers for cities and data of natural resources.

**Local geospatial cloud**- As the new guidelines prevent high-accuracy data being stored in overseas clouds, there is a need to develop a geospatial data cloud locally and facilitate a solution as service. For example- Different organisations can handle different kinds of data like National organisations like SoI and ISRO can handle data related to the nation's security and scientific significance.

**Academic Programme**-India lacks a strata of core professionals who understand geospatial end-to-end. There is a need for a bachelor's programme in geospatial and also a dedicated geospatial university. Such programmes will propel research and development efforts which are crucial for the development of technologies and solutions locally.

GS3 – INDIAN ECONOMY – MOBILIZATION OF RESOURCES

### **BOOSTING CONSUMER DEMAND**

#### **63. Our stimulus should act on consumer confidence**

**Source-** This post is based on the article “**Our stimulus should act on consumer confidence**” published in **Live Mint** on 15th Feb 2022.

#### **News**

There has been a lot of emphasis on Infrastructure development for reviving economic growth, however the more potent tool that is **consumer demand** has not got much attention.

#### **How is consumer demand tracked and what are its recent statistics?**

Reserve Bank of India's Survey-based index tracks consumer demand. Its latest round shows an increase for January month as compared to the data from November but it is still below its pre-pandemic level as was in March 2020. Any reading above 100 indicates net optimism but it is still below RBI's expectations.

#### **Why should focus also be laid on Consumer demand while making macroeconomic strategy?**

Since past two years **consumer demand and the global health crisis** have been moving parallel.

Government' huge capital expenditure of ₹5.5 trillion in 2021-22 will take some time to have some noticeable impact on index readings because of a typical lag. Though infrastructure creation is valuable for long term growth but government must also support consumer confidence. As this will **help Centre in its strategy of 'crowding in' private investment**.

Consumer demand will lead to an increase in **private investment** due to increased capacity utilisation and set off a **self-reinforcing cycle of income generation** across the country.

Large outlays on public projects are known to have major multiplier effects on the earnings of people at large, but much depends on the pace at which this is done as these projects take very long to execute.

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### What is the way forward?

Although Economic Survey this year cited record corporate profits and raising of risk capital which are positive signals but it would be advisable that the government should keep a track on RBI's index.

If consumer demand does not pick up as expected even in the coming year, Government may need to give some **direct stimulus for strengthening the supply side measures**.

GS3 – INDIAN ECONOMY – CRYPTOCURRENCY AND RELATED ISSUES

GS3 – INDIAN ECONOMY – MONEY AND BANKING

### 64. After the Budget's 'crypto signal', India awaits reforms

**Source:** This post is based on the article “**After the Budget's 'crypto signal', India awaits reforms**” published in **The Hindu** on **17<sup>th</sup> Feb 2022**.

**News:** With the recent Budget announcement of a flat tax rate of 30% on Crypto assets, the Govt has set the ball rolling in the right direction. Although this is being seen as a move towards legalisation of Cryptocurrency, the Finance Min has made it clear in the Parliament that taxing Crypto assets is not equivalent to Govt legalising them.

As of now, further systemic changes are needed to carefully accelerate India's progress in the underlying Blockchain technology and to ensure better handling of the demands of Crypto consumers.

**What are the potential impacts & concerns of the Govt's decision to tax Crypto?**

#### **Impact:**

- The flat tax rate is de facto affirmation of the role that cryptocurrency and related technologies could play in India's financial-cum-economic system in the future.
- It could also mean that down the road, the activities of Crypto startups might be legitimised and formally legalised. This would enable them to access the necessary support system, which might not have been available previously.
- High tax rate might hamper the willingness of investors to convert cryptocurrencies into the national fiat, but it may also open up more doors for technologically savvy and innovation-minded investors.
- The extremely high tax rate and the fact that the losses cannot be offset would motivate investors to look for alternative means of storing and undertaking transactions in cryptocurrencies. An inadvertent upside of this, then, is the prospective conversion and reallocation of crypto-funds from one form to another. **For instance:** Staking, lending and providing liquidity under DeFi (Decentralised Finance) activities.

This will help in the building up of India's crypto-financial ecosystem in the long run.

**Must Read:** [What is DeFi?](#)

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### Concerns

The community of small and medium-sized enterprises (SMEs) and lower-end high net-worth individuals is going to find it most difficult to access the DeFi ecosystem given the substantial barriers posed by the tax rates.

### What are some other issues with India's Crypto policy?

When it comes to India's crypto policy at large, there is a fundamental lack of clarity in aspects other than taxation.

A Central Bank Digital Currency (CBDC) will definitely help in pushing for the adoption of digital currencies, but, equally, defeats the fundamental purpose of cryptocurrency, which is decentralisation.

### What is the way forward?

#### Systemic reforms

- Reduction of tax rates in the future, by weighing in considerations concerning government revenue and the need to curb speculative bubbles surfacing in relation to the currency.
- Introducing more rigorous regulations where appropriate

#### Incorporation of insights from seasoned partners from international communities

- Engaging these individuals for their insights and advice on the best practices associated with cryptocurrency policymaking.

### 65. The cryptosphere needs amplified risk warnings

**Source:** This post is based on the article **"The cryptosphere needs amplified risk warnings"** published in **Live mint** on **16th Feb 22**.

**News:** RBI officials have done well to caution crypto enthusiasts by talking about tulip mania and Ponzi schemes. While the case for a digital-token ban remains weak, risk awareness must rise.

Offer documents of public offerings give an insight into the associated risk factors to potential investors. But there is no such equivalent in Cryptocurrency. Hence, in this context, the voices of our central bank's top officials need to be amplified.

**Tulip Mania:** It occurred in Holland during the early to mid-1600s when speculation drove the value of tulip bulbs to extremes. At the height of the market, the rarest tulip bulbs traded for as much as six times the average person's annual salary. The term is often used to refer to a financial bubble.

**Ponzi scheme:** This refers to a financial pyramid that uses funds of an expanding base of new 'investors' to assure a smaller group of earlier sign-ups big returns. It is a fraud that usually gets exposed once it runs out of gullible folks to lure. Cash inflows fall short of promised payments, and the whole thing collapses.

### Is Cryptocurrency a threat to monetary policy?



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If digital coinages widely replace rupees as tokens of exchange, it would blunt our tools of monetary policy. This can endanger the management of our economy, but this worry seems overblown right now because the cryptosphere is too crowded for any single 'stablecoin' to emerge as a winner.

### Is a ban on Cryptocurrency imminent?

With top RBI officials coming out with strong views against Cryptocurrency and with Finance Minister stating that taxing Crypto is not equivalent to legalising it, a ban is a possibility.

Moreover, a ban on Crypto will not hamper the Blockchain led innovation in any manner.

### What is the way forward?

Threat to the monetary policy can be taken care of if RBI keeps inflation under control and by deploying its own Central Bank Digital Currency (CBDC).

Further, a crypto ban would be hard to enforce, given the secrecy with which password 'keys' can be held.

Also, there's no sense in forgoing a source of tax revenue.

To make the public aware of risks associated with investing in Crypto assets, public-warnings need to get even louder. Suitably alerted to risk factors, people should be left at liberty to buy the tokens they want.

GS3 – INDIAN ECONOMY – COVID PANDEMIC AND ITS IMPACT

## IMPACT ON NUTRITION

### 66. Engel's law and Pandemic's impact on our food expenditure

**Source–** This post is based on the article “**Engel's law and Pandemic's impact on our food expenditure**” published in **Live Mint** on 16<sup>th</sup> Feb 2022.

**News:** The recent budget has seen a **reduction in the amount allocated for food subsidy, mid-day meals** and for the Mahatma Gandhi National Rural Employment Guarantee Act. These steps may worsen the situation of the poor who have been struggling to even cope with the disruption to their food budget as shown by a recent analysis.

### What is this study?

An analysis was done on the basis of Centre for Monitoring Indian Economy monthly data. Experts studied the data based on Engel's law and analysed pandemic's impact on the food budget of the households.

### What is Engel's law?

The poorer a family, the greater the proportion of its total expenditure that must be devoted to the provision of food.

### What were the causes for Nutritional disruptions in the pandemic?

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Nutritional disruptions arose from both the **production side** (food production, processing and distribution) and **demand side** (economic and physical access to food) during the pandemic.

Food supply chains were interrupted by restrictions on the movement of food and closure of wholesale and retail outlets. The hikes in food prices, along with unemployment and loss of incomes led to a decline in overall demand.

### How these disruptions affected food expenditure of households?

Pandemic-induced lockdowns resulted in a sharp **increase in the share of food in total expenditure** across rural and urban India.

The share of food in total expenditure in rural India ranged from **45% to 50%**, and, in urban India, from 41% to 45% **before the Pandemic**.

However, the corresponding shares rose to **61%** in rural India and 59% in urban India **during the first wave** and even reached higher levels in the second wave.

In rural areas the before(pandemic)-versus-after **gaps in food-budget was widest for the poorest**. That the poorest in rural areas were worst affected by the lockdown.

Although overall Engel curve shifted downward once lockdown restrictions were lifted but there was **no reversal to pre-pandemic levels**. This shows that the income levels have not fully recovered and changes in relative food prices induced **substitutions within the household consumption basket**.

This means that households may have been prompted by the massive price and income shocks due to the pandemic to **shift from good-quality nutritious food to inferior food**.

GS3 – INDIAN ECONOMY – ISSUES RELATED TO GROWTH AND DEV

### INDIA@75 BY NITI AAYOG

#### 67. Moving on from India@75 dreams

**Source:** This post is based on the article “**Moving on from India@75 dreams**” published in **Business Standard** on **18th February 2022**.

**News:** NITI Aayog had released her ambitious report titled India@75 in 2017. It was a 200 page document which had a total of 1400 stakeholders.

#### What were the targets of the document?

It aimed to take GDP growth to 8% and to raise the taxes to GDP ratio to 22%. It also aimed to increase the female labor participation rate to 30% and to improve data collection on employment. Furthermore, it aims to double the rate of growth of the manufacturing sector to make in India

#### What has been the achievement of the targets identified in the report?

**GDP growth rate:** dropped from January 2018. For 13 quarters before the pandemic, it reached as low as 3.1% in 2019–20.

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**Investment rates:** remain static at 30% or below. Center's tax to GDP ratio fell from 11% in 2019 to about 10% in 2020.

**Labor force participation** has remained similar at 40%. Whereas, LFPR In China and Vietnam is as high as 70%.

**Data collection:** A consumer expenditure survey was not released. The unemployment rate is at 6%.

**Manufacturing** and its share in GDP have fallen from 16% to about 13% today. Jobs in manufacturing have fallen. For example, in automobile production, the production remained 3.4 million passenger vehicles in 2014-15 and is the same in 2019-20. The society of Indian automobile manufacturers commented that the slow-down is long-term, structural, and deep.

**Farmers' income** did not double, reserve bank of India's consumer confidence survey has been trending negative for 5 continuous years.

There is only one positive outcome, that there is a rise in exports after being flat for the last five years.

### What did the government do?

The government constituted a committee under former chief statistician Pronab Sen. Agenda of this is to improve the quality of data amid criticism of the government over political interference, but there have been no further developments on this front.

### What should be the way forward?

As India approaches 2022, the report needs deep introspection before new targets are set.

GS3 – ENVIRONMENT – CLIMATE CHANGE

## IMPACT OF THE CLIMATE CHANGE

### 68. 'Habitat destruction brings us zoonoses to mental health issues'

**Source:** This post is based on the article “**Habitat destruction brings us zoonoses to mental health issues**” published in **Times of India** on **19th February 2022**.

**News:** The article talks about the research and the reason behind the increase in infectious and other diseases because of human activities.

### What are the problems associated with human actions?

**Climate Change:** Up to one billion people are at risk of undernutrition because of climate change disruptions of seafood globally. Many countries in the Global South, from sub-Saharan Africa to South Asia and the Pacific Islands, are experiencing enormous climate burdens. They do not have adequate infrastructure to mitigate the associate challenges.

**Deforestation:** It is bringing people in closer proximity to the wildlife. It led to an increased possibility of zoonotic diseases and pathogens being transmitted from animals to humans. For example, Nipah Virus transmitted from fruit bats. These bats live far from human populations.

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But with the expansion of human settlement, farms, and livestock areas, they come into closer proximity to wildlife, and they get exposed to viruses generated from pathogens.

Another research from Brazil shows that deforestation and habitat fragmentation lead to a greater risk of malarial transmission.

**Mental Health Trauma:** Researchers are studying to which extent people are suffering from mental trauma due to environmental change. **Solastalgia** is a form of anxiety, worry and depression, that arises from the experience of losing connection to the surrounding environment, because of its degradation.

### What should be done to solve the problems?

People should be aware that conservation, habitat restoration, and ecological preservation are key to human health.

### 69. For Climate smart agriculture

**Source:** This post is based on the article “**For Climate smart agriculture**” published in **The Indian express**.

**News:** India has set a carbon neutrality target for the year 2070 at the CoP26 in Glasgow. Union Budget for 2022-23 has also listed climate action and energy transition as one of the four main priorities for the country in the coming decades.

Although agriculture has been a major contributor to climate change problem, yet the budget fails to have sufficient provisions to combat it.

### What has been the agriculture sector's contribution to the climate change issue?

Agriculture contributes 73% of the country's **methane** emissions, and India is the world's third-largest emitter of methane.

Agriculture sector also emits huge amount **of carbon-dioxide equivalent**, and rice cultivation is the third-highest source (*17.5 per cent*) of GHG emissions in Indian agriculture.

According to the Sixth Assessment Report IPCC 2021, paddy fields are anthropogenic sources of atmospheric **nitrous oxide and methane**, which are up to 200 times more powerful than carbon dioxide in driving temperature increase in 20 years.

### What are the causes for agriculture sector's increasing contribution to climate change in India?

The environmental damage due to agriculture is mainly the result of the following:

– **Various kinds of subsidies on urea:** These subsidies also lead to an excessive production of wheat and rice in the country, which leads to record stock in country's central pool. **For example:** Rice stocks with the Food Corporation of India (FCI) are seven times the buffer norms for rice. All this does not just reflect inefficient use of scarce capital, but also leads to release of excessive amount of greenhouse gases (GHG).

### – Canal irrigation and power for irrigation

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– **Minimum support prices (MSP) and procurement policies** concentrated on a few states and largely on two crops, rice, and wheat.

### What has been Govt's announcement for sustainable agriculture in the budget?

The budget mentions chemical-free natural farming in a 5 km wide corridor along the river Ganga, support for millets, and increased domestic production of oilseeds and kisan drones.

Although these are positive steps, but they don't assure that the environmental damage already done by the sector can be undone.

### What are the additional steps required?

**GHG Inventories:** India does not report nitrous oxide emissions in its national GHG inventories. When methods like intermittent flooding are applied to reduce methane emissions it is assumed that they will lead to a decrease in overall emissions but on the contrary they increase nitrous oxide emissions which goes unaccounted.

Emissions due to other factors like application of fertilisers, energy operations like harvesting, transportation are also not accounted for in the GHG emissions. There is need for including these to get a wholistic picture of agriculture sector's emissions.

**Carbon tax:** According to the IMF, the world needs a carbon tax of \$75 per tonne by 2030 to reduce emissions to a level consistent with a 2°C warming target. India does not have an explicit carbon-price yet, but many countries have begun to implement carbon pricing. Introduction of an indicative carbon pricing can incentivise green growth.

**Water security:** The Economic Survey 2021-22 points out that the country is over-exploiting its groundwater, primarily due to paddy cultivation. This calls for revisiting policies to subsidise power and fertilisers, MSP and procurement and reorient them towards minimising GHG emissions.

**Awareness:** Farmer groups and the private sector can be mobilised to develop carbon markets in agriculture by rewarding them for improving farming practices to lower GHG emissions.

## 70. Climate and food price rise: Extreme weather events triggering unprecedented food inflation

**Source:** This post is based on the article "**Climate and food price rise: Extreme weather events triggering unprecedented food inflation**" published in the **Down to Earth**.

**News:** Unfavourable and unreliable weather hurt agriculture resulted into pushing food prices out of reach across the world.

### What is the situation of Indian economy?

India's wholesale inflation rate in November 2021 was the highest in three decades i.e 14.23%. Although, it reduced marginally to 13.56% the next month, but still December 2021 was the ninth straight month of double-digit percentage increases in the WPI



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Increase of [Wholesale price inflation \(WPI\)](#) is a cause of concern as it can raise retail inflation (RI). Rising prices of food items, particularly of vegetables, caused retail inflation to rise to a 68-month high of 7.59 per cent in January 2020.

**Read here:** [High food prices push retail inflation to eight-month high of 3.18% in June](#)

### What are the reasons behind increase in inflation?

India's wholesale price inflation peaked in November 2021 **due to a surge in primary food inflation**. Price of seasonal vegetables also emerge in many states. Similar trend is also visible in rest part of the world. According to [FAO Food Price Index](#), **food prices were at a decade-high, with an average rise of 28% over the previous year. Adjusting for inflation, the average food prices in the first 11 months of 2021 were at the highest in 46 years.**

**Read here:** [What rising foodgrain output means for India](#)

**Climate conditions:** According to RBI, between 1956-2010, there were nine double-digit inflation. Of these, seven were caused by drought conditions. Globally also, inflation occurred in 1970s, 2007-08 and 2010-14 because of factors like increase in oil prices, trade policy interventions and biofuel consumption. On the basis of year-on-year comparison, vegetable prices had gone up by 50.19% since January 2019. They increased by 45.56 % in rural areas and markets during this period and by 59.31% in urban areas.

**Read here:** [Explained: Will food become costlier?](#)

### Impact of food inflation

The current global food inflation is driven predominantly by wheat, which reported price rise due to drought and high temperature in major producing countries. **Non-profit Oxfam** simulated the impact of adverse climatic conditions on food price. Its estimates in 2012 show the average world market export price for wheat would rise by 120 % by 2030 compared with 2010; the figures for processed rice is 107 % and for maize is 177 %. According to various trade reports in 2021:

**USA:** spring wheat production declined by 40%.

**Russia:** Instead of the world's largest exporter of wheat, it has now imposed a tax on wheat export to ensure ample stock for domestic consumption. This is because of the less harvesting.

**Brazil:** There is a production dip of up to 10 % in coffee bean producing areas. According to International Coffee Organization, the climatic onslaught on the world's top coffee producer can lead to price rise for the next two years.

**Overthrow of government:** Increase in food prices contributed to the overthrow of governments in Libya and Egypt.

### 71. In 60 years, climate change took seven years of agri-productivity growth

**Source:** This post is based on the article **"In 60 years, climate change took seven years of agri-productivity growth" and "India has fabulous plant diversity — we venerate life-giving plants"** published in **Times of India**.

**News:** Recently, Ariel Ortiz-Bobea who is an economist discussed his research findings about climate change and its impact on agricultural productivity with Times Evoke.

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This article discusses the rich plant diversity in India, its significance and impact of climate change on Agri-productivity.

### What is the significance of plants in India?

**One**, India has rich plant diversity and has two of the world's biodiversity hotspots in the Western Ghats and the eastern Himalayas. Then there is Eastern Ghats, the central Indian forests, the western Himalayas, deserts, wetlands and mangrove forests. Each region has its own kinds of plants, and it holds 11% of the world's flora.

**Two**, plants have special place in Indian culture. For example, in Biligiri Rangaswamy Tiger Reserve (Karnataka), the Soliga tribe has a 'dodda sampige mara', a huge champak tree. It is believed that this tree is 2,000 years old. On the request of locals, a highway was adjusted to prevent the damage to the tree. Villagers have also built a small temple within the tree.

### How climate change is impacting economy and agriculture?

**First**, each plant has its own environmental range or the temperature, humidity and soil within which it grows. Climate change is making the higher parts warmer. New plant varieties can be grown there but many traditional crops can no longer be grown.

**Second**, forests are growing drier with more frequent forest fires. It is increasing opportunities for invasive plant species like thorny lantana which makes the forest dry and crowd out productive plants. This has implication on food chain as well.

For example, animals have to come out of forest in search of food. In Bannerghata National Park, many farmers have started growing non-food crops like eucalyptus as animals seek food crops to eat. But such nonfood crops are water-hungry, increase soil pollution and do not supply food to animals as well.

**Third**, increased warming lowers the agricultural productivity and to produce the same outputs, more inputs are required. The impact is more on countries lying near the equator than temperate regions, which also.

**Fourth**, agriculture is more sensitive to high temperatures and this increase the slowdown effect. That is why there is need of more investment to build resilience.

**Fifth**, climate change has serious implication on global food production and their prices. Hence it also impacts food security and employment.

For instance, climate change will reduce food supply and hence food prices will rise. Farmers will try to grow more but increasing inputs to grow more means more fertilizers, more soil pollution and deforestation.

### What is the way forward?

**First**, there is need to protect plant from dangers. For instance, slum inhabitants in Bengaluru live in tin shacks but plant saplings in old paint buckets.

**Second**, there has to be more investments in research to find a sustainable way to boost agriculture by increasing efficiency.

**Third**, the problem of climate change requires systemic change. India should take steps to increase water use efficiency and rethink the current water pricing, which encourage more use of water than needed.

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### INDIA AND THE ISSUE OF CLIMATE CHANGE

#### 72. A Planetary adjustment

**Source:** This post is based on the article “A Planetary adjustment” published in **The Hindu** on **18th Feb 2022**.

**News:** Over the years it has widely proposed and accepted proposition that humanity is in the Anthropocene era and are acting like a geological force that is shaping the planet’s destiny.

However, this gives the distorted sense that it is the ‘planet’ that needs protection rather than the people.

#### Why we need to save people and not planet?

Climate change leads to earth rearranging itself, it does so in a manner that can be destructive and **lethal to those least responsible for causing the disequilibrium**.

**For example:** Recently, Uttarakhand saw an avalanche of rock and ice destroy two hydropower projects and cause deaths.

This is despite the fact that the geology of the Himalayas makes the region inhospitable to large mega-engineering projects and the several floods, landslides, and earthquakes over the years have underlined this time and again.

#### What have been the causes behind these major changes in the climate of the earth?

Atmospheric changes visible now are a result of the Industrial Age and the use of fossil fuels.

Although in both these eras it was the **poor who have suffered the most**. They are the ones with the least agency to shield themselves from these hostile changes.

#### Why India’s stand on climate justice and its actions are paradoxical to each other?

India’s position on **climate justice** is that it cannot be denied the right to rely on fossil fuel to enhance the living conditions of most Indians who have limited access to reliable energy.

India’s commitment to **net-zero is also very far into the future** at 2070.

We should be very cautious that our policies **do not put the lives of millions people at risk** in the **pursuit of economic development**.

GS3 – SCIENCE AND TECHNOLOGY – DEVELOPMENTS AND THEIR APPLICATIONS AND EFFECTS IN EVERYDAY LIFE

### LETHAL AUTONOMOUS WEAPONS (LAWs)

#### 73. Stop the advance of killer robots

**Source:** This post is based on the article “**Stop the advance of killer robots**” published in **Live Mint** on **18th Feb 2022**.

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**News:** Thomas Edison once said that – *Someday there can be a machine or force with so much potential that can cause destruction at such a scale that can persuade a man to abandon war forever.*

Recent advancements in artificial intelligence-powered weapons point out that they can be this technology.

### What are Lethal Autonomous Weapons (LAWs)?

LAWs are **AI-powered weapons**. There have been reports that China has deployed machine-gun-wielding **autonomous robots near the Indian border**, as Himalayan heights were too cold for human soldiers to patrol 24×7.

Houthi rebels used an autonomous armed drone to attack a Saudi Arabian target

### Why LAWs pose an existential risk to humankind?

Experts point out that AI-powered quadcopters (*commonly used drones*) with explosive warheads are a possibility. Also, they could be used to attack cities and as **weapons of mass destruction**.

They could be **algorithmically directed to choose a certain** race, gender, or particular face as their target and **mount selective attacks** on them.

These technologies which are capable of doing this already exist, but had not been put together.

Although these weapons are considered to be precise still there have been civilian casualties that occur with every 'targeted' drone or missile strike in Afghanistan or Iraq.

If **non-state actors and terrorist groups** get hold of them, it can be **catastrophic**.

### What have been global regulations on LAWs?

Artificial intelligence (AI) is the most powerful technology created by humankind and like every technology, it has great benefits but also a dark side.

Therefore, there has been a demand to persuade world powers to impose an **international legally-binding prohibition on autonomous AI-powered weapons**.

A potentially catastrophic nuclear threat has so far been averted by **global regulation**. Global regulations have so far been successful in regulating dangerous explosives, bio, and chemical weapons, etc.

However, there has been **no big positive development** as many World power fear that other countries would take a lead over them if they dropped development work on LAWs.

GS3 – INTERNAL SECURITY – THREATS TO INTERNAL SECURITY

## NATIONAL MARITIME SECURITY COORDINATOR (NMSC)

### 74. On India's first National Maritime Security Coordinator (NMSC): Coast to Coast

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**Source:** This post is based on the article “Coast to Coast” published in **Times of India** on **18th Feb 2022**.

**News:** Government has given approval for the appointment of the Country’s first National Maritime Security Coordinator (NMSC). The responsibility of the NMSC will be to **ensure effective coordination among multiple agencies** dealing with **threats from the high seas**.

### When was the idea for the post of NMSC proposed?

The establishment of a post of NMSC under the National security advisor was proposed **after the 26/11 Mumbai terror attack**.

Back then the defense ministry had proposed the creation of a maritime security advisory board and the appointment of a maritime security adviser.

### What is the significance of NMSC’s appointment?

The appointment comes at a critical point in India’s strategic security environment –

India has a **7,516-km coastline** and 2 million sq km of Exclusive Economic Zone (EEZ), a single-point coordinator like the NMSC for all aspects of maritime security was much needed.

It also faces a threat from the China-Pakistan axis, for this India not only needs to guard itself against **sea-borne non-state actors** but also keep an eye on **Chinese threats** emanating from the Indian Ocean Region. China today has the largest navy and a maritime militia force to carry out grey-zone tactics against adversaries.

**Global axis of power is shifting from the West to the East** so the sea lanes around India are going to get busier. Countries have **different interpretations of UNCLOS** which may create situations like last year’s American freedom of navigation operation in India’s EEZ.

Also, **90% of India’s trade** by volume transits **through the seas**.

Hence, there is a need for enhanced maritime domain awareness to **protect both security and economic interests**. The NMSC will help lay the blueprint for a truly modern maritime security system.

GS3 – SCIENCE AND TECHNOLOGY – INFORMATION TECHNOLOGY

### **BLOCKCHAIN AND RELATED ISSUES**

#### **75. Beyond the hype of blockchain, a look at its reality**

**Source:** This post is based on the article “Beyond the hype of blockchain, a look at its reality” published in **The Indian Express** on **19th Feb 22**.

**News:** Blockchain is an elegant concept whose properties and potential require careful research, but treating it as a solution for all problems without thinking things through is techno-determinism.

**Techno-determinism:** *It states that media technology shapes how individuals in a society think, feel, act, and how our society operates as we move from one technological age to another.*

### What is a Blockchain, and why there’s a lot of hype around it?



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A blockchain is a **sequential append-only public bulletin board** of transaction records with two main functional properties.

**First**, what can get added to the [Blockchain](#) is **reconciled by multiple participating peers following a pre-decided consensus protocol**. This process cannot be gamed under the assumption that a majority of the unrestricted number of peers are honest.

**Second**, the bulletin board is **immutable**; once a record is added, it is cryptographically ensured that it cannot be altered. Each participating peer normally has their own copy of the entire bulletin board, with identical content, and they can read and further copy at will.

**Permissioned blockchain network:** *Businesses who set up a private blockchain will generally set up a permissioned blockchain network. It is important to note that public blockchain networks can also be permissioned. This places restrictions on who is allowed to participate in the network and in what transactions.*

### What are some concerns and issues related to Blockchain?

Following are some examples where Blockchain's advantages have been hyped up and not been adequately researched.

**On privacy:** Despite many claims to the contrary, the blockchain structure has nothing to do with the highly-nuanced notion of privacy, or even the limited secrecy aspect of it. To ensure secrecy, traditional and well-established notions from cryptography — like encryption, key management and zero-knowledge proofs, are used. These techniques are not limited to blockchain.

**On consensus:** Consensus is inapplicable when there is only one authority responsible for the integrity of the transactions – **For example**, the Election Commission of India (ECI) when a vote is cast in the privacy of a polling booth or a person is added or removed from a voters' list.

**Consensus:** *It's an automated process to ensure that there exists only one single valid copy of the record shared by all the nodes.*

**On Immutability of Blockchain:** Immutability can simply be achieved by the concerned authority periodically publishing the bulletin board in a publicly downloadable forum, and using hash chains verifiable by all to make alterations impossible.

**On Cryptocurrencies:** Cryptocurrencies do make valid use cases for blockchains, though the political decentralisation of the participants involved is questionable. The larger macroeconomic implications of cryptocurrencies are not well understood. Apart from the crucial price stabilisation issues, their potential to further inequality is also considerable.

**Other issues:** There are proposals for using Blockchains for land records, asset registers, etc. Most such proposals suffer from issues similar to the voting. Indeed, a 2018 study found hardly any successful use cases.

The role of blockchain in RBI's digital currency proposal is similarly doubtful.

Thus, the hype around the concept of Blockchain and its adoption in diverse fields seems to be faith-based, driven by unsubstantiated vendor and consultant claims

### What is the way forward?

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Convincing methods independent of “consensus” need to be developed to ensure the correctness and verifiability of transactions while protecting user privacy

GS3 – INDIAN ECONOMY – ISSUES RELATED TO GROWTH AND DEV

### **ESG Funds, Ratings and related issues**

#### **76. Address the challenges of doing ESG ratings at the onset**

**Source:** This post is based on the article “Address the challenges of doing ESG ratings at the onset” published in **Livemint on 22<sup>nd</sup> Feb 2022.**

**News:** Recently, the Securities and Exchange Board of India (Sebi) has come out with a paper on how credit-rating agencies (CRAs) should go about ESG exercise.

The article says there is need of proper assessment before allowing CRAs to become ESG rating agencies.

#### **How Environmental, Social and Governance (ESG) investing is becoming the ‘next big thing’?**

ESG compliance is becoming very important. The government is talking of issuing sovereign green bonds and the recipient of funds must be green-compliant. Foreign investors are keen to invest in ESG-complaint firms.

#### **Is ESG exercise trivialized?**

**One**, all companies claim that they are doing a lot for the environment. But while businesses say they have changed bulbs and use auto switch-on/off power devices, they make employees work beyond office hours, which consumes a lot of power with large servers running overtime.

**Two**, social responsibility is also unclear. During the pandemic, private companies with big reserves sacked employees or made them take pay cuts. Also, the top management corner more benefits in terms of increments.

**Three**, governance write-ups can also be questioned. It is well known that in some owner-driven businesses, even reputed directors are mere dummies. Also, typically members spend no more than 24 hours a year, earn ₹12 lakh upwards, and are not really interested. For instance, a recent episode of a stock exchange’s governance.

#### **Why CRA cannot do the ESG rating job?**

**First**, CRAs face problems with getting data from companies when they rate debt. The number of ‘Issuer not cooperating’ cases for surveillance has increased manifold. Once such firms procure a rating, their continued cooperation is not easy to obtain. For example, the recent announcement of entrusting CRAs to check the use of initial public offering (IPO) proceeds has drawn mixed reactions.

**Second**, there is an inherent conflict of interest. If a large company that pays a CRA, say, ₹5 crore in fees for a debt rating also asks for an ESG rating, then the risks of a compromised assessment cannot be ruled out.

**Third**, CRAs have little competence in evaluating environmental and social impacts. Some CRAs are talking of using artificial intelligence and machine learning for rating operations. It can be

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disastrous because algorithms will use annual-report data that can't always be taken at face value. Hence, humans must decide ratings, not machines.

### What is the way forward?

**First**, SEBI should mandate that ESG rating jobs be done by research institutions that specialize in ESG assessments.

**Second**, if CRAs have to be involved, it should be selective. Those CRAs should be specially qualified for the task. An external rating panel with experts in these fields should be compulsory until the system stabilizes.

## REGIONAL IMBALANCES IN GROWTH AND DEV

### 77. On an equal footing

**Source:** This post is based on the article “On an equal footing” published in **The Hindu** on **21<sup>st</sup> Feb 2022**.

**News:** The growth potential of India cannot be achieved without giving equal opportunity to every State. This article discusses the deprivation faced by many states and suggests few power sector reforms.

### How low-income States (LIS) are deprived on many fronts?

**One**, LIS have low accessibility to credit, low investments, low power availability and accessibility, and high energy costs. However, the high-income States (HIS) have a big share in industry and commerce. For instance, six HIS (Maharashtra, Tamil Nadu, Gujarat, Karnataka, Andhra Pradesh and Telangana) together account for 56.4% of factories and 54.3% of the net value added to the country, while their share in population is only 32.3%.

**Two**, 55% of total institutional credit and 56% of total industrial credit goes to five HIS. The six LIS (Bihar, Jharkhand, U.P., M.P., Odisha, and Rajasthan) access only 15% of total institutional credit and barely 5% of total industrial credit, while their share in population is 43%.

**Three**, the maximum benefit of the Atmanirbhar package also went to the HIS as they have a higher share in industry.

### How energy sector/power play a role in increasing the disparity?

The availability of adequate quality power at the cheapest rate attracts investments. For example, of the total consumption of electricity, industry and commerce account for more than 50%. Also, Energy India Outlook 2021 concluded that Electricity prices vary between states due to different taxes and subsidy regimes which make consumers in some states pay five times more.

### What changes are needed in power sector?

**First**, eliminate price discrimination in the power sector. The idea is of ‘One Nation, One Grid, One Frequency’ will help in enhancing the transfer of quality energy. It will also pave the way for establishing a vibrant electricity market and facilitate the trading of power across regions through the adoption of the ‘one tariff’ policy.

States with higher power purchasing costs face the difficulty of making energy traffic competitive and hence they are unable to attract investments.

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**Second**, there is need of inclusion of electricity duty under the Goods and Services Tax (GST) to bring uniformity in electricity duty. This decision will benefit the whole nation through rational tax devolution. According to the Central Electricity Authority, in 2020-21, six States consumed 50% of the total installed capacity of power. Thus, only 32% of the population used 50% of power. However, six backward States got only 25% of the power though their share of the population is 43%. It shows the direct association between income and electricity consumption.

Also, the major proportion of the power cost incurred in HIS is also borne by the LIS which buy those industrial products because the input cost of power has already been included in the product's price.

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

The electricity duty should be redistributed among the States under the ambit of GST equally shared by the CGST and SGST. However, 100% CGST should be devolved among the States through the Fifteenth Finance Commission formula, without being shared with the Centre (as electricity duty is State subject).

GS3 – INDIAN ECONOMY – GOVT BUDGETING AND FISCAL POLICY

### **POST-COVID ECONOMIC POLICY**

#### **78. The Tobin funnel and post-covid stimulus withdrawal dilemmas**

**Source:** This post is based on the article “**The Tobin funnel and post-covid stimulus withdrawal dilemmas**” published in **Livemint on 23<sup>rd</sup> Feb 2022**.

**News:** **The Government** has recently signaled that India will exit its extraordinary fiscal and monetary policies of pandemic times, gradually.

#### **Why there is a need to exit the pandemic-induced extraordinary policy?**

The pandemic has affected all the economies and made the governments spend more. The central banks also injected extra liquidity into financial systems. Such coordinated action was necessary during a crisis. But now, since normal life is returning and the economic impact of the pandemic is receding, policymakers have to figure out how to reverse the decisions taken.

India decided to exit gradually because the economy needs policy support till private-sector demand becomes stronger, but it has disturbed the local bond market.

#### **What are the policy challenges existing for India?**

**First** challenge is to withdraw the macroeconomic stimulus before economic imbalances build up. Because if the economy failed to get out in time, it can lead to excess inflation or balance-of-payments pressures (or both). But it is tricky because the recovery is uneven across various sectors.

**Second** challenge is to figure out the different speeds at which the monetary and fiscal stimuli are withdrawn. James Tobin, who won the Nobel Prize for economics in 1981 has provided a model for such coordination.

#### **What is Tobin Funnel model?**



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As per this model, a nation-state has control over two taps; **one** for net government spending and **another** for money supply. The water rushes through a common funnel into a tank below. The moment the tank below the funnel gets full, it overflows in the form of inflation. The volume of the tank depends on the supply side of the economy.

So, the underlying assumption in the Tobin funnel is that fiscal and monetary policy can sometimes be used alone and sometimes in combination for policy coordination.

But the issue is that it assumes that fiscal and monetary policies have the same effect. Hence, the question arises whether it is applicable in case of supply shock like pandemic. Also, another question is whether the law has created separate zones of intervention for the government and the central bank, then how the interventions can be made.

### **How Tobin model creates policy dilemma?**

The extra government borrowing creates huge public debt. For example, in the case of India, the bond market believes that the Centre's borrowing program in the next fiscal year is too high. Along with this, there is inflation and RBI is the inflation manager of the economy as well as debt manager.

Now the dilemma is whether RBI should raise interest rates to tackle inflation or keep them low to support the government budget.

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

The economic scenario depends on the pace at which the stimulus is withdrawn and on the relative role played by fiscal and monetary policies. The finance ministry has laid out a clear path of fiscal consolidation, but the monetary policy signals have been confusing. That is why there is a need for clear signals which are important as the actual actions.

## **AGRICULTURE SECTOR**

### **79. The budget spells green-shoot for agri subsectors**

**Source:** This post is based on the article "**The budget spells green- shoot for agri subsectors**" published in **The Hindu** on 21st Feb 2022.

**News:** Although the recently introduced Union Budget has had no big ticket announcements on agriculture and rural development, it tries to focus on sub-sectors that matter such as livestock, fisheries and food processing.

### **Which sub-sectors in agriculture have seen an increase in allocation in the budget?**

**Livestock and fisheries:** These two subsectors roughly contribute about 33% of the gross value added in agriculture, and more than 15% of farmer's income is derived from livestock subsector. Allocation for livestock health and disease control, [National Livestock Mission](#) ,[Pradhan Mantri Matsya Sampada Yojana](#) **has increased.**

**Value addition in agriculture:** Allocation for the Production-linked incentive scheme for food processing has increased, which will help in value addition in agriculture.

Allocation for **the [Rashtriya Krishi Vikas Yojana, or RKVY](#)** **has** been increased which is in line with this year's budget's emphasis on capital expenditure.



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**Agri-infrastructure:** Allocation for the [Agriculture Infrastructure Fund \(AIF\)](#) and **Formation and Promotion of Farmer Produce Organisations (FPOs)** scheme has been increased.

**Technology:** Apart from the increased allocations in above sub-sectors, Budget envisages to promote kisan drones and encourage start-ups to improve value chains of farm produce. The adoption of modern technology in agriculture should not only help the rural economy, but could also possibly encourage the younger generation to consider agriculture as a career option.

**Which sub-sectors have seen a decrease in allocation in the budget?**

**Output price support:** [Pradhan Mantri Annadata Aay SanraksHan Abhiyan \(PM-AASHA\)](#), has received an allocation of just ₹1 crore.

The allocation for the **Price support programme of pulses and oilseeds** (the Market Intervention Scheme and Price Support Scheme, or MIS-PSS) and **Price stabilisation fund** has declined.

**Subsidies:** The budgeted estimate of fertilizer subsidy and food subsidy have shown a decline.

Although most major rural development programmes such as the Pradhan Mantri Gram Sadak Yojana (connectivity to unconnected habitations), the Pradhan Mantri Awas Yojana (housing for all in urban areas) have received small increases in allocations but **Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)** is an exception here. This flagship rural employment programme, which has been instrumental in reducing distress in the rural economy during the waves of the COVID-19 pandemic, has received **lower allocation**.

GS3 – AGRICULTURE – MAJOR CROPS – CROPPING PATTERNS IN VARIOUS PARTS

### TRENDS IN INDIAN AGRI SECTOR

#### 80. After the Harvest

**Source:** This post is based on the article “**After the Harvest**” published in **Indian express** on **21st Feb 2022**.

**News:** According to Ministry of Agriculture and Farmers Welfare’s Second Advance Estimates of Production of Foodgrains for 2021-22, India’s agriculture sector is all set to create an all-time high production record this year.

**What has been the Agriculture production trajectory in the last decade?**

Food grains production has **gone up** from 252 million tonnes in **2015-16** to **316 million tonnes** now and **has risen every single year**.

Contrast this with the performance in the six years preceding 2016-17 — production fluctuated between 244 and 265 million tonnes.

**What are the crops that’ve seen an inc in production and those that’ve seen a decline?**

Coarse grains such as **jowar, bajra and ragi** are **expected to see a decline** in output while maize, rice, Wheat, Pulses are expected to see their output grow.

Oilseeds are expected to see a production growth of 3.3 per cent, due to significant increases in mustard and soybean production. Among the key cash crops, sugarcane is expected to see an increase, while cotton production may decline.

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### What are the implications of this?

**Effect on food inflation:** Domestic production, the minimum support prices announced by the government as well as the international prices of these commodities influence the prices of these commodities. The effect of the combination of these factors will be seen in the year ahead.

**For example,** lower production in cotton when prices are already high will raise the raw material costs of the domestic textile industry, weakening its competitiveness.

Although there has been a sustained increase in farm production in India, but there is **also a rise in farmers' distress as the terms of trade have worsened.**

GS3 – INDIAN ECONOMY – ISSUES RELATED TO GROWTH AND DEV

### INDIA'S TRADE POLICY

#### 81. Method to the Make-in-India plan: Decoding our import tariff policy

**Source:** This post is based on the article “**Method to the Make-in-India plan: Decoding our import tariff policy**” published in **Live mint** on **22<sup>nd</sup> Feb 2022.**

**News:** According to the World Trade Organization's (WTO) Tariff Profile for 2021, India has one of the highest average tariffs of 15% in the Asia-Pacific region.

**This article discusses the need to align Make-in-India with trade policy.**

#### **How Make-in-India plan and trade policy is evolving?**

**First,** the government wants to boost “Make in India”, reduce import dependence and promote exports to become the third-largest economy by 2047. For instance, [Production Linked Incentive \(PLI\)](#) schemes to scale up domestic manufacturing.

**Second,** many studies confirmed that higher import duties on raw materials/intermediate products than on finished medical devices are hampering domestic production. Hence, inverted duties are reduced in sectors like medical devices.

**Third,** the government has rationalized customs exemptions, imposed new tariffs, and reduced tariffs for certain products to resolve the issue of inverted duties. This has delivered positive results in electronics and India has started manufacturing smartphones.

**Fourth,** India's previous trade agreements were mostly geostrategic, but now India is focusing on greater market access in key export destinations. For example, after withdrawing from the Regional Comprehensive Economic Partnership (RCEP), India sealed a deal with the UAE.

**Fifth,** India is focusing on finalizing the early-harvest pact. For example, Australia shares similar concerns regarding over-dependence on China and UK. Also, India has relaunched trade talks with the EU.

#### **What other countries are doing?**

High tariffs are not uncommon in South Asia. The average MFN tariffs of Bhutan (22.1%), Bangladesh (14%), Nepal (12.2%), and Pakistan (12.1%) are all high, but these countries are yet to integrate well with global value chains.

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Also, India's free-trade agreement (FTA) partners like the Republic of Korea (ROK, 13.6%) and Thailand (10.2%) also have fairly high average autonomous tariffs. But both ROK and Thailand have been able to develop domestic manufacturing capabilities and integrate well with global supply chains through their trade agreements.

### **What does India need to learn from previous agreements?**

India's comprehensive economic partnership agreement (CEPA) with ROK has been a key learning experience. For example, according to the United States Geological Survey (2020), India was the fifth-largest zinc miner, while ROK was not among the top 10.

But after its trade agreements with India, Australia, China, and the US, ROK became the world's leading exporter of zinc in 2020. Also, India's imports from ROK increased from 9.1% in 2010-11 to more than 50% in 2020-21. In 2010-11, India had a trade surplus with ROK but in 2020-21, it had a deficit.

The ROK used smart negotiations on rules-of-origin and focused on domestic value addition. India should learn to use high tariffs and trade agreements as a tool to boost exports.

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

**First**, before launching trade talks with a smart negotiator like the US, India should have a domestic policy regime in place for areas like data sharing.

**Second**, high tariffs should be used as a tool to facilitate investment in domestic manufacturing and to bargain for greater market access in trade deals through reciprocal tariff reductions and also in areas like regulatory compliance and mutual recognition of technical standards.

## **MANUFACTURING IN INDIA AND RELATED ISSUES**

### **82. Manufacturing exports can gain from India's empowerment push**

**Source:** This post is based on the article “**Manufacturing exports can gain from India's empowerment push**” published in **Livemint on 22<sup>nd</sup> Feb 2022**.

**News:** The recent released Budget 2022-23 carries forward the government's vision of empowering Indians and enabling economic activity.

This article discusses how manufacturing can help India in empowering people and increase the growth rate.

### **How manufacturing exports can help India's empowerment push?**

**First**, the weakening of manufacturing in many developed nations has caused social divisions and devastation of communities. That is why the Production Linked Incentive (PLI) scheme is extended to ensure higher economic growth and better living standards for people.

**Second**, manufacturing provides more room than services for less-skilled and less-educated individuals. For instance, the prospects are not bright for less skill-intensive services such as tourism, aviation, and tourism traffic, which are badly hit by COVID. Thailand which was mostly relied on tourism is dependent on merchandise exports to mitigate the shock.

**Third**, in India, the revival of manufacturing is essential for mass employment and income growth. Upgrading the sector's expertise, increasing exports, and adding high value-added service exports are also mutually related.

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### What is the challenge in relying on service exports?

The Global Trade Update 2022 published by UNCTAD states, During Q4 2021, trade in goods increased by almost US\$200 billion. During the same period, trade in services rose only by US\$50 billion, a value just above pre-pandemic levels.

Also, India's export of goods was up 25% in the fourth quarter of 2021, whereas export of services was up 7%. Further, growth in the export of engineering goods in April 2021-January 2022 was higher by nearly 38%.

### What steps have been taken by the government to spur manufacturing growth?

**One**, the government has been pursuing formalization of the economy for enhancing incomes and offering workers wage security. For instance, the government is providing for the payment of employers' provident fund contributions subject to conditions and limits.

**Two**, the rapidly rising enrollment in the E-Shram portal is a sign that the government aims to bring better access to many formal benefits available, credit facilities, etc., to millions of workers.

**Three**, the creation of physical and digital infrastructure and process reforms such as Gati Shakti will lower costs of logistics over time. It will enable goods made in the interiors to be shipped globally.

### What is the way forward?

**First**, state governments should review the rules and laws to help entrepreneurs to focus on generating jobs and profits and aid economic growth. For instance, the Observer Research Foundation and Teamlease show that the majority of laws that attract criminal punishment are in the domain of states.

**Second**, the commercial sector has to recognize that making profits and increasing labor income are equally important. Hence, it has to improve the complexity and sophistication of India's manufactured products.

Also, Indian businesses must utilize a low-tax regime, low real interest rates, and a regime determined to improve business conditions.

GS3 – ENVIRONMENT – ENVIRONMENTAL ISSUES

GS3 – INDIAN ECONOMY – INDUSTRIAL POLICY AND GROWTH

## GREEN HYDROGEN AND RELATED ISSUES

### 83. Making Green Hydrogen work

**Source:** This post is based on the article “**Making Green Hydrogen work**” published in **Business Standard** on **22nd Feb 2022**.

**News:** Recently, a new **green hydrogen and green ammonia policy** has been introduced that envisages building a prominent role for clean fuels in the country's fossil fuel-dominated energy mix.

### What does the policy offer?



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The policy offers some **concessions on interstate electricity transmission** charges, which has the potential to **halve the current costs of producing green hydrogen**.

Other important provisions deal with **ease of doing business**, grid connectivity, and single window clearances. The policy aims to meet the output target of 5 million tonnes of green hydrogen by 2030 from nil now.

### What are some issues with the policy?

The policy is tilted towards the supply side measures and has very little **to no measures to create demand** for the fuel.

Policy also has missed focusing on **electrolysers and fuel cells**, which are used in producing and storing green hydrogen. Fuel cell systems are used from electric vehicles to large-scale installations providing electricity directly to the grid and can serve as an alternative for batteries.

If these measures are not subsequently incorporated, India may **end up depending on imports again** to meet hydrogen goals.

### Why is Hydrogen important for India?

Hydrogen has **application in refineries, steel-making, power generation**, and transport, or to produce synthetic fuels such as methanol, diesel, and jet fuel.

The **investment potential in this area is significant**. Global sales of hydrogen could be worth \$600 billion, and the value chains of green hydrogen could become a \$11.7-trillion investment opportunity by 2050.

### What is the way forward?

There is **need for both supply and demand side measures** as without demand, investments remain too risky for wide-scale production that could reduce costs, and without economies of scale the technology remains too costly.

Therefore, **incentives need to be provided** for industries to buy green hydrogen, without which private sector participation may be limited.

GS3 – AGRICULTURE – STORAGE, TRANSPORT AND MARKETING OF AGRI PRODUCE

## APMCs IN INDIA AND RELATED ISSUES

### 84. The reforms that farming really needs

**Source:** This post is based on the article “**The reforms that farming really needs**” published in **Indian express** on **23rd Feb 2022**.

**News:** Central government repealed three farm laws that it introduced in the year 2020. This has again brought the focus to the APMCs (Agricultural Produce Market Committee) where the majority of the first time sale of farmer’s produce takes place.

It has been widely acknowledged that APMC markets across the country suffer from various irregularities and are in need of reforms.

### What have been previous initiatives to improve the working of APMCs?

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Model APMC Act of 2003 and APLM (Agricultural Produce and Livestock Marketing) Act of 2017 have been some major efforts by the successive governments to improve functioning of the APMCs.

Although they have partially resulted in the opening of alternative marketing channels for farmers, several shortcomings still exist.

### What are the reforms required in APMCs?

**Number of Markets:** Currently the country has about 2,477 principal regulated markets while according to a 2004 recommendation of National Commission on Farmers there is need for approximately 41,000 markets to enhance market access to farmers.

This will also help in maintaining density of regulated markets in the country. The commission recommends that **a regulated market should be available to farmers within a radius of 5 km.** Currently, farmers travel on an average of 50-100 km to sell their produce.

**Infrastructure facilities:** Although there are provisions for quality testing of produce in laboratories, however, only a very small fraction of the total produce is assessed in labs .

The rest of the quality testing takes place through traditional methods of examining the produce by hand. To overcome this, APMCs can adopt artificial intelligence machines for quality testing in order to hasten the testing process.

**e-NAM:** Although the majority of the country is integrated to the e-NAM, but the market integration to it is limited, with no benefits accruing to farmers. A significantly lower share of trade in APMCs takes place on e-NAM and here too it is the traders who benefit from it and not the farmers. **Farmers do not have any knowledge of digital media** to benefit from the perks of online trading, and in this case benefit goes to the traders who trade in both online and offline platforms.

There is need for Digital interventions and training services to increase farmers' integration into e-NAM-enabled markets.

**MSP as the starting bidding price:** Ideally, bidding in APMCs is supposed to start at the MSP for products that are covered under the MSP programme, but traders manipulate and exhibit a tendency to fix a price below the MSP, citing poor quality.

To ensure that the minimum support price (MSP) is the starting price for bidding, there is need for some mechanisms to **ensure that the prices do not fall below MSP** by a certain percentage, or strict adherence to quality checks need to be implemented.

**Traders paying fee:** In many APMCs it is the traders who have to pay commission agents and not the farmers. However it is the farmer who has to ultimately bear the loss as traders can further depress the price margin received by farmers to cover for the fee they paid.

**Direct selling provision:** There is a need to facilitate farmers so that they are able to take the benefit of the direct selling provision of the model APMC act. Apart from this, the existing APMC infrastructure should be effectively regulated. This will provide an edge to farmers, and they can also use APMC as a mode for bargaining.

### **INFLATION AND RELATED ISSUES**

#### **85. A new measure of inflation is brewing on the horizon**

**Source:** This post is based on the article “A new measure of inflation is brewing on the horizon” published in **The Hindu** on 23<sup>rd</sup> Jan 2022.

**News:** A radical shift in paradigm with respect to the calculation of the Consumer price index has recently been initiated in the United Kingdom, by the British journalist, cookbook author, and anti-poverty campaigner, Jack Monroe. The “Vimes Boots Index” as the name of a price index, she planned to document inflation in prices of basic necessities.

#### **What are the concerns with Consumer Price Index (CPI) calculation methodology?**

**First**, the methodology used for selecting the ‘basket’ of commodities and their weights is not reflective of the different socio-economic conditions.

**Second**, while the CPI corresponds to a “common man”, nobody knows who that common man is and what is his consumption pattern. Consumption pattern widely varies across different economic classes.

**Thirdly**, India has no income survey and the last publicly available Household Consumer Expenditure Surveys’ data is a decade old. Hence, the choice of the ‘basket’ and fixing weights of its commodities are always tricky tasks.

#### **What are Some of the important facts regarding the Consumer price index?**

Consumer Price Index (CPI) — that reflects changes in the retail prices of selected goods and services on which a homogeneous group of consumers spends a major part of their income.

The National Statistical Office (NSO) periodically releases the All India CPI and corresponding Consumer Food Price Index (CFPI) for Rural, Urban, and Combined.

There are three distinct series of CPIs – for industrial workers (IW), for agricultural labourers (AL), for urban non-manual employees (UNME).

The CPI (IW), certainly, is the most popular one as the dearness allowance of Central government employees is calculated based on this index.

#### **What is Sir Pratchett’s ‘boots theory’ is about?**

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Sir Terry Pratchett had crisply explained the “**Sam Vimes ‘Boots’ theory of socio-economic unfairness**” in his book series ‘Discworld’. The theory basically explains how the working classes are robbed.

It illustrates that everybody knows that good clothes, boots or furniture are really the cheapest in the end, although they cost more money at first. But the working classes can never afford to buy good things and they are forced to buy cheap rubbish things which are dear at any price. As a result, the poor would spend more on the same good over a period of time than the rich.

He gave the following illustration. For example, a really good pair of leather boots cost \$50. But an affordable pair of boots, which is of poor-quality, cost about \$10. Good boots, however, last for years and years.

Thus, a man who could afford \$50 had a pair of boots that’d still be keeping his feet dry in 10 years’ time, while the poor man who could only afford cheap boots would have spent a hundred dollars on boots in the same time and would still have wet feet.

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# General

# Studies

# Paper – 4

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## 9 PM Compilation for the Month of February, 2022

### General Studies - 4

GS4 – ETHICS – CORPORATE GOVERNANCE

#### **CORPORATE GOVERNANCE**

##### **1. A red pen moment for corporate governance**

**Source:** This post is based on the article “A red pen moment for corporate governance” published in **The Hindu** on **22nd February 2022**.

**News:** A lapse in Corporate Governance was observed recently in the conduct of the former Managing Director of National Stock Exchange (NSE).

**Read here:** [Corporate governance in India](#)

##### **What are the challenges in ensuring effective Corporate Governance?**

**Managerial Misconduct:** There were several managerial misconducts at NSE. As in the recent case, the board did not include discussion of the chief strategic adviser’s appointment in the minutes of meeting. It also allowed the former Managing Director’s resignation on liberal terms instead of taking action against her. Public interest directors failed to keep SEBI informed about on-goings at NSE.

**Ineffective board members:** Here the problem is structural. It involves two crucial factors a) the methodology of selection of board members b) absence of penalties when directors don’t live up to the mandate.

Board members are selected by top management. Board memberships are lucrative and carry attractive perks. So board members have an incentive in giving consent to what management wants. Challenging management may mean losing renewal and even provoking colleagues.

##### **What steps can be undertaken to improve Corporate Governance?**

**Recruitment of independent directors:** Top management should allow choosing not more than 50% of the independent direction. The rest of the members should be selected by other stakeholders like financial institutions, banks, small shareholders, etc.

**Read here:** [SEBI’s new rules for Independent directors](#)

**Accountability:** There is a need to make the board members accountable for the lapses in the system. Regulators should penalize board members through various instruments like financial penalties, removal from board and permanent member from board membership. Apart from the board members, regulators should also be held accountable.

**Independent audits:** Audits of all the regulators should be done by a panel of eminent persons. The audit should evaluate the regulators’ performance in relation to their objectives.



## 9 PM Compilation for the Month of February, 2022

### 2. Corporate governance is a pot on high-heat again

**Source:** This post is based on the article “Corporate governance is a pot on high-heat again” published in **Livemint on 21<sup>st</sup> Feb 2022**.

**News:** SEBI has recently announced that company boards need not compulsorily split the posts of chairperson and managing director between two individuals. This choice is “voluntary” now. This was a roll-back of a directive issued in 2018.

#### **Why this decision of SEBI needs to be analyzed in the context of corporate governance?**

**One**, in India corporate structures are family-owned, and they dominate the business arena. Hence, the ideas seem inappropriate in this context.

**Two**, the split idea was floating around for four years, and space was opened for political rent-seeking as corporate groups lobbied for relaxation. In this sense, it will worsen crony capitalism.

**Three**, the empirical evidence shows that offenses can still occur in companies where those posts had been separated. For example, NSE.

**Four**, there is another issue whether this rule now is reversed for banks, where role-separation has been in force for some time but failed to prevent scandals like those at Yes Bank and ICICI Bank.

For example, the case of BharatPe. The discomfort of its board with its founder and chief recently led to his temporary exit. Also, there were reports of toxic work culture, irregularities that were uncovered by a forensic audit, and internal talks over a possible equity-sale deal for his final departure.

**Five**, violation of laws at the NSE shows that board members were involved who had the fiduciary responsibility of monitoring, fixing, and reporting lapses and violations. Hence, the recent SEBI norms need to be analyzed in this context.

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

The BharatPe case will test how regulators, financiers, and the government tighten the frame of governance for startups. Regulators should seek to balance the need for startup flexibility with that for best practices and accountability. It should become the normative regulatory approach for all companies in the country because investor trust is vital to India’s economic success.