

9pm

Compilation

18th to 23rd April, 2022

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General

Studies

Paper – 1

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PRADHAN MANTRI SANGRAHALAYA

1. **Art museums and the craft of democracy**

Source: The post is based on an article “**Art museums and the craft of democracy**” published in **The Hindu** on **23rd April 2022**.

Syllabus: GS1 – India Art and Culture

Relevance: the Pradhan Mantri Sangrahalaya

News: Recently, the **Prime Minister of India** inaugurated the **Pradhan Mantri Sangrahalaya** on the grounds of **Teen Murti House** in New Delhi. While doing so he declared that the new museum would help youth value the expansion of **constitutional government** in India since Independence.

History of National Museums

Large art museums emerged in Europe in the eighteenth and nineteenth centuries. They emerged alongside the rise of **nations, colonial empires, and industrialisation**. For example, the World’s most visited **Louvre Museum** in Paris was founded during the French Revolution.

After decolonisation, museums were built in newly independent countries along western lines to bolster their national narratives. They inspired a new **national consciousness**. Currently, India has the **National Museum** which is located on the Janpath Road.

About the Pradhan Mantri Sangrahalaya

New museum would be located on **Raisina Hill**. It will open by 2026. It will “vividly demonstrate different aspects of **India or Bharat**”.

The Museum will be equipped with **augmented reality** technology, computerised kinetic sculptures, holograms, and smartphone applications.

The primary purpose of the museum is to nurture **patriotism** and showcase **triumph**.

What will be the challenges for the new museum?

The new museum acknowledges **India’s continuing diversity** including its many conflicts.

Ensuring that **irreplicable antiquities** are not subjected to excess heat, cold drafts, humidity, and harsh light.

The Way Forward

Administration

The government can promote **accountability**. It can usher **transparency** in administering a **premier cultural institution**.

Design and Architecture

The new museum may emulate **Charles Correa’s commitment** to create accessible spaces in the public buildings like Auditoria, courtyards, concert halls, and cafes etc.

The new museum can have a host of **different galleries**. For example, one gallery can show the **connected history** of the **Indus Valley Civilization** with ancient civilisations of **Mesopotamia** etc. Other galleries can house coins and portraits related to Kushans etc.

Others

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The new museums can display the **entire collection** of the **National Museum** Or at least as much of the collection that can be safely displayed.

The new museum should be seen as a **laboratory** for the future. It should be used as a **multi-purpose building** dedicated to quarrying new histories and fostering fresh deliberations.

The new museum should also collaborate with the **contemporary artists** like **Jitish Kallat** and other forward-looking museums in the country like, **Bhau Daji Lad Museum**.

GS1 – SOCIETY – URBANISATION

URBANISATION – GOVERNANCE RELATED ISSUES

2. Urbanisation and development

Source: This post is based on the article “**Urbanisation and development**” published in the **Business Standard** on **21st Apr 22**.

Context: World Bank has projected that every seven of 10 people will be living in urban cities by 2050. Therefore, the emphasis on urbanisation and its correlation with sustainable development has never been stronger.

It not only gives a clear picture of the degree of concentration of people in a region, but also highlights the underlying patterns that lead to the formation of a city.

What is Urbanisation?

Urbanization refers to the process of increase in population in cities and towns compared to rural areas. It rests on the following pillars that shape the very character and nature of the process:

- Technology
- Tolerance
- Talent
- Territorial Assets

What is the new understanding wrt the process of Urbanisation?

Historically, the rise of city centres coincided with the industrial society reaching its heights. For the longest time, therefore, migration to urban spaces was only understood unilaterally in the **context of employment opportunities** alone.

However, in recent years, urbanisation has also been closely associated with globalising forces that aim at **integrative development and poverty reduction**.

Cities have become the centre of connectivity globally, fostering vigorous efforts toward reducing income inequality and increasing the ease of living for their population.

Today, people migrate from the countryside to the cities in search of leading a better life.

This urbanisation also impacts the rural regions, as remittances from the city result in a higher rate of consumption and asset holdings.

Urban cities, as the drivers of growth and development, also **foster economic competition**.

- City competitiveness, is the ability of cities to create strong markets that produce goods and services that represent good value in relation to comparable products of other urban regions

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What are the global trends wrt Urbanisation?

Global South is experiencing an acceleration in the pace of urbanisation. This fast-paced urbanisation has also complemented the emergence of competitive markets from the developing world at the global centre stage.

The timing of these spatial transformations in the developing world is rooted in historical processes. The period from the 14th till the 19th century witnessed urbanisation in the now developed countries.

India

In India, the first two decades of the 21st century saw a sustained rise in the degree of urbanisation:

- From around 27% in 2000 to nearly 35% of the total population living in urban areas in 2020.
- With a growth of about 7.2%, the World Bank data shows a **gradual rise** in the percentage of the population concentrated in urban cities. The average economic growth rate in the country was recorded at 4.4% in the same period. Globally, the economic growth rate stood at a mere 1.4% in the 2000-2010 period.

Other developing countries

Among other developing countries, the same trends are visible: **A rise in the degree of urbanisation has positively resulted in a rising economic growth.**

South Africa, the period from 2000 to 2020 saw a 10.4% rise in the degree of urbanisation. In the same period, the economy grew by almost 0.69%.

Thailand experienced a 20.44% rise in urbanisation from 2000 to 2020, with the average economic growth rate at about 2.87%. This is not to say that the economic growth rate was only driven by urbanisation but that the latter is an important variable and needs to be given attention.

What is the relation b/w economic growth and Urbanisation?

The relation between economic growth rate and the degree of urbanisation is **mutually reinforcing**, as higher economic growth results in high incomes that influence the rate of urbanisation.

At the same time, an increase in urbanisation leads to a spurt in innovation and greater adoption of technology among the masses leading to the creation of investment opportunities that further trigger the process of job creation.

What are some challenges being faced by the cities?

In the rapidly urbanising world, maintaining the quality of services, achieving sustainable development and preserving competition are some of the significant challenges facing the cities.

What is the way forward?

Urbanisation is influenced by several historical and developmental processes. As a companion to development, it is pertinent to closely watch the pace of urbanisation in India, as it will only lead to the creation of sustainable pathways.

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General

Studies

Paper – 2

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INDIAN ADMINISTRATIVE SERVICE AND RELATED ISSUES

1. The Indian Entitled Service

Source: The post is based on an article “**The Indian Entitled Service**” published in the **Business Standard** on **22nd April 2022**.

Syllabus: GS2 – Role of Civil Services in Democracy

Relevance: Indian Administrative Services, Group A Services

News: Recently, a Standing Committee of the Rajya Sabha in its 112th report has recommended to the Union government to recruit more Indian Administrative Services (IAS) officers.

What are the issues with the IAS?

There is a **huge shortage** of more than 1,500 IAS officers in the country. For example, the **gap** between **the sanctioned strength** and **in-position strength** is around 104 in UP cadre, 94 in Bihar cadre and 87 in AGMUT cadre.

The shortage compels the states to appoint **non-cadre officers** to cadre posts. Further, they are given additional charges and remain appointed beyond the permissible time limit.

The inadequate number of IAS offices would compromise the efficiency of administration.

The appointment of non-IAS officers to cadre posts is in violation of IAS cadre rules of 1954.

What are the challenges in bringing reform?

Many IAS officers want to reform everything except their own service. Therefore, bringing the administrative services reform becomes the hardest.

Those politicians who try reform lose the next election. For example, first time Shanta Kumar tried to bring Himachal state government employees to heel but he lost elections. Same happened with Jayalalithaa in Tamil Nadu and Chandrababu Naidu in Andhra Pradesh.

There are certain posts which are reserved for the IAS not by law but by tradition. For example, District Collector, Commissioner, Hindu Religious and Charitable Endowments, etc.

There are issues with the “**non-functional upgradation** (NFU)”. It came into being in January 2006 after the recommendations of the 6th Central Pay Commission. It was done to offset the financial loss to officers for lack of promotional avenues. It secures the pay and pension of all the Group-A civil officers even if some of them are incompetent. No other country has this.

Way Forward

The Committee recommended DoPT to increase the annual intake of IAS officers.

There is a need to redesign the concept of NF. Even if the concept is needed, it needs to be rethought.

2. The Missing I In India

Source: The post is based on an article “The Missing I In India” published in the Times of India on 23rd April 2022.

Syllabus: GS2 – Provisions of the Constitution of India, Indian Politics

Relevance: Reservation in India

Everyone grows up with **individual traits** such as gender and intelligence. However, they also have **collective identities** i.e., a Hindu, a Muslim, a Dalit, a Bengali or a Malayali, and so on.

Positive side of focus on group identity

It has empowered the socially underprivileged groups. They have the power of the group’s vote. Therefore, they have accrued **bargaining power** for their share of the collective pie. Consequentially, inequality has fallen.

What are the problems with group identity?

Group identity politics can perpetuate inequality between groups or disadvantage **within-groups**. In addition, it does not improve the individual circumstances.

In fact, the most disadvantaged members of the group still get the least benefit from group privileges. For example, in the **underprivileged groups**, men have received greater **social and economic mobility** than women in reservations policy.

The group identity makes it difficult for the members to raise a **united voice** on various other issues. For example, they would have different interests.

At present, the politics is organized around **traditional group identities**. Therefore, the balance between individuals and traditional groups has shifted towards group identity. It has shifted the focus from the individual circumstances to the group.

Now each group wants a larger share of the pie. Therefore, the group politics have resulted into a **zero-sum game**. For example, states are reserving jobs for the **sons of the soil**. The Jats and Patidars demand reservations today,

It has reduced the level playing field at national level. It has made it difficult to provide equal opportunity.

Way Forward

The state should focus on upliftment of the **disadvantaged group** or disadvantaged members within a group. It will give a sense of recognition, dignity, and the sense of equality.

There is a need to distinguish between **social disadvantage** and **economic disadvantage**. And different tools should be used for each. For example, When a caste face social discrimination, the government can offer **economic supports** such as reservations. It should continue till social disadvantage is largely eliminated.

In case of **economic disadvantage**, the state can adopt a **dual approach**. It will involve enhancing **individual capabilities** through good healthcare and education and targeting **government benefits** to the truly economically underprivileged.

The judiciary and the executive should renew its thrust towards supporting the **individuality** and **fundamental equality of persons**, especially for the underprivileged within a traditional group.

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The individuals should recognise their **rights** and **duties** as the citizens of India. It will strengthen their identity as citizens. It will improve their economic capabilities and opportunities.

There is a need to **shift** the **emphasis** back from **traditional groups** to the **individual rights** and **circumstances**. Every individual should be given fair and equal treatment.

We can forge **newer group identities**, united by common **emerging challenges**. For example, women facing discriminatory treatment in job, public transport, inheritance laws etc. can create **new powerful coalitions** across religious groups.

We could reach a consensus on a **Uniform Civil Code**. It will empower individuals within each religious group.

GS2 – GOVERNANCE – GOVERNANCE AND RELATED ISSUES

SURVEILLANCE IN INDIA

3. **Explained: What laws govern tapping a phone; what are the checks in place?**

Source: This post is based on the article “**Explained: What laws govern tapping a phone; what are the checks in place?**” published in **The Indian Express** on **23rd Apr 22**.

Syllabus: GS2 – Governance

Relevance: Framework regarding tapping of phones in India and related concerns

Context: A Shiv Sena leader has claimed that the Centre is protecting IPS officer Rashmi Shukla, now posted with the CRPF.

She’s facing an FIR in Mumbai and is being probed for allegedly tapping the phones of Rajya Sabha MP Raut and NCP leader Eknath Khadse in 2019, when she was heading the State Intelligence Department in Maharashtra.

How are phones tapped in India?

Today, authorities make a request to the mobile service provider, which is bound by law to record the conversations on the given number and provide these in real time through a connected computer.

Who can tap phones?

At state level: In the states, police have the powers to tap phones.

At the Centre, 10 agencies are authorised to do so: Intelligence Bureau, CBI, Enforcement Directorate, Narcotics Control Bureau, Central Board of Direct Taxes, Directorate of Revenue Intelligence, National Investigation Agency, R&AW, Directorate of Signal Intelligence, and the Delhi Police Commissioner. Tapping by any other agency would be considered illegal.

What laws govern this?

Phone tapping in India is governed by **The Indian Telegraph Act, 1885**.

Section 5(2) says that “*on the occurrence of any **public emergency**, or in the **interest of the public safety**”, phone tapping can be done by the Centre or states if they are satisfied it is necessary in the interest of “**public safety**”, “**sovereignty and integrity of India**, the **security of the State**, **friendly relations with foreign States** or **public order** or for **preventing incitement to the commission of an offence**”.*

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- **Exception:** “**Press messages** intended to be published in India of correspondents accredited to the Central Government or a State Government shall not be intercepted or detained, unless their transmission has been prohibited under this sub-section”.

The competent authority must record reasons for tapping in writing.

Must Read: [Who authorises phone tapping and what happens in case of emergency?](#)

What are the checks and balances?

The law is clear that **interception must be ordered only if there is no other way of getting the information.**

Period of enforcement: The directions for interception remain in force, unless revoked earlier, for a period **not exceeding 60 days**. They may be renewed, but not beyond a total of **180 days**.

Review committee: Any order issued by the competent authority **has to contain reasons**, and a copy is to be forwarded to a review committee within seven working days.

- At the Centre, the committee is headed by the Cabinet Secretary with the Law and Telecom Secretaries as members.
- In states, it is headed by the Chief Secretary with the Law and Home Secretaries as members.

The committee is expected to **meet at least once in two months** to review all interception requests.

Destruction of records: Under the rules, records pertaining to such directions shall be destroyed every six months unless these are, or are likely to be, required for functional requirements.

Service providers too are required to destroy records pertaining to directions for interception within two months of discontinuance of the interception.

Is the process transparent?

There are multiple provisions aimed at keeping the process transparent.

Directions for interception are to specify the name and designation of the officer or the authority to whom the intercepted call is to be disclosed. They should also specify that the use of intercepted call shall be subject to provisions of Section 5(2) of the Telegraph Act.

The directions have to be conveyed to designated officers of the service providers **in writing** by an officer not below the rank of SP or Additional SP or equivalent.

– The officer is expected to maintain records with details of the intercepted call, the person whose message has been intercepted, the authority to whom the intercepted calls have been disclosed, date of destruction of copies etc.

The designated nodal officers of the service providers are supposed to **issue acknowledgment letters** to the security/law enforcement agency within two hours on receipt of an intimation.

– They are to forward **every 15 days** a list of interception authorisations received to the nodal officers of the security and law enforcement agencies for confirmation of authenticity.

It makes the service providers responsible for actions of their employees. In case of unauthorised interception, the service provider may be fined or even lose its licence.

CULTURE OF FREEBIES IN INDIA

4. Freebies are a passport to fiscal disaster

Source: This post is based on the article “Freebies are a passport to fiscal disaster” published in **The Indian Express** on **21st Apr 22**.

Context: The strength of the Centre in India lies in the strength of the states. Hence, the macroeconomic stability of the Union is contingent on the macroeconomic stability of both the Centre and states.

It is in this context that the chairperson of the 15th Finance Commission, NK Singh, discusses the political culture of freebies in India, its dangers and why aiming for a higher economic growth rate is the way forward.

He explicitly states that both the economics and politics of freebies are deeply flawed, and is a race to the bottom.

He writes that we must dread the thought of replicating the culture of competitive freebie politics in India.

Understanding difference b/w freebies and public goods expenditure

There is a need to distinguish between the concept of freebies versus expenditure on public goods having overall benefits. All over the world, these are considered to be desirable expenditures.

Examples: Strengthening and deepening of the public distribution system, employment guarantee schemes, support to education and enhanced outlays for health, particularly during the pandemic.

Why freebies are not desirable in the long run?

1]. Impact on macroeconomic stability – The politics of freebies distorts expenditure priorities. Outlays are being concentrated on subsidies of one kind or the other. This impacts the fiscal sustainability of states which are already debt-stressed.

– **Example:** In the case of Punjab, it is speculated that the promise of freebies might cost around Rs 17,000 crore for their implementation. The debt-to-GDP ratio of Punjab is already at 53.3% for 2021-22, which would worsen on account of these new measures.

2]. Distortion of expenditure priority: Take, for instance, the change to the new contributory pension scheme from the old scheme, which had a fixed return.

– **Rajasthan** announced that it would revert to the old pension scheme. The pension and salary revenues of Rajasthan amount to 56% of its tax and non-tax revenues. Thus, 6 per cent of the population, which is made up of civil servants, stands to benefit from 56% of the state's revenues. This can not only cause issues like intergenerational inequality, but also affect the broader principles of equity and morality.

3]. The issue of intergenerational equity leads to **greater social inequalities** because of expenditure priorities being distorted away from growth-enhancing items.

4]. Movement away from the environment: When we talk of freebies, it is in the context of providing, for example, free power, or a certain quantum of free power, water and other kinds of consumption goods. This distracts outlays from environmental and sustainable growth, renewable energy and more efficient public transport systems.

5]. The distortion of agricultural priorities: This affects agricultural practices which do not depend on extensive use of water and fertilisers. The depleting supply of groundwater is an

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important issue to consider when speaking of freebies pertaining to free consumption goods and resources.

6]. Debilitating effect on the future of manufacturing: Freebies lower the quality and competitiveness of the manufacturing sector by detracting from efficient and competitive infrastructure enabling high-factor efficiencies in the manufacturing sector.

7]. Subnational bankruptcy: Freebies bring into question market differentiation between profligate and non-profligate states and whether we can have a recourse mechanism for subnational bankruptcy.

What is the way forward?

India must strive instead for a race to efficiency through democracy and federalism where states use their authority to harness innovative ideas and solutions to common problems which other states can emulate.

GS2 – POLITY – PARLIAMENT

LACK OF PARLIAMENTARY DEBATE IN INDIA

5. Why is there no debate in Parliament?

Source: The post is based on an article “Why is there no debate in Parliament?” published in the **Indian Express** on **20th April 2022**.

Syllabus: GS2 – Parliament and State Legislatures—Structure, Functioning, Conduct of Business, Powers & Privileges and Issues Arising out of these.

Relevance: Parliamentary debates

News: Parliament’s productivity was around 129% for the Lok Sabha in the last session in 2022. However, under the garb of enhanced productivity, a tradition of intense debate over bills has been lost.

What are the features of a parliamentary democracy?

In a parliamentary democracy, all the **proposals** or **legislations** must be put to **deliberations** and **discussions**. For example, India’s constituent assembly debates to frame the Constitution went on for 166 days.

In a parliamentary democracy, the MPs are allowed to **take initiative**. For example, private member bills.

What is the situation wrt parliamentary debates in India?

In the 2021 Session (particularly Monsoon Session), the Lok Sabha cleared over 18 bills. Around 34 minutes were taken for discussion on each bill. For example, the **Farm Laws Repeal Bill (2021)** was passed in just eight minutes (three minutes in the Lok Sabha, five minutes in the Rajya Sabha).

In fact, not even a **single bill** was referred to a **parliamentary committee** in the last few sessions of the parliament.

The **voice vote** has become a norm. As a result, the MPs have rarely mustered in the House to record votes.

MPs rarely have adequate resources to conduct **in-depth research**. In India, MPs get an allowance of Rs 40,000 per month to hire **a legislative assistant**

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In India, long-term development plans are simply not subject to **parliamentary scrutiny**, with just annual outlays approved.

In India, MPs do not have **freedom to take initiative**. For example, In the **UK**, seven private member bills have been passed since 2019, and In **Canada**, six private member bills have been passed.

However, In **India** just 14 private member bills have been passed by both Houses since 1952. For example, the **Parliamentary Proceedings (Protection of Publication) Act (1956)** was a private member bill. In India, MPs have the limited ability to drive change in their constituencies.

India has **institutional mechanisms** to **stifle debate** and to **limit initiative by MPs**. For example, the anti-defection law punishes any errant MP or MLA. This law has disincentivise MPs. They go by the direction of the **whip**.

What steps should be taken?

India can adopt the **Philippines model** for India's MPLAD programme. The Philippine's **Priority Development Assistance Fund** provides funds to senators for small-scale infrastructure and community projects. Its usher's **constituency-specific development**.

The anti-defection law has not served its purpose. It should simply be **scrapped**. If not, MPs will not be lawmakers who ideate and debate.

In **comparison** to other democracies like the US and the UK (92000 people), Indian MPs represent a large number of **representatives** i.e., over **25 lakh citizens**. This number is larger than the population of countries like Botswana, Bhutan etc.

The **time of parliamentary proceedings** should be set aside separately for debates and discussion on legislation. It will **improve** the **quality** of legislation and improve **consensus**.

To revive deliberation, the government should **raise funding** for parliamentary research. The average allowance given to the MP for a legislative assistant in the UK is very high as compared to India.

In the future, after 2026, there is the possibility that the number of MPs in the Lok Sabha may increase up to 1,000 seats.

In **Westminster**, the **British prime minister** is required to answer questions from MPs in the House of Commons every Wednesday, from 12 pm to 12:30 pm. This was done even during Covid-19 induced lockdowns.

The **accountability** can be ensured through the **parliamentary committees**. For example, in the US, Senate and House Committees scrutinise laws, confirm government appointments, conduct investigations, and hold hearings.

In the UK, in 2013, the House of Commons allowed public to **add comments** to draft legislation via a web portal

It should be made **compulsory** to **refer** all **bills** to a **select committee** or **Department Related Standing Committees (DRSCs)** for scrutiny. For example, it is a compulsory phenomenon in New Zealand.

Ideally, we should set up mechanisms to enable private member bills to gain a hearing and even to be put to vote.

DEMOCRACY IN 21ST CENTURY

6. **Its time to celebrate democratic governance in a war-ridden world**

Source: The post is based on an article “**It’s time to celebrate democratic governance in a war-ridden world**” published in the **Live Mint** on **21st April 2022**.

News: In the light of Russia’s invasion of Ukraine, the West is trying to shape a global consensus in favour its **democratic governance model**.

This is leading to widening the divide between **authoritarian** and **democratic regimes**.

What have been the arguments against the democratic governance model?

In last few years, the **Chinese** and **Russian models of governance** were promoted to challenge the **democratic models of political management** that is practiced in the west. These were projected based on the performance registered by both the models in various fields.

The Chinese mode was more **efficient**. It delivered **high rates of economic growth**. It also looked stable. It looked highly attractive as the Western democracies were failing to provide solutions to the myriad problems faced by them in different areas.

The western democracies were seen as **chaotic** and unable to shape **long-term strategic goals**. They were facing **competing domestic demands** within the group of the western nations.

In response to **Biden’s Summit for Democracy** in December 2021, China and Russia together decried the summit as “**anti-democratic**“. It decried the western model of democracy. China asserted that ‘**true democracy**’ exists in China under the Chinese Communist Party.

Such a narrative was developed, because as per **Chinese propagandists**, the confidence in their own model gives legitimacy to China’s rise as a **legitimate power** in the **international hierarchy**.

Why is the democratic governance model better than the Chinese and Russian Model of governance?

At present, China is being publicly criticized for its covid management.

– For example, China has for the **first time** officially admitted that three people have died in Shanghai due to **covid**. **Historically**, this is the first acknowledgment of any death in the country since March 2020. The authorities are being criticized publicly by the residents of Shanghai city

At present, Russia is being globally criticized. It has not been able to achieve **success** in Ukraine, and is facing **operational** and **tactical costs**, and also a wider **strategic failure**.

The Western democracies have been able to rise to the challenge posed by Russia. They have been able to form a relatively **united front** as a push-back against Russian aggression.

China’s ‘**zero covid**’ strategy doesn’t look that brilliant any more. The Chinese model has been exposed by the anger shown by Shanghai’s residents.

A democratic country like India managed to contain covid relatively effectively. It was also able to mobilize the requisite **national resolve** to produce vaccines for the world.

Democracies are good at **self-flagellation** (*excessive criticism of oneself*). Their **self-critical approach** makes them strive to do better.

Way Forward

There is a danger that **autocracies** will succeed in shaping the **global narrative** in their favour.

However, this is a **moment** that democracies of the world may unite against a single **threat**. They should make a loud and clear voice that there is **no real alternative** to democracy.

GS2 – POLITY – FUNDAMENTAL RIGHTS

RIGHT TO HOUSING

7. **Bulldozed due process: Courts must step in and stop state/local authorities from ignoring basic principles**

Source: This post is based on the article “**Bulldozed due process: Courts must step in and stop state/local authorities from ignoring basic principles**” published in **The Times of India** on **20th Apr 22**.

Syllabus: GS2 – **Indian** Constitution, Violation of Rights

Relevance: Arbitrary state action and violation of basic principles of the Constitution

Context: Bulldozers continued to raze alleged encroachments in Delhi’s Jahangirpuri – scene of rioting on Saturday – yesterday, forcing Supreme Court to expeditiously communicate its stay order to North Municipal Corporation of Delhi.

Constitutional courts located in national/state capitals must respond fast enough to such localised cases of overreach.

Why state action in this case is unjustified?

Razing of homes and shops **hurts entire families**.

Due process not followed: Even if there are family members who allegedly rioted or even if structures are illegal, there’s due process – innocent until proven guilty and adequate notice, respectively – to be followed.

Moreover, Delhi has **many other illegal encroachments**. So, singling out Jahangirpuri is not proper.

In terms of legality, the MCD Act has clear provisions:

- Under **Section 317** the Commissioner is supposed to issue notice to remove projections (structures or fixtures) onto streets,
- **Section 343** allows demolition of buildings with a minimum notice period of 5-15 days.
- Only **Section 322** doesn’t require issuing notice, because it involves removing temporary structures like stalls encroaching into public streets. There’s also an **appellate tribunal** under the Act to hear appeals against notices.

Against natural justice: Further, those who faced demolitions in Delhi and MP got no time to appeal, contravening principles of natural justice.

Against the principles set by the Supreme Court of India: Under the sanctity SC has accorded to fair, just and equitable procedure since 1978, even demolishing temporary structures like a juice stall or a ragpicker’s shed that support livelihoods without notice, cannot evade this due process.

8. Demolition drives violate international law

Source: This post is based on the article “**Demolition drives violate international law**” published in **The Hindu** on **20th Apr 22**.

Syllabus: GS2 – Indian Constitution, Rights

Relevance: Arbitrary state action post rioting and violation of India’s international obligations

Context: Communal clashes broke out during Ram Navami processions in several parts of the country including at Khargone in Madhya Pradesh.

Subsequently, the Madhya Pradesh government bulldozed the houses of those who were allegedly involved in rioting. The State government claims that these demolitions are in response to illegal encroachments.

However, the fact that these arbitrary demolitions are being carried out against the alleged rioters of one particular community and in the immediate aftermath of the riots shows that their purpose seems to be to impose collective punishment.

Such an act violates various domestic and several international legal provisions under Right to housing.

What are the various domestic and international obligations being violated?

Right to housing: The right to housing is a fundamental right recognised under Article 21 of the Indian Constitution. Further, it is also a well-documented right under the international human rights law framework, which is binding on India.

For instance,

UDHR

– **Article 25 of the Universal Declaration of Human Rights (UDHR) states that** “*everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care...*”.

– **Article 12 of UDHR prohibits arbitrary interference** in an individual’s right to property. It also stipulates that “everyone has the right to the protection of the law against such interference or attacks”.

International Covenant on Civil and Political Rights (ICCPR)

Article 17 further provides that everyone has the right to own property alone as well as in association with others and that no one shall be arbitrarily deprived of his property. Thus, arbitrary interference with an individual’s property is a gross violation of the [ICCPR](#).

ICESCR

– **Article 11.1 of the International Covenant on Economic, Social and Cultural Rights (ICESCR)** recognises “the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and *housing*, and to the continuous improvement of living conditions”. Under this article, **countries are under an obligation** to take “appropriate steps” to ensure the realisation of these rights.

The rights recognised under ICESCR, according to **Article 4**, can be restricted by States only if the limitations are determined by law in a manner compatible with the nature of these rights and solely to promote society’s general welfare.

Thus, the bulldozing of the houses by the Madhya Pradesh government of the alleged rioters amounts to forced eviction and arbitrary interference with an individual’s home, thus a breach of Article 11.1 of the ICESCR.

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Domestic law

The international human rights law identified above has been judicially incorporated by the Supreme Court of India into the Indian legal system.

The apex court in cases like **Bachan Singh vs State of Punjab**, **Vishaka vs State of Rajasthan**, and in the **Puttaswamy vs Union of India** has stated that the fundamental rights must be read and interpreted in a manner which would enhance their conformity with international human rights law.

How does UN Human Rights Office details Right to housing?

According to the UN Human Rights Office, an integral element of the right to adequate housing is '**protection against forced evictions**'.

It defines 'forced evictions' as 'permanent or temporary removal against the will of individuals, families and/or communities from the homes and/or land which they occupy, without the provision of, and access to, appropriate forms of legal or other protection'.

The right to adequate housing also entails **freedom from arbitrary interference** with one's home, privacy, and family.

What is the way forward?

As the custodian of India's constitutional order, it is high time that the judiciary acted and imposed necessary checks on the unbridled exercise of power by the executive. Courts should use international law to counter the nationalist-populist discourse.

GS2 – POLITY – ISSUES WITH JUDICIARY

9. The Brittle Middle

Source: The post is based on an article "**The Brittle Middle**" published in **the Times of India** on **22nd April 2022**.

News: Recently, the Supreme Court found serious fault within the high courts. The High Courts have consistently failed to uphold **judicial discipline** while pronouncing orders.

What are the recent instances in which the HCs have failed to uphold judicial discipline?

A Rajasthan high court bench granted **bail** to an accused of raping his minor niece without specifying any reasons. Here, the HC ignored circumstances like the alleged rapist was a **history sheeter**. He was facing around 20 other criminal cases. The SC witnessed a lot of gaps between the **operative order** and **reasoned judgment** given by the High Courts.

The **Allahabad HC bench**, a **Bombay HC bench** and a **Delhi HC bench** ordered acquittal in murder case(s) and gave the reasoned judgment(s) later after five months, nine months and ten months respectively.

What are the issues in Indian Judiciary?

There has been **poor quality of justice delivery** at various levels.

Meanwhile, **collegiums are struggling to attract good candidates to HCs**. This is due to power struggle with GoI and unrealistic service conditions like low retirement age of 62.

What are the steps that needs to be taken?

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High courts are invested with the all-important function of superintendence of around 20,000 subordinate judicial officers. Therefore, they should set their standards at a higher level.

Judges carry the burden that **“justice is not only done; justice is also seen to be done”**.

The courts should **promptly** give a **reasoned order**. It also helps **appellate courts** save judicial time and decide appeals faster.

The prompt reasoned order reduces burden on the judiciary. For example, The Supreme Court ordered fresh hearing in a case in which the **Allahabad HCs** failed to give a prompt reasoned order. It would add to pending criminal appeals.

Effort should be made to establish a revised form of the **National Judicial Appointments Commission** to replace the collegium system.

All India Judicial Services or a national district judges recruitment examination should be created.

Way forward

It should be understood that **“Dysfunctionality in the rule of law is a dysfunctionality that affects all aspects of governance”**.

VACANCIES IN JUDICIAL SYSTEM

10. Pendency Begins Here

Source: The post is based on an article **“Pendency Begins Here”** published in **the Times of India** on **19th Apr 22**.

Syllabus: GS2 – Functioning of Indian Judiciary

Relevance: Judicial appointments

News: Recently, the Supreme Court (SC) expressed concern that many names cleared by the SC collegium were pending with the government for a considerable period.

However, the Union law minister told Rajya Sabha that the government has never deliberately delayed the process of judicial appointments.

Status of judicial vacancies in India

Around **35%** of judge’s seats are vacant in the High Courts.

The most number of vacancies are present in the HCs of Patna (49%), Rajasthan (48%) and Calcutta (46%).

What is the judicial appointment procedure in India?

(A) The Collegium System

The **collegium system** was created through famously known as the **Three Judges Cases (SC)**.

The collegium comprises the chief justice of the court along with its senior-most judges. The collegium is constituted both at the SC level and at high courts.

(B) Memorandum of Procedure (MoP)

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It is a collaborative framework between government and judiciary. It was prepared in 1998 pursuant to the Three Judges Cases. It largely governs the judicial appointment procedure in India.

For appointment of HC judges:

The HC collegium suggests names for elevation. The names travel through various departments of the state government, Intelligence Bureau and the central government. Then they are sent to the SC collegium for approval.

The SC collegium considers the names. Then the final list is forwarded to the Central government for appointment.

If the central government has any reservation, the names are sent back to the SC collegium for reconsideration. However, if the collegium deems that the recommendations are sound, it reiterates its stance. Then the Centre is required to make the appointment.

Timeframe stipulated in the MOP for the appointment procedure: The Centre forwards the recommendations to the SC collegium within 4-6 weeks after receiving the report from the state government and IB. The SC collegium should submit the final list within 4 weeks to the Centre. The central government should put forth the list for President's assent within 3 weeks. In case of reiteration of recommendations by the SC collegium, the final appointment should be made within 8-12 weeks.

The Chief Justice of India mentioned that the notion of “judges themselves appointing judges” is a “myth”. The judiciary is just one of the players in the selection process. The judiciary has the first say in the selection process. However, the government has the final say.

What are the issues in the judicial appointment process?

The stipulated time frame is not followed.

– For example, in 2021, **the government** sent a list to SC Collegium after an average of 18 weeks after taking inputs from IB. Further, the **SC collegium** sent the final list to the central government after an average of 17 weeks. Further, an average of 41 days (6 weeks) were taken from the date of final resolution of the SC collegium to the appointment of judges in HCs.

A **lot of delay** happens in appointment of judges whose names have been reiterated by the SC collegium.

What is the impact of delays in appointment?

Such delays in the appointment process impact the number of vacancies and thus the pendency of cases.

The delay in appointment despite constant reiterations by the SC collegium discourages potential candidates like senior lawyers from joining the judgeship.

For example, senior advocate Aditya Sondhi withdrew his consent for elevation to the Karnataka HC citing a delay of a year.

What is the way forward?

There is a need for **devising realistic timeframes**. It can be done using appropriate data.

The collegium resolutions sent by HCs and some of the intermediary steps **should be made public**. It can bring more transparency about how much time is being taken by the collegium and the government.

COOPERATIVES IN INDIA

11. India's policy on cooperation is key to creating livelihood for all

Source: The post is based on an article “India's policy on cooperation is key to creating livelihood for all” published in the **Live Mint** on **19th Apr 22**.

Syllabus: GS2 – Provisions of the Constitution of India; and Design of Polices and Programmes

Relevance: Cooperative Sector

News: Recently, the Union Minister of Cooperation inaugurated a **two-day national conference** on **India's Cooperation Policy**. In the programme, a call was made to usher-in a ‘**movement for cooperation**’.

What is the concept of Cooperation?

The draft National Policy on Cooperatives puts it this way –

– Cooperation is an approach. It is a preferred instrument of execution of public policy especially in rural areas.

– It refers to the attributes of community ties, collective decision-making, mutual trust, shared ownership and social responsibility.

Importance of cooperatives/cooperation for the effectiveness of a policy as learnt from the successful implementation the Pradhan Mantri Van Dhan Yojana

The cooperatives are said to be the catalysts for social and economic progress. They can help in creating a society of **self-dependent people** with **adequate livelihood opportunities**.

They can play an important role from farming and food-processing to fisheries and self-help groups (SHGs).

The cooperation works well when there is an affinity, mutual trust and a certain degree of affiliation among members. For example, a group of 200 women in the Gadchiroli district of Maharashtra have created a market for neem pesticides with their coordinated action.

The output and the bargaining power is increased when individuals comes together for collective actions. For example, a woman group at VDVK in Jharkhand, was amazed to see the quantum of forest produce and their increased negotiating power as traders come to them to buy mahua flowers, etc.

The promotion of co-operatives and Cooperation will lead to convergence of schemes. For example, VDVKs in Odisha and Chhattisgarh are witnessing convergence of schemes for training of beneficiaries.

It leads to empowerment of weaker sections of society. For example, women participate in the SHG meetings.

Way Ahead

The **PMVDY** offers a classic example of how the **cooperative spirit** can be harnessed. Its features are important for social fulfillment and **economic growth**.

A cleaner (without corruption), rule-based and more efficient cooperative system should be developed.

Note: Van Dhan Vikas Kendra (VDVK) which has been made operational under the Pradhan Mantri Van Dhan Yojana (PMVDY) functions on the attributes of cooperative existence.

CRIMINAL PROCEDURE IDENTIFICATION BILL

12. Unfounded apprehensions about this Act

Source: The post is based on an article “**Unfounded apprehensions about this act**” published in **The Hindu** on **21st April 2022**.

Syllabus: GS2 – Polity – Bills, Acts and related issues

Relevance: Criminal Justice System

News: Recently, The Criminal Procedure (Identification) Bill, 2022 received the President’s assent. The act seeks to repeal the Identification of Prisoners Act (IPA) 1920, whose scope was limited in nature with respect to recording measurements and whose measurements were made.

Why are various issues raised against the act incorrect?

The proposed **scope of ‘measurements’** already exists in other statutes like CrPC.

The Act explicitly merges the scope of ‘measurements’ in the **IPA** and the **CrPC**. For example, The CrPC provides for ‘**examination**’ of blood, semen, swabs, sputum and sweat, hair samples etc. using **modern scientific techniques** including DNA profiling etc,

The IPA already includes some provisions related to who is subjected to measurement. For example, it includes a person who has given security for **good behaviour** or **maintaining peace**, etc.

A **magistrate** is already empowered to direct any person (including an accused person) to give a signature or handwriting for **investigation** or **proceedings** under Section 311A of the CrPC.

The SC of India in the **State of Bombay vs Kathi Kalu (1961)** has held that taking specimens of handwriting, signature, thumb impressions, finger, palm or foot print etc. do not violate the **right against self-incrimination** under Articles 20(3) of the Constitution. These samples by themselves do not convey information.

Non-cognisable and most of **simple cognisable offence** like a chakka-jam (punishable with simple imprisonment up to only one month or fine) do not require measurement of biological samples to facilitate investigation. Only **physical measurements** would be sufficient to record identity.

By expanding the scope of measurements, an individuals’ privacy is not going to be harmed.

The Act will not harass **juveniles**. As per the provisions of **the (Special Act) Juvenile Justice Act, 2013**, the delinquent juveniles are produced before the **Juvenile Justice Board**. The FIR is registered only in heinous offence and the juvenile is arrested. In addition, records of conviction are destroyed in accordance to Act.

The Act does not mandate the **compulsory recording** of all measurements for all types of offences. The measurements shall be taken ‘if so required’ and as may be prescribed by governments.

The purpose is to help the enforcement agencies in the prevention and the detection of crime.

The right of an individual will have to be considered in the background of the interests of society.

What are the exceptions to the measurement?

The Supreme Court in the **Selvi vs State of Karnataka (2010)** has held that the narcoanalysis, polygraphy and brain fingerprinting are **testimonial compulsions** (*if conducted without consent*).

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They are prohibited under **Article 20(3) of the Constitution**. These tests do not fall under the scope of expression “such other tests” in Explanation of **Section 53** of the CrPC. The Court also laid down certain guidelines for these tests.

The Act does not lay down any **specific scientific tests** for the analysis of biological samples. Therefore measurements would not automatically violate any constitutional provision.

Way Forward

It would have been prudent to add a provision in the Act for juveniles for clarity and allay any doubts.

The **period of storage of measurements** of adults should be reduced by **10 years**. In fact, the probability of committing a crime by any person after the age of 80 years is negligible. For example, the NCRB data shows that the number of arrested persons over 60 years of age is less than 1.5%.

DELHI MUNICIPAL CORPORATION AMENDMENT ACT

13. The Delhi MCA Act denudes the spirit of federalism

Source: The post is based on an article “**The Delhi MCA Act denudes the spirit of federalism**” published in **The Hindu** on **21st April 2022**.

News: Recently, **The Delhi Municipal Corporation (Amendment) Act 2022** was passed by the parliament.

Subsequently, the **State Election Commission** of Delhi deferred the announcement of schedule for the elections to the three Municipal Corporations of Delhi after the proposed unification of the three municipal corporations.

What have been the arguments of the Central government about the validity of the act?

The MHA has stated that the **Article 239AA(3)(b)** empowers the parliament to make laws for the State of Delhi “on any matter”.

What are some associated concerns?

The **Central government** has conferred upon itself various **crucial powers**. It assumed control over the **Municipal Corporation of Delhi** from the State government. For example, the Centre is now empowered to determine the number of wards, extent of each ward, reservation of seats, number of seats of the Corporation, etc.

The Central government has taken over powers from the State to decide on matters such as ‘**salary and allowances**, leave of absence of the Commissioner, the sanctioning of consolidation of loans by a corporation, and sanctioning suits for compensation against the Commissioner for the loss or waste or misapplication of municipal fund or property’.

In 2011, the trifurcation of the **Delhi Municipal Corporation** was done after much deliberation and discussion at various levels. For example, **1987 Balakrishnan Committee Report**, and the **2001 Virendra Prakash Committee Report** proposed the slit-up. Thereafter, it went through a number of consultations. However, the decision to reunify has been done **without any study or consultation** with the Delhi government.

The Centre’s argument of using **Article 239AA** does not hold ground. The **Part IXA of the Constitution** states that the State Legislature is empowered to make laws concerning representation to the municipalities. And, Article 239AA cannot override the general law related to municipalities mentioned in Part IXA of the constitution.

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– Further, Article 239AA was added by the **Sixty Ninth Amendment Act of 1991**. However, Part IXA of the Constitution was inserted into the Constitution later on through the **Seventy-Fourth Constitutional Amendment Act of 1992**.

Recently, the Supreme Court of India in the famous **State of NCT of Delhi vs Union of India judgment** (2018) finally determined the scope of the **Article 239AA**. The Court ruled in favour of a **balanced federal structure**. It mandated that the Union does not usurp all powers and the States should enjoy freedom without any unsolicited interference from the Central Government with respect to matters which exclusively fall within the domain of state government.

The MCD Act 2022 will lead to **litigation** on the aspect of a sharing of powers between the State of NCTD and the Central government.

The act strikes a blow against **federalism** and the celebrated **Indian model of decentralisation**.

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

GLOBAL THREATS AND CHALLENGES TO INDIA

14. **This is India's moment of reckoning**

Source: The post is based on an article “**This is India's moment of reckoning**” published in **The Hindu** on **22nd April 2022**.

News: Recently, there have been **global developments** of conflict and violence in Ukraine. It has been followed by the imposition of the western economic sanctions on Russia. This has presented new opportunities and threats to the world, especially India.

What have been the trends since the fall of the Berlin Wall in 1989?

There was an evolution of a paradigm of **free societies, frictionless borders** and **open economies**.

The **global order** allowed freer movement of people, goods, services and capital across the world. Therefore, **global trade** and **per capita GDP** nearly doubled in this period.

During this period, the Societies and economies in the world became **inter-dependent** in the pursuit of shared global prosperity. It led to fewer conflicts and more peace and prosperity.

What can be the impact of the Russia-Ukraine conflict, especially from an Indian perspective?

This **global geo-economic conflict** can push the world to the Cold War era of **two dominant power blocs**. It will disbalance the **global economic equilibrium**. The **Russia-China bloc** is a large producer group. The western bloc is today's largest consumer group.

It has dismantled **inter-connectedness** and **trade** among nations. This led to **disruption** and **blockade** of various commodities like Russian natural gas, Russian & Ukrainian Wheat, Russian nickel. For example, Indian farmers run the risk of high fertilizer prices triggered by a global shortage.

What are the opportunities for India?

First, the western group looks to **reduce dependence** on the Russia-China bloc of nations. Therefore, it offers opportunities to India. India can expand trade in the **current global economic structures** of free trade

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Second, the western nations have wished to develop a new paradigm of **'free but principled trade'**. India can gain from this **'principled trade'**. India is the **largest peace-loving democracy**. India can become a large producing nation for the world and a global economic powerhouse.

The present global situation presents the best opportunity to salvage India's economy. It can help create large numbers of **jobs** for our youth and women.

What are the challenges before India in capitalizing the new opportunities?

The forced and hurried dismantling of the present order of the **American dollar** as the **global trade currency** and replacing it with rushed **bilateral local currency arrangements** can prove to be more detrimental for the global economy in the longer run.

For example, **Indian rupee-Russian rouble agreement** in the late 1970s and 1980s, were fraught with risks.

India's external sector is robust. India has the potential to expand trade. But the bilateral arrangements are unsustainable, unwieldy, and perilous.

Way Forward

Mahatma Gandhi said India must be committed to **peace** and **non-violence**, both at home and in the world.

Earth is a **'Global Village'**. It is home for nearly eight billion people. It works on the transportation networks, the U.S. dollar as the reserve currency and integrated payment systems.

India's economic future depends on trade with other nations. A reversal towards isolationism and protectionism can be bad for India. It needs an accepted and established global currency to trade in and seamless trade settlements.

India needs to get **free access** to the markets to capitalise on the available opportunities.

In the long run, India stands to gain more from the established trading order as well as free access to the western markets instead of **bilateral arrangements** and a new and **parallel global trade structure**.

India needs a **non-aligned doctrine** for the looming new world order. It also needs a **non-disruptive geo-economic policy** to maintain the current global economic equilibrium.

Hence, it should adopt a **strategic economic self-interest doctrine** within the larger paradigm of its **non-alignment foreign policy**.

India needs to balance the **current geo-economic equilibrium**, and needs to maintain its **domestic social equilibrium**. It requires people of all religions and castes to work together in factories.

Therefore, the government should address mutual distrust, hate and anger among citizens. It should promote **social harmony** which is **quintessential** for **economic prosperity**.

RUSSIA – UKRAINE CONFLICT

15. Don't rush into export 'opportunity' presented by Russia-Ukraine conflict

Source: The post is based on an article "Don't rush into export 'opportunity' presented by Russia-Ukraine conflict" published in the Indian Express on 21st April 2022.

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News: Recently, the **Russia-Ukraine clash** and the **resultant sanctions** have pushed India to face a strong headwind to growth and Indian exports. This is due to surge in energy costs, elevated geopolitical uncertainty.

However, the clash has come up with a number of opportunities which require deep analysis.

What are the opportunities?

India gets an opportunity to fill the **shortage of commodities** in the **global market**. Russia and Ukraine together account for 30% of **global wheat exports**. At present, they are unable to export.

However, India is a **wheat surplus** country. The **Food Corporation of India (FCI)** possesses good buffer stock. Therefore, India can export wheat to meet global demand.

What are the issues with India's rush to "encash the opportunity" for agricultural exports?

There are limited prospects for sustained wheat exports for India. India has an available **surplus** of around **25 million tons**. It was accumulated over five years. This is not a big number. Russia and Ukraine annually export nearly 60 million tons of wheat.

In addition, exporting all the surplus stock would push up domestic wheat prices. Further, it would lead to tariff hikes on future exports like in **case of palm oil in Indonesia**.

In agricultural trade, India has the **dubious distinction** of being an unreliable trading partner. India is the **second-largest producer** of wheat in the world. But has only 1% share of global wheat exports.

Indian's wheat export is not **globally competitive**. The government's **Minimum Support Price (MSP) and Procurement regime** makes it less competitive. The MSP often rises every year. It normally exceeds global prices. Thus, exports would be difficult.

India's lack of export **competitiveness** can be seen from the consideration of the **export parity price (EPP)**. The cost of getting the produce from the farm or factory to the border or the port is high in India. It is due to high **domestic logistics costs** (like **road transport costs**). India's domestic logistic cost is over 13% of GDP as compared to the global best practice of 8%. In addition, India's ports are inefficient.

The **FCI** cannot sell procured grain for **commercial gains** as a result of **India's commitments** under **WTO**. It would be difficult to bring in intermediary.

India had adopted a "**heterodox**" **approach** for opening up trade. It aims to open on the export side while being restrictive on the import side. This creates political difficulties in trading relations.

India's **non-price attributes** like food safety, quality, and variety of wheat consist of a lot of issues. It restricts the **sustainability of Indian exports**. The food safety and quality of wheat are highly preferred in the global market.

As per recent study, India has the highest number of **consignment rejections** in both European and US markets in comparison to other developing countries.

Ways Forward

The crisis can be an opportunity for India to fix the fundamentals, like its "**time to trade**", "**costs to trade**" among others

A long-term **sustained export strategy** is needed. The strategy must incorporate the changing nature of global trade.

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There is a need to deliver on **quality** or **honouring commitments**. India can expand trade through new products, varieties and new trade agreements.

16. India can criticise Russia's Ukraine invasion

Source: The post is based on an article "**India can criticise Russia's Ukraine Invasion**" published in The **Hindu** on **19th April 2022**.

Syllabus: GS2 – International Relations; Bilateral Relations

Relevance: India-Russia Relation

News: Recently, India has been facing severe pressure from the west and especially from the US over its stand on the Russia-Ukraine conflict.

India's Ministry of External Affairs (MEA) has repeatedly **abstained** on multiple resolutions critical of Russia's invasion in the UN forums. In fact, it has **not directly** mentioned Russia in the statements criticizing the conflict.

What has been India's experience and response with respect to the Western Pressure so far?

In 2018, India "**zeroed out**" its oil imports from Iran, after the U.S. warned India to drop its oil imports from Iran or face U.S. sanctions. At that time, Iran was India's third biggest supplier of crude.

In 2022, the **U.S. is pressurizing India** to cut its oil imports from Russia. In addition, India has been warned of "**consequences**" for creating payment mechanisms around sanctions against Russia.

India's stand in the India-Russia Bilateral Relations Post Ukrainian Invasion

India's External Affairs Minister has said that India does not recognise **unilateral sanctions** by any country. India recognizes only those sanctions which are mandated by the United Nations (UNs)

India has been increasing import of Russian oil, at a discount. In addition, India is also accelerating coal imports.

The RBI and Russian bank officials have been holding **technical talks** on the **rupee-rouble payment mechanism**. It is aimed to be used for purchases that circumvent sanctions.

What explains the Government's refusal to bow to combined western pressure?

India has **dependency** on Russia for **60% defence hardware** and **85% defence spare parts**.

In the energy sector, Indian oil **public sector units (PSUs)** have invested \$16 billion in **Russian oil and gas fields** in eastern Russia. In addition, India's nuclear power plant say, **Kudankulam in Tamil Nadu** has also been built by Russia which fulfils India's energy requirement.

The **long-term sustainability** of the western sanctions on Russia is doubtful. Only 30 to 40 countries have joined the sanctions. However, major economies including **China** and **much of South America** and **Africa** have stayed out. In this situation, it's not beneficial for India to pick the west side in the "**dollar vs non-dollar**" **economic system**.

India's **strategic future** is also inextricably linked with Russia. India needs Russia for its **continental security**. India's primary threats come from northern frontier from China and Pakistan. For example, Chinese troops have transgressed and occupied Indian territory. In this context, Moscow can play a **mediatory role**.

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India is part of regional grouping such as **BRICS**, **RIC** (Russia-India-China) and **Shanghai Cooperation Organisation (SCO)**. These groupings have strategic significance for India.

Russia being a **P-5 member** has consistently supported India's cause in the **UN Security Council**. In addition, support has also been received at other multilateral institutions such as the **Financial Action Task Force (FATF)** and the **Nuclear Suppliers Group (NSG)**.

The **European Union** and the **U.S.** have been critical of India's **Citizenship (Amendment) Act**, the **Jammu and Kashmir reorganisation**, or the treatment of minorities, the media and NGOs. However, Russia has not raised concerns over such issues against India.

Biden's regime is not assertive as **Trump's regime** was in case of Iran sanctions. Therefore, it seems India can escape the warning issued by the US.

The Government of India adheres to **non-alignment** and **strategic autonomy principles**. India has refused to entertain western sanctions in the past also. India conducted nuclear tests in 1998. India also refused to bend to U.S. pressure on **Iran oil sanctions in 2012**.

Why should India criticise Russian actions?

The Russia invasion is a **brutal invasion** of another country. In past, the Indian government has deplored **the U.S. invasion of Iraq** through resolution in the **Indian Parliament in 2003**. This was done despite India's growing partnership with the U.S.

Jawaharlal Nehru in a speech in the U.S. in 1949, said **"Where freedom is menaced or justice threatened or where aggression takes place, India cannot and shall not be neutral."**

Strategic autonomy can carry credibility only when it is expressed without fear or favour of the consequences.

GS2 – INTERNATIONAL RELATIONS – INDIA AND ITS NEIGHBOURHOOD

INDIA – MALDIVES RELATIONS

17. Different narratives: On India – Maldives ties

Source: This post is based on the article **"Different narratives: On India – Maldives ties"** published in **The Hindu** on **23rd Apr 22**.

Syllabus: GS2 – International Relations

Relevance: Indo-Maldives ties and the new Anti-India campaign in Maldives

Context: Recently, the Maldivian government disallowed a planned opposition rally in the capital city of Male. The theme of the rally, called out by former president Abdulla Yameen and his Progressive Party, and its ally, the People's National Congress, was 'India out'.

It is in this light that the present article suggests that India should build ties with all political factions of the Maldives while helping the country to meet its needs.

Must Read: [What's behind the new anti-India campaign in the Maldives?](#)

What has been the trajectory of Indo-Maldives relations over the years?

Before 2018, when Abdulla Yameen (considered to be pro-China) was in power, the relationship b/w India and the Maldives deteriorated.

– His government's ultimatum to India to withdraw two of its helicopters from two atolls had triggered tensions.

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After 2018

– The relations between the two countries improved remarkably after Mr. Solih's Maldivian Democratic Party (MDP) came to power in 2018.

President Solih adopted an '**India first**' foreign policy.

– In the past four years, India has emerged as the **Maldives's main security and economic partner**, committing \$1.4 billion towards its 'socio-economic development needs'.

– In February 2021, it signed the **Uthuru Thila Falhu (UTH) harbour development deal** with Male to develop the National Defence Force Coast Guard Harbour. The Yameen camp stepped up its attack on the government after this deal.

Why the strategic importance of the Maldives has increased?

India has historically played an important role in the Maldives as a friendly big neighbour.

But China's rise in the Indian Ocean region has raised the strategic profile of this small, import-dependent island-nation of 5,50,000 people, where both countries have competed for influence.

What can happen now?

Now, while Mr. Yameen is trying to regain his lost support by resorting to Maldivian nationalism and anti-India sentiments, the MDP is trying to counter it with another nationalist narrative. It argues that ties with India, the closest big neighbour of the Maldives, is important for the country's security, including food security.

India can find itself in a difficult situation, as victory is not guaranteed for the MDP, which faces anti-incumbency problems and differences between Mr. Solih and the powerful former President Mohamed Nasheed.

If it loses, India **risks losing the influence it has built over the last few years**.

The challenge before India is to build closer ties with all political factions of the Maldives while helping the country meet its economic and security requirements.

INDIA – SRI LANKA RELATIONS

18. Fishing for workable solutions in the Palk Bay

Source: The post is based on an article "**Fishing for workable solutions in the Palk Bay**" published in **The Hindu** on **23rd April 2022**.

Syllabus: GS2 – International Relations, Bilateral Relations

Relevance: Indo-Sri Lanka Relations

News: Recently, India's Tamil Nadu and Sri Lanka's Northern Province fishermen died in "**mid-sea clashes**" in the Palk Bay region. In another event, 140 impounded boats of India fishermen were auctioned despite a bilateral understanding on the matter.

What are the issues in the India-Sri Lanka Fishermen dispute?

(A) Sri Lankan Fishermen Concern

A section of Tamil Nadu fishermen transgress the **International Maritime Boundary Line (IMBL)** in the Palk Bay, and **poach** in the territorial waters of Sri Lanka,

Use of **mechanised bottom trawlers** by Indian Fishermen. This method is said to be extremely averse to **marine ecology**.

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In addition, the Sri Lankan counterparts are facing the **ongoing economic crisis** in the island nation.

(B) Tamil Nadu Fishermen Viewpoint

Consequent to the **demarcation** of the **IMBL** in June 1974, there is a **lack of fishing areas** on the India side. For example, the area available for fishing is **shallow**, full of **rocks** and **coral reefs**.

Under **the Tamil Nadu Marine Fishing Regulation Act 1983**, the **mechanised fishing boats** can fish only beyond **3 NM** from the coast. This explains the trend of the fishermen having to cross the IMBL frequently.

What are the measures that need to be taken?

The **people**, especially **fisherfolk** of the two countries have **common threads** of **language**, **culture** and **religion**. This can be used purposefully to resolve the ongoing dispute.

India-Sri Lankan fishermen problem has to be looked at from **humanitarian** and **livelihood angles**.

The present **Sri Lankan Economic Crisis situation** provides opportunity to solve the issue at the **negotiating table**. The Indian side has already imposed a **two-month ban** on fishing on the east coast of the country. Sri Lanka should take the next step.

There is a need for resumption of the **fisherfolk-level deliberations**. Indian fishermen should propose a roadmap to transition to **deep sea fishing** or **alternative methods of fishing**. Further, the Sri Lankan side has to understand that the transition takes time.

In case Tamil Nadu fishermen damage the **properties** of the Northern Province's fishermen, the Indian government should **compensate** this through the **proper channels** of Sri Lanka.

India should adopt policies for promotion of **deep-sea fishing**. The Central and State governments should implement the **Pradhan Mantri Matsya Sampada Yojana** in Tamil Nadu in a proactive manner. The scheme covers **alternative livelihood measures** too including seaweed cultivation, open sea cage cultivation, and sea/ocean ranching.

India-Sri Lanka has signed a **memorandum of understanding** for the development of fisheries harbours.

Recently, the **India-Sri Lanka Joint Working Group (JWG)** on fisheries held deliberations in virtual format. The JWG has agreed to have joint research on fisheries. The study should cover the adverse impact of **bottom trawling** in the Palk Bay region.

The two countries should explore the possibility of establishing a **permanent multi-stakeholder institutional mechanism**. It should be empowered to regulate fishing activity in the region.

Sri Lanka should take a **lenient view** of the situation. It should refrain from adopting a rigid and narrow legal view of matters.

Way forward

India -Sri Lanka can develop a model for **collaborative endeavours** in fishing in the Palk Bay Region.

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19. Not just dollars: Sri Lanka needs deep economic reforms to dig its way out of the crisis

Source: This post is based on the article “Not just dollars: Sri Lanka needs deep economic reforms to dig its way out of the crisis” published in **The Times of India** on **21st Apr 22**.

Context: A series of positive developments in Sri Lanka have triggered hopes that it'll eventually see through one of the worst economic crisis that it's going through right now.

What are the positive developments?

On the political front, 17 new ministerial appointments were initiated by President Gotabaya Rajapaksa, **suggesting an end to the political logjam**.

Separately, Sri Lanka began bailout **talks with IMF**. These talks were backed by India, and the first step is a **Rapid Financing Instrument**, which provides help before a restructuring plan is finalised.

There's a long way to go to attain normalcy but a start has been made.

INDIA – US RELATIONS

20. A vision for US-India economic partnership

Source: The post is based on an article “**A vision for US-India economic partnership**” published in the **Business Standard** on **19th April 2022**.

Syllabus: GS2 – International Relations, Bilateral Relations, Regional groupings

Relevance: Indo-US Relations and Indo-Pacific

News: Recently, there has been differences between the **United States** and India over India's stand on Russia's invasion of Ukraine. This has brought the bilateral relationship between the largest and sixth-largest global economies at the centre of debate and their expected role in the Indo-Pacific Region.

What have been the convergence of interests between India and the US?

Over the past 22 years, the United States and India have steadily widened and deepened their partnership. It covers almost every area of human endeavour.

In 2017, the US withdrew from the Trans-Pacific Partnership (TPP). In 2019, India pulled out of the Regional Comprehensive Economic Partnership (RCEP) negotiations. This has allowed China to shape the **Asian trade landscape**. China is already part of **RCEP**. It has also applied to join **the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)** and **the Digital Economy Partnership Agreement**.

China has adopted an **assertive approach**. It is integrating itself with its neighbours through the **Belt and Road Initiative**.

What are the issues in bilateral relations?

Despite efforts, the US-India trade relationship remains a weak component of the strategic partnership.

The flows of goods and services between the two countries are well below the levels.

Way Forward

The US and India should rethink their **economic** and **trade strategies**. This is important as China can shape the rules for trade and investment in the Indo-Pacific Region.

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There is a need to enhance **bilateral trade**. It is important for both economies to grow. It will provide a **long-term ballast** to the **US-India strategic partnership**.

Both must play a central role in developing the **economic framework and** regional trade rules for a **free and open Indo-Pacific**.

The Biden administration is going to finalize the **new Indo-Pacific Economic Framework (IPEF)**. It will build **regional economic architecture** in the Indo-Pacific Region. It provides an important opportunity to build economic ties for India.

The US should reinstate India's **Generalised System of Preferences (GSP)** benefits. It will resolve outstanding bilateral issues.

The mandate of the **Quad** can be expanded to include trade. At present, all the QUAD countries already have bilateral trade agreements with each other. These agreements could provide the foundation for a Quad working group on trade.

In future, both India and the US could engage with other **Indo-Pacific partners** like the **Association of Southeast Asian Nations (ASEAN)** and the **CPTPP**.

INDIA – UK RELATIONS

21. A new shine to old ties

Source: The post is based on an article “**A new shine to old ties**” published in **the Indian Express** on **19th Apr 22**.

Syllabus: **GS2** – International Relations, Bilateral Relations

Relevance: India-UK relations

News: The Prime Minister Narendra Modi is going to host British premier Boris Johnson this week in India. Further, both countries have been working on a roadmap to transform bilateral relations by 2030.

What were the issues in India-Britain bilateral relations?

There have been **bitter legacies of colonialism**. These legacies had made it impossible for the two sides to pursue a sensible relationship in the past. India has shown **post-colonial resentments**. London was not willing to accept India's claim for a special role in the Subcontinent.

The **consequences of Partition** and **the Cold War** made it harder for Delhi and London to construct a sustainable partnership.

At present, there are visible differences between both countries over the Russian invasion of Ukraine.

Britain was much slower in appreciating India's new **geopolitical salience**. In fact, India's relations with two key countries of the **Anglosphere**(the US and Australia) are better than those with Britain.

Historically, Britain has been tilted towards Pakistan. This has complicated India-Britain Relationship. For example, Earlier **Tories (Political Party)** were empathetic to Pakistan not India.

Now **India's internal issues** are getting politicised in Britain. For example, the **Labour Party** targets India for its position on Kashmir. It is also shaped by the **large South Asian diaspora** in Britain.

What are the prospects for India-Britain bilateral relations?

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There are expansive new possibilities in trade, investment, high technology, defence, and regional cooperation.

Pakistan's relative decline in the **Indian Subcontinent** is bound to make it less important in India's bilateral relations with Britain.

Now, The **Tory leadership** has helped build a number of measures aimed to ensure political confidence with India.

Post-Brexit, Britain needs a number of partners. The Indian economy is set to become **larger** than Britain's in the next couple of years. Therefore, India is naturally among the top political and economic priorities for Britain.

The **regional** and **international circumstances** provide a new basis for mutually beneficial engagement.

The US has played an important role in transforming the bilateral ties between Delhi and London. It is based on the US premise that a **stronger India** will serve US interests in Asia and the world.

The west is **strategically committed** to assist **India's rise** due to increasing assertion of **China** in **Asia**. On similar lines, London has also released its own "**Indo-Pacific tilt**". Therefore, both can have newer roles in the coming future.

Why should India engage with Britain?

India is strategically important for India. It is the **fifth-largest economy**, a **permanent member** of the Security Council, a **global financial hub**, a centre of **technological innovation**, and a leading cyber power. It has a significant international military presence and wide-ranging political influence.

GS2 – SOCIAL ISSUES – HEALTH RELATED ISSUES

COVID PANDEMIC AND ITS IMPACT – IMPACT ON EDUCATION

22. We must revamp schools as they open after the pandemic break

Source: The post is based on an article "**We must revamp schools as they open after the pandemic break**" published in the **Live Mint** on **20th April 2022**.

News: Recently, there has been a decline in the severity of covid pandemic. As a result, the schools have been re-opened after a gap of almost two years. In this context, **the Annual Status of Education Report (ASER)** was released.

What are some recent trends?

There has been a shift in enrolment from **private** to **government schools** between 2018 and 2021 across all grades and among both boys and girls in rural areas. This was more pronounced in the lowest grades. For example, Overall, a total of 17 states saw an increase in enrolment in government schools. Out of all, Uttar Pradesh and Kerala topped the list.

On average in 2021, the **proportion of children** aged 6-14 currently not enrolled in school has increased by 2.1 percentage points compared to the 2018 level. The status of currently-not-enrolled students compared to 2018 in different states is Andhra Pradesh (7%), Manipur (15.5%), Nagaland (19.6%) and Telangana (11.8%).

What are the challenges after unlocking schools?

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Students have spent most of their time at home with either **semi-structured** or **no educational activity**.

The already poor state of **school infrastructure** might have further deteriorated in the past two years. The government schools were either closed or used as the isolation centres for covid-positive patients.

As per data from the **Unified District Information System for Education (UDISE)** data for 2019-20, the state of availability of computers, internet facilities, furniture, electricity, ramps for the physically disabled, etc. is very poor in the government schools.

There are existing challenges related to **inadequate recruitment** and **management of teachers, inadequacy of teacher training** and acute scarcity of teachers in government schools.

As per the ASER and SCHOOL survey by **Road Scholarz report**, there is a **learning crisis** in India. The proportion of children who cannot read and do arithmetic operations have increased especially in West Bengal, Chhattisgarh and Karnataka.

What are the opportunities for the state-run education system?

The rising enrolment levels in government schools offer a chance for the state governments. They can **'seize the moment'** and ensure the retention of students in state-run schools.

Way Forward

There is a need to address a few key challenges that confront government schools. These are:

The school should be prepared to resume **structured educational activities** and ensure **conducive classroom spaces** sensitive to the prolonged **anxiety, stress** and isolation that students face.

Therefore, starting this academic year, schools should identify the children who are lagging behind. The students must run basic **revison** and **bridge programmes** for them to consolidate their skills of reading, writing, numeracy and comprehension at their own pace.

The National Initiative for Proficiency in Reading with Understanding and Numeracy (**NIPUN Bharat**) is a reassuring step in this direction.

The shift to government schools in a time of **crisis** indicates that people expect the state to play the right role in providing education. The **"right to education"** is a matter of right and not just another **'service'**.

A **revamp** of school infrastructure is the need of the hour. The special focus should be given on **information** and **communication technology**.

The gap in the stipulated **pupil-teacher ratio** in the government schools needs to be bridged.

TRADITIONAL MEDICINE AND RELATED ISSUES

23. **Initiatives to resuscitate traditional medicine are welcome. There is need to iron out regulatory flaws**

Source: **This** post is based on the article **"Initiatives to resuscitate traditional medicine are welcome. There is need to iron out regulatory flaws"** published in **The Indian Express** on **21st Apr 22**.

Syllabus: GS2 – Issues related to health

Relevance: Promoting traditional medicine

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Context: Inaugurating the WHO's Global Centre for Traditional Medicine (GCTM) at Jamnagar in Gujarat, Prime Minister of India talked of the **possibilities offered by therapeutic approaches** that are different from the allopathic medicine system.

Such conversations on **medical pluralism** are welcome. They could pave the way for a healthcare ecosystem in which healing approaches based on diverse knowledge systems complement each other.

For that to happen, however, there must be **thorough stocktaking on why practitioners of different medical systems rarely see eye to eye today**. This would involve clearing misapprehensions but also, and equally importantly, ironing out regulatory deficits.

What is the situation wrt use of traditional therapies in India?

According to WHO data, **65 to 70% of people in India use traditional therapies** at some stage in their lives.

The **turnover** of the AYUSH (*ayurveda, yoga and naturopathy, unani, siddha and homeopathy*) industry has **gone up six times** in the past eight years.

What are some issues being faced by this sector?

There is a **lot of misinformation** about traditional therapy cures and their practitioners are spoken negatively at times. A part of the blame for this must be laid at the door of a section of practitioners who make **unsubstantiated claims**.

– **For instance:** During the pandemic, for instance, Baba Ramdev sought to exploit mass anxiety by making wildly inaccurate claims for the products manufactured by his Ayurvedic pharmacy, Patanjali Ayurved.

Reports of **traditional medicine practitioners prescribing allopathic drugs** and steroids are also common.

Physicians have complained about being judged according to criteria designed primarily to ascertain the efficacy of allopathic medicines.

– The National Commission for Indian System of Medicine Act, 2020 does try to resolve this predicament — the act was amended in 2021.

What is the way forward?

A section of traditional medicine practitioners is making efforts to sync the practices of these systems with modern research protocols.

Regulatory bodies and initiatives such as the GCTM would do well to rope in such professionals.

24. **Explained: WHO & traditional medicine**

Source: This post is based on the article “**Explained: WHO & traditional medicine**” published in **The Indian Express** on **19th Apr 22**.

Syllabus: GS2 – International Relations – International groupings and organizations

Relevance: Traditional medicine and India's role

News: Groundbreaking ceremony for the first-of-its-kind WHO Global Centre for Traditional Medicine (GCTM) will be held in Jamnagar, Gujarat.

What is traditional medicine?

The WHO describes traditional medicine as –

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The total sum of the “knowledge, skills and practices indigenous and different cultures have used over time to maintain health and prevent, diagnose and treat physical and mental illness”.

As per WHO, the reach of traditional medicine encompasses ancient practices such as acupuncture, ayurvedic medicine and herbal mixtures as well as modern medicines.

According to WHO estimates, 80% of the world’s population uses traditional medicine.

In India, traditional medicine is often defined as including practices and therapies — such as yoga, Ayurveda, Siddha — that have been part of Indian tradition historically, as well as others — such as homeopathy — that became part of Indian tradition over the years.

- **Ayurveda and yoga** are practised widely across the country
- the **Siddha system** is followed predominantly in Tamil Nadu and Kerala
- the **Sowa-Rigpa system** is practised mainly in Leh-Ladakh and Himalayan regions such as Sikkim, Arunachal Pradesh, Darjeeling, Lahaul & Spiti

What will be the GCTM be about?

India has committed an estimated \$250 million to support the GCTM’s establishment, infrastructure and operations.

Aim: Evidence-based research, innovation, and data analysis to optimise the contribution of traditional medicine to global health. Its main focus will to develop norms, standards and guidelines in technical areas relating to traditional medicine.

The GCTM will support efforts to implement the **WHO’s Traditional Medicine Strategy** (2014-23)

- The strategy aims to support nations in developing policies & action plans to strengthen the role of traditional medicine in pursuing the goal of universal health coverage.

Why has WTO felt the need to advance knowledge of traditional medicine?

The WHO says 170 of its 194 WHO Member States have reported the use of traditional medicine. Moreover, these member states have asked for its support in creating a body of “**reliable evidence and data on traditional medicine practices and products**”.

Jamnagar centre will serve as the hub, and focus on building a “**solid evidence base**” for policies and “**help countries integrate it as appropriate into their health systems**”.

2]. There is a **need to conserve biodiversity and sustainability** as about 40% of approved pharmaceutical products today derive from natural substances.

- For example, the discovery of aspirin drew on traditional medicine formulations using the bark of the willow tree, the contraceptive pill was developed from the roots of wild yam plants and child cancer treatments have been based on the rosy periwinkle.

3]. WHO has referred to **modernisation of the ways traditional medicine is being studied**. Artificial intelligence is now used to map evidence and trends in traditional medicine.

- Functional magnetic resonance imaging (fMRI) is used to study brain activity and the relaxation response that is part of some traditional medicine therapies such as meditation and yoga.

4]. Traditional medicine is also being extensively updated by mobile phone apps, online classes, and other technologies. The GCTM will serve as a **hub for other countries, and build standards on traditional medicine practices and products**.

Has India taken up similar collaborative efforts earlier?

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Yes.

– **Project collaboration agreement (PCA):** In 2016, the Ministry of AYUSH signed a PCA with the WHO in the area of traditional medicine. The aim was to create benchmarks for training in yoga, Ayurveda, Unani and Panchakarma, for traditional medicine practitioners.

– The collaboration also aimed at promoting the quality and safety of traditional medicine and consumer protection by supporting WHO in the development and implementation of the WHO Traditional and Complementary Medicine Strategy.

MoUs with various institutes, universities and organisations from countries across the globe were signed.

GS2 – GOVERNANCE – ISSUES RELATED TO DEV OF EDUCATION

HIGHER EDUCATION AND RELATED ISSUES

25. Explained: UGC rules for tie-ups between Indian and foreign universities

Source: This post is based on the article “**Explained: UGC rules for tie-ups between Indian and foreign universities**” published in **The Indian Express** on **23rd Apr 22**.

Context: The rules governing tie-ups between Indian and foreign higher educational institutions have been simplified by the University Grants Commission (UGC) to expand the net of academic collaborations.

UGC chairperson recently announced that the commission has approved an amended set of regulations, which will soon be notified.

The article explains the changes in the wake of the amendments.

Which regulations have been amended?

The UGC sets minimum standards for many areas of higher education, ranging from academic standards to quality of training imparted to teachers.

The **University Grants Commission (Academic Collaboration between Indian and Foreign Higher Education Institutions to offer Joint Degree, Dual Degree, and Twinning Programmes) Regulations, 2022** will govern twinning programmes, joint degree, and dual degree programmes to be offered jointly by Indian and foreign universities.

What do the regulations say on twinning programmes?

In the twinning programme, students will be enrolled in a **degree programme at an Indian institute**, and they will get an opportunity to undergo an exchange programme with the partner foreign university.

Students will have to complete up to **30% of the course’s credits** at the foreign institution by means of an exchange programme. The same will be applicable to foreign students enrolling in a similar programme.

The degree at the end of the course will be provided by the Indian institution.

Note: As of now, the regulations allow only full time courses through conventional, offline mode.

How have the rules been simplified?

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The previous set of regulations gave the UGC extensive powers to monitor the entire process of collaboration, ranging from examining MoUs between institutes to issuing letters of approvals or rejections. The proposed amendments eliminate the need for institutes to seek the UGC's nod.

However, in the case of professional programmes in disciplines such as engineering, medicine and law, the approval of statutory councils or bodies like the AICTE will still be needed.

How will the dual-degrees be structured?

The **dual-degrees**, introduced for the first time, will enable a student to earn two degrees for a course of the same discipline, and at the same level. Students will have to complete at least 30 per cent of their course credit at the foreign institution.

– **For example**, a student enrolled in a BA English programme in an Indian university can pursue a part of her course at a foreign institution.

At the end of the course, the student will be awarded two degrees, separately and simultaneously, by the Indian and foreign institutions. **This shall not, in any way, be construed as two degree programmes in separate disciplines or subject areas** at two different levels, the UGC has clarified.

This means a dual degree in BA English and BSc Physics, or BSc Maths and MSc Biology will not be allowed under this arrangement.

How will joint degree programmes be different from dual degrees?

Unlike dual degree, in the case of joint degree programmes, there will be **one degree certificate**, bearing the names of both the institutions.

The curriculum will be **jointly designed by the collaborating institutions** like in the case of dual degrees.

How can institutes partner with each other and what will be the eligibility criteria?

Any Indian higher educational institution **accredited by the National Assessment and Accreditation Council (NAAC)** with a minimum score of 3.01 on a 4-point scale or featuring in the top 1,000 of Times Higher Education (THE) or QS World University Rankings will be eligible to participate.

For Indian institutes, being in the top 100 list of the National Institutional Ranking Framework (NIRF) is also an acceptable criterion.

Foreign institutes willing to enter a partnership must rank in the top 1,000 in either of the two world university rankings.

The Indian institutions willing to enter into such collaborative arrangements will also have to open office for international affairs.

26. 'Dual-use' learning

Source: This post is based on the article **"Dual-use' learning"** published in the **Business Standard** on **17th Apr 22**.

Syllabus: GS2 – Issues related to development of Education

Relevance: UGC's two degree proposal

News: The University Grants Commission (UGC) **proposal to allow undergraduate and postgraduate students to pursue two degrees simultaneously is a progressive step forward in the higher education sector.**

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What are the potential benefits of this move?

First, this policy will help high-school students who are often unsure of whether to pursue the sciences or humanities stream in higher education.

Second, by promoting interdisciplinary study, the two-degree proposal addresses a growing requirement among employers for lateral thinking.

Lateral thinking—a term first coined by Edward de Bono in 1967—refers to a person’s capacity to address problems by imagining solutions that cannot be arrived at via deductive or logical means.

Today, even the global IT giants, have widened their recruiting focus from graduates in conventional science, technology, engineering and mathematics, or STEM, to those with multi-disciplinary exposure — in other words, it’s STEAM graduates, in which the A stands for Arts.

Thirdly, the proposal to allow domain experts and not just doctoral degree holders to teach is also a sensible move, since it will address a possible faculty shortage once the demand for dual courses expands.

What are some relevant concerns?

Quality of higher education courses and diploma programmes: The market for online courses and for, say, science- or arts-focused universities to start offering cross-over disciplines, will expand. Hence, the UGC will need to be cautious of its approval-granting and monitoring processes.

– All India Council for Technical Education (AICTE), is facing problems due to its indiscriminate approval process and lax monitoring. Moreover, IT companies’ complaints of the need to retrain IT and science graduates from scratch after recruitment have been well documented.

Limited employment opportunities in India: The problem of unemployment for graduates and post-graduates in India has grown with the increased availability of university seats and the shrinkage of the public sector without the private sector picking up pace. This is one reason Indians tend to stay longer in the higher education system, equipping themselves with multiple qualifications to enhance their employability.

What is the way forward?

Without rapid economic expansion, India will have to deal with the added problem of thousands of dual-course graduates and diploma-holders, without any meaningful employment, a recipe for social unrest.

The government needs to understand the imperative of focusing on upscaling employment.

General

Studies

Paper – 3

PRICING DISTORTIONS IN INDIAN ECONOMY

1. **Time to set price distortions right**

Source: The post is based on an article “**Time to set price distortions right**” published in **The Hindu on 20th April 2022**.

Syllabus: GS3 – Indian Economy, Direct and Indirect Subsidies

Relevance: **Pricing** Distortions in India

Context: Since 1991, India has undergone **economic liberalisation**, openness to **international trade** and **investment**, resulting into an open free market economy in India. The government’s major priority since then has always been to improve the **ease of doing business**.

However, it has failed to improve the **cost of doing business**, which been very high due to the **government policy-induced pricing distortions**.

Some Cases of Pricing distortion in India

Petrol and diesel pricing distortion: Earlier, the diesel was subsidized. Therefore, diesel car’s demand surged. Later, the government removed diesel subsidy. Now, it is levying high taxes on fuels to raise revenues to moderate the fiscal impact from COVID. This has given an inflationary impetus.

Electricity pricing distortion: A cess of ₹400 per tonne is levied on coal. Earlier, it was levied to generate resources for promotion of renewable energy and decarbonisation of the economy. Now it is used to meet shortfalls in tax receipts.

In Indian railways, there’s a **cross subsidisation** of passenger and freight fare. The high freight fare increases transportation cost of commodities. For example, transportation cost of coal becomes high. It also distorts the pricing of electricity for the distribution companies. It leads to **loss of competitiveness**, lower manufacturing growth and the creation of fewer jobs in India.

In India, it is difficult to get land for business enterprises. The land prices are distorted due to a **real estate asset price bubble**.

What factors have led to government policy induced pricing distortions?

One factor is the **political need** to find a way out for a **cash-strapped government** to raise resources, OR

To provide affordable **goods** and **services** to those in need. It is provided through a **cross subsidy** within the sector.

Why are the pricing distortions dangerous for the Indian economy?

These pricing distortions lead to **competitive disadvantage** to domestic value addition and job creation in an **open economy**.

– For example, energy is the basic requirement of the **modern industrial economy**. But energy prices distortion reduces competitiveness in the market.

It has led to India’s **relative lack of success** in manufacturing and employment generation.

Ways Forward

There is a need for **political leadership** and investment of **political capital** in generating a consensus and steering change in addressing pricing distortions.

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Petrol and diesel should be brought into the ambit of GST. For instance, If the highest rate of 28% is levied on petrol. The pricing of petrol would be around ₹60 per litre.

Land use conversion and **redevelopment processes** need to be made user-friendly.

There is a need to improve **public provision** and **upgradation** of quality infrastructure. It would reduce **supply side constraints** and **lower prices** in real terms.

There is a requirement of reducing the cost of doing business. In addition, **private investment** needs to be promoted. It will create better jobs.

RIGHT TO REPAIR

2. Upholding the right to repair

Source: The post is based on an article “**Upholding the right to repair**” published in the **Indian Express** on **19th April 2022**.

Syllabus: GS3 – Indian Economy

Relevance: Consumer Welfare, Fair Competition

News: Recently, the **US Federal Trade Commission** directed manufacturers to remedy **unfair anti-competitive practice**. The manufacturers have to ensure that consumers can make repairs, either themselves or by a third-party agency.

As a result, Apple announced that consumers will have the right to purchase spare components of their products. However, this momentum is not so strong in India.

What is the rationale behind the “right to repair”?

The individual who purchases a product must own it completely. They must be able to repair and modify the product the way they want to.

The absence of repair manuals means that manufacturers hold **near-monopoly** over repair workshops.

What are the challenges in repairing electronic goods?

The companies avoid the **publication of repair manuals** that can help users make repairs easily.

The repair is becoming **unreasonably expensive**. For example, the workshops charge consumers exorbitant prices. Further, repairing is also becoming impossible because technologies are becoming obsolete.

The manufacturers have **proprietary control** over spare parts. In fact, most firms refuse to make their products compatible with those of other firms.

The companies plan **obsolescence** of the product.

Moreover, the products break down too soon. It's often cheaper and easier to buy replacements rather than repair them.

Tech giants contended that if their **patented technology-based products** are opened up by third parties, it can lead to emergence of **security** and **privacy concerns**.

Big companies practically **forbid** other enterprises to repair their products. For instance, warranty cards mention that warranty lapses if a product is repaired from a **“non-recognised” outfit**.

What is the status of repair laws in India?

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In accordance with the **Consumer Protection Act, 2019**, monopoly on repair processes infringes the customer's "**right to choose**".

The right to repair has been partially acknowledged in India in the **Consumer disputes jurisprudence**.

– For example, In **Shamsher Kataria v Honda Siel Cars India Ltd (2017)**, the Competition Commission of India (CCI) ruled that it is anti-competitive if a company restricts the access of independent automobile repair units to spare parts.

What are the international practices related to the right to repair?

Many countries have enacted legislation that recognise the "**right to repair**" to reduce electronic waste.

Australia Consumer Law offers limited scope for exercising the right to repair. It gives the consumers a **right to request** that certain goods be repaired. Then manufacturers provide **spare parts** and **repair facilities** for a "reasonable" time. The repair facilities and spare parts are not available after the specified time. The manufacturer has no obligation to provide information or diagnostic tools to customers to repair independently.

The **Massachusetts Motor Vehicle Owners' Right to Repair Act, 2012** requires automobile manufacturers to provide spare parts and diagnostics to buyers and even independent third-party mechanics.

The **UK** also introduced the path-breaking "**right to repair**" in 2021. It makes it legally binding on manufacturers to provide spare parts.

Ways Forward

A **well-drafted legislation** is needed in India. It will uphold the right to repair, and may aid in striking a much-needed **balance** between **intellectual property** and **competitive laws** in the country.

TELECOM SECTOR IN INDIA

3. The right price: on TRAI's latest recommendations

Source: This post is based on the article "**The right price: on TRAI's latest recommendations**" published in **The Hindu** on **19th Apr 22**.

Syllabus: GS3 – Changes in industrial policy

Relevance: TRAI's latest recommendations on auction of airwaves

News: The Telecom Regulatory Authority of India's latest recommendations on the auction of airwaves identified for 5G services, particularly the pricing of spectrum, have triggered disappointment within the industry.

What are the concerns expressed by the telcos?

Telecom services providers contend that the recommendations run counter to the spirit behind the **relief-cum-reforms package** unveiled by the Government in September 2021.

TRAI has proposed cuts of about 35-40% on the reserve prices at which the relevant frequency bands of spectrums could be auctioned. However, it has proposed **charging 1.5 times the reduced reserve price** for a 30-year tenure on spectrum thereby virtually negating the proposed cut. It further undermines the Government's aim of making spectrum affordable enough to encourage greater participation in the auctions.

What are the major challenges faced by telcos in India?

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India's telcos point to two major problems:

- High cost of spectrum relative to the global average, and
- India having one of the lowest realisations in terms of average revenue per user

Telcos state that their ability to invest in the infrastructure required to cover the length and breadth of the country and simultaneously ensure optimum reach and availability of signals in dense urban areas is constrained by these issues.

What is TRAI's rationale for the recommendations?

TRAI's recommendations cite a November letter from the DoT which had underscored the fact that only 37% of the spectrum on offer at the last auction had been sold.

TRAI's reasoning for the reserve prices, seems oblivious to the challenges the industry is currently facing as well as the significant capital investments needed to modernise the country's telecom networks.

How have other countries approached the spectrum allotment for 5G?

Japan and South Korea avoided auctions and instead adopted the **discretionary approach** to spectrum allotment.

- It should be noted that this approach was abandoned by India after the Supreme Court in 2012 struck down the grant of 2G licences and mandated auctions as the best method to prevent wrongdoing in the exercise of discretionary powers.

What is the way forward?

Govt needs to balance its requirement of netting optimum revenue from the auction of spectrum while ensuring that India does not end up lagging behind in the rollout of 5G telecom services.

Hence, policymakers need to insist TRAI revisit its recommendations.

The economy can ill afford any further disruptions in the linchpin sector.

PLI SCHEME AND RELATED ISSUES

4. PLI scheme with a return for the government

Source: This post is based on the article "**PLI scheme with a return for the government**" published in **The Indian Express** on **18th Apr 22**.

Syllabus: GS3 – Indian Economy

Relevance: About the **Production**-Linked Incentive (PLI) Scheme

News: The government's ambitious PLI scheme aims to overcome the disadvantage of high costs in the country and to encourage production on a very large scale in some selected industries. The scheme aims to reduce costs per unit of output, and help not just the economy but the country more generally.

However, there are concerns. More so, when there can be alternative policies to achieve the desired objectives without adversely impacting the budget of the government

What benefits have already been given to the corporate sector?

The corporate sector has been given several benefits already.

- The corporate tax rates have been cut substantially

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- the real interest costs have been kept at very low levels,
- the customs duties have been raised significantly, and
- the price of dollar has been kept high through the excessive build-up of foreign exchange reserves over the years

All this is reflected in the high level of the BSE Sensex as well.

What are the concerns with the PLI Scheme?

As the **corporate sector has already been provided with many benefits**, so it's not clear if the government should provide yet another financial incentive like the PLI.

Huge public spending: It is estimated that public spending on the scheme will be between Rs 1.93 trillion and Rs 3.47 trillion. Considering that, the govt is already fiscally constrained and is having to resort to a huge tax on oil, such a huge expense on PLI scheme is worrying.

Although the entire country can benefit in a general way, the **main benefit is for the companies that receive the incentive**; it is not for the Government of India (GoI), the taxpayers, and the public more generally.

What can be done to address the concerns?

The article lists two methods to ensure that the govt receives a return in exchange for the financial incentive that it is offering under the PLI Scheme.

Method I: The scheme can be modified to include a possible return for the government that is based on the performance of the company that receives the incentive.

The following indicators can be used to judge the performance of a company:

- One indicator can be that the time path of **inflation-adjusted pay-outs** (*dividends plus share buybacks*) by the company goes up above a pre-specified path.
- Another indicator can be that the **real salaries and bonuses of the employees** of the recipient company go above a given path.
- Yet another indicator can be that the **real market value of the recipient company in the equity market**, averaged over, say, three years, goes up above a predetermined path.

Method II: The government could be just given some shares of the recipient company "for free" at the time of providing the financial incentive.

How does the two methods differ?

In the second method, all, and not some, of the recipient companies will need to provide a return to the government, regardless of how successful they are. Furthermore, the recipient companies need to provide a return to the government in all, and not some, of the years in which they have a pay-out for the shareholders, regardless of whether the pay-out is big or small.

All this is not the case under the method I.

What is the way forward?

It is not clear if the Govt should run the very costly PLI scheme. But if a financial incentive is provided now, then there should be some possible return in future for the government.

MEDICINAL PLANTS IN INDIA

5. Medicinal plants await good marketing

Source: The post is based on an article “Medicinal plants awaits good marketing” published in the **Business Standard** on **17th April 2022**.

Syllabus: GS3 Indian Economy; Agriculture & Allied Sector, Cropping Pattern, Intellectual Property Rights (IPR)

Relevance: Medicinal Plant Sector, AYUSH, Traditional Knowledge

Context: Recently, the **Ministry of AYUSH** launched **e-CHARAK**, an electronic platform for interaction between various stakeholders in the medicinal plants sector. It will allow sale, purchase and sharing of material as well as know-how between different stakeholders. In this relation, medicinal plants sector has come under focus.

The curative plants of significant commercial value are Tulsi, Aloe Vera, Brahmi, Ashwagandha, Isabgol, Shankhapushpi, Atees, Karanj, Guggal, Bael, Satavari, Kalmegh, Ashok, Giloe, Safed Musli, and Amla.

Why medicinal plant cultivation has become a lucrative agribusiness in India?

Increasing use of relatively safe and **affordable plant-based remedies** for common ailments.

There has been burgeoning demand from the **pharmaceutical, cosmetics**, and other industries. About 40% of pharmaceutical products are derived from plants and other natural substances.

The cultivation of these plants doesn't require much **investment**, or **large landholdings**.

The cultivation of medicinal plants yields high returns.

In addition, knowledge of the **medicinal plant-specific agronomic practices** is now readily available from various sources.

Many **public-** and **private-sector institutions** are providing training in growing medicinal plants.

The advent of contract farming in the medicinal plant sector has made it more lucrative. The growers have guaranteed buy-agreement of their entire produce at mutually agreed prices.

Several **farmers' producer organisations (FPOs)** and **start-ups** are now pioneer in this field. They have developed their own brands, exports curative herbs, their extracts, and other products.

The **international demand** is growing. For example, India shipped Ayurvedic drugs, skincare products, and other herbal items to Europe and other developed countries.

Worldwide, 80% people rely on **plant-based home remedies** for minor health issues and primary health care.

The traditional health management systems like Ayurveda, Homeopathy, Siddha and Unani have become a regular part of the Indian health care regime.

Where can India's plant species having curative traits be found?

The plant species can be found in the country across **15** well-defined **agro-climatic zones**.

They are found in the **Himalayas, Western Ghats**, and regions unaffected by anthropogenic interventions, like parts of the **Andaman and Nicobar Islands**.

In addition, a large number of them are found in **botanical gardens** located in different phytogeographical regions.

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The natural reserves are being depleted. Therefore, the plants are being **cultivated** on agricultural fields. For example, Rajasthan, Madhya Pradesh, Uttar Pradesh, Tamil Nadu, Punjab, Chhattisgarh, Andhra Pradesh, and Bihar are important producers of the medicinal plants in India.

What are the weaknesses in the medicinal plant market?

The marketing is the weakest link in the value chain of herbal farming. There is dominance of middlemen and lack of transparency in **price discovery**.

More reform-oriented interventions are required to allow the medicinal plants sector to grow to its potential.

Ways Forward

The BSI, the **National Medicinal Plants Board (NMPB)** and the **National Bureau of Plant Genetic Resources of the Indian Council of Agricultural Research (ICAR)** are engaged in conserving and preserving medicinal plants.

Many states possess ample potential for herbal farming. Their potential remains untapped.

ISSUES RELATED TO ANTITRUST

6. Confidentiality ring amendment could make antitrust disputes more opaque

Source: The post is based on an article “**Confidentiality ring amendment could make antitrust disputes more opaque**” published in the **Indian Express** on **18th April 2022**.

News: Recently, the Director General of Competition Commission of India (CCI) has issued orders on the Amazon dispute. In this dispute, Amazon (the defendant) has decided to take the confidentiality route towards its submissions.

The CCI has realised that disputes arising out of antitrust matters, also known as competition or cartelisation, require confidentiality.

The problems that arise in the CCI’s investigation under Sections 3, 4 or 5 of the Competition Act are relevant to the suo motu powers given to the director-general of the commission, which have now extended toward establishing an **opaque confidentiality ring**.

A confidentiality ring allows the parties in litigation to exchange confidential information relating to each other, and third parties, in a safe space whereby the information can be protected by limiting who sees it and how it is handled.

What are the international practices on Confidentiality in Anti-trust matters?

In Europe, the confidentiality rings are provided under Articles 101 and 102 of the **Treaty of the European Union**. The DG Competition (EU) can safeguard the rights of defence while respecting the legitimate interests in the confidentiality of the information providers.

In addition, confidentiality rings remove or reduce the burden of preparing non-confidential versions of documents.”

In 2015, the EU mandated the creation of a data room to respect the confidentiality of certain documents.

What are the laws about confidentiality ring in anti-trust matters in India?

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India has imported the “Confidentiality Ring” from the EU. The Section 35 of the Act empowers the CCI to establish a **confidentiality ring**. It includes dissemination of the confidential information among the party to the disputes for which the confidentiality clause is invoked.

The Competition Commission of India provides the confidentiality ring. However before doing so it provides a reasonable opportunity to the informant to represent its case before the Commission.

The onus is on the informant to **submit reasons** to become a provider of **confidential information**, and seek confidentiality. The defendant has to prove beyond a reasonable doubt that the information is confidential.

What are some associated issues?

It can lead to **prejudice against one agency**. It happens if the informant seeks additional documents.

In confidentiality related issues, the CCI is bound to be questioned when redacted information is provided to the party.

The usual ground for seeking confidential information protection is the defendant’s reputation. It can be indiscriminately used to subdue any counter that may arise from the informant.

How has the CCI’s approach been different from the EU’s approach and why is it important?

The **Regulation 8 of the “Confidentiality Ring” Amendment** has furthered the confidentiality ring law in India.

The new amendment has declared informants not to be part of the ring. It will reject the informant’s right to know the information. This information is necessary to establish their claim.

Now, the CCI has decided to establish a confidentiality ring to protect the documents of the defendant instead of **informants**.

It will empower the CCI to further its **suo motu investigation**. It will add secrecy to cases of high-value disputes.

The CCI has taken such a move so that none of the decisions can be challenged. It is because the protection provided to the informants, unfortunately, turns out to be to the advantage of the defendants.

GS3 – SCIENCE AND TECHNOLOGY – AWARENESS IN FIELD OF SPACE, BIOTECH AND NANOTECH

JAMES WEBB SPACE TELESCOPE (JWST)

7. **When the stars came out**

Source: The post is based on an article “**When the stars came out**” published in **The Hindu** on **21st April 22**.

Syllabus: GS3 – Science and technology

Relevance: James Webb Space Telescope, Individualism and Collectivism

News: Recently, the **James Webb Space Telescope (JWST)** was launched on **25 Dec 21**. It was a joint project of NASA, the European Space Agency, the Canadian Space Agency and involved many universities, organisations, and companies across 14 countries.

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It is to be administered by **the Space Telescope Science Institute (STSI)**.

The project proved that the **'heroic collective'** and **'heroic individual'** are complementary to each other. The world need story of both **'individualism'** and **'collectivism'** as both are very important for mankind.

About JWST

Unlike the **Hubble Telescope** which worked in the UV and visible light range, it is an **Infra-red spectrum telescope**.

The telescope is lighter than Hubble. But it has a mirror **six times larger** than the Hubble telescope. The JWST is located **1.5 million km away** from where the Hubble Telescope was located (i.e., 550 km from the Earth).

Importance of JWST Project

It has been planned to enable humanity to see deeper into **space**. It will help to look further back in time, a period **250 million years** after the **big bang**. Therefore, it'll help to understand about the origins of the universe.

In comparison to Hubble, It will take us back about **150 million** years further than Hubble.

It seeks to understand how **galaxies form** and **evolve**. It will look for evidence of **dark matter**, **study exoplanets**, **capture images of planets in our solar system**, and other such **cosmic curiosities**.

It will augment the understanding of the **physical sciences** by helping us understand about other life in the universe, **Jacques Monod's thesis** etc.

Lessons to be learnt from JWST Project

Individualism is important and so is collectivism: A number of heroic individuals like Elon Musk, Jeff Bezos, Stephen Schwarzman, N.R. Narayana Murthy, Mukesh Ambani have made significant differences through their will power, strategic vision, perseverance and unique personal qualities.

In fact, a lot of **individual scientists** have worked day and night for the success of the JWST Project.

But, simultaneously, the JWST is a stellar product of collective endeavour marked with **twenty plus years** of continuous collaboration. It is a **collective production** of a **common good**. The teams have worked together to design and manufacture the JWST system, launching, and placing, at the chosen **Lagrange point**.

The idea of working together as groups and collaborating for sharing and cooperation, produce outcomes that are also beneficial for society.

GS3 – SCIENCE AND TECHNOLOGY – ACHIEVEMENTS OF INDIANS

DR Y NAYUDAMMA

8. **A north pole for science and technology**

Source: The **post** is based on an article **"A north pole for science and technology"** published in **The Hindu** on **18th April 2022**.

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News: This is the birth centenary year of Dr. Y. Nayudamma, Padma Shri recipient, noted scientist, former Director of the Central Leather Research Institute, Chennai and former Director-General of the Council of Scientific and Industrial Research (CSIR).

Humans have been propelled in the fields of science and technology since ancient civilisations. This has been due to a relentless quest for better living. That's why human beings have now to be called a 'technological animal'.

What are the serious issues in blindfolded pursuit and application of science and technology?

At present, the developmental strategies are based on **modern scientific** and **technological advances**.

Consequential application of S&T have been resulting in rapid resource depletion, and ecological imbalances and inequities.

How has Dr. Nayudamma's work been an effective agent of change?

Dr. Nayudamma reshaping of leather industry: He was a renowned leather scientist. Due to his efforts and contributions, the leather products and leather industry have gained better public acceptance. Indian leather products are in great demand in international markets now. He improved the skills of various communities associated to the leather industry. He was clearly an agent of social change.

The choice of technology should not be guided by '**materialism and consumerism**'. It should be based on **spiritual pursuit** for **internal peace** to live in harmony with society and nature. It can enable development that is in harmony with nature. This is rooted in Indian philosophy.

He advocated for the **empowerment of all sections of society**. For this, he advocated a **bank account** for women. This is aimed to enable financial inclusion and empowerment of women. The **Pradhan Mantri Jan-Dhan Yojana (PMJDY)** is guided by this philosophy.

He strongly advocated **self-reliance** in science and technology. This is also the essence of the **Atmanirbhar Bharat initiative**.

He advocated for all to live in dignity, have worth, equality of rights, better standards of life, security, etc. with the participation of all in national endeavours. This is the underlying principle of the philosophy of '**Sab Ka Sath-Sab Ka Vikas-Sab Ka Prayas**'.

We are living in times when "**knowledge is the real power**". It is the best resource for every individual. Therefore, we need to empower all with knowledge. It will enable a resolution of the problems of our nation collectively.

He advocated education as a means to release the **inner potential** of all to make everyone self-reliant and self-confident.

He believed individual flourishes only with a **sense of community participation** and in an environment of **collective endeavour**. It can be achieved with the **spirit of nationalism**

He believed the environment was not a piece of real estate. It is a heritage which is a serious responsibility of all and to be held for **future generations**.

Ways Forward

India has been making concerted efforts to restore the pride of being a '**Vishwaguru**'. It requires streamlining our systems of education, modes of science and research.

What is needed are **alternative development models** to ensure **sustainable** and **harmonious development**.

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Science and technology should be **adapted** to the people, instead of **people** having to adapt to science and technology.

Science should emerge from the felt needs and concerns of the people. It should not be driven from the top.

GS3 – INDIAN ECONOMY – ISSUES RELATED TO GROWTH AND DEV

FINANCIAL INCLUSION AND RELATED ISSUES

9. **On Digital Banking Units (DBUs): Digital delivery**

Source: This post is based on the article “**Digital delivery**” published in the **Business Standard** on **21st Apr 22**.

Context: The Union finance minister recently made a declaration at the Atlantic Council think tank that the government is planning to set up as many as 75 digital-only banks or non-banking financial companies (NBFCs).

Digital Banking Units (DBUs) could transform access to financial services in remote areas where the physical delivery of such services is difficult

Is the Govt move justified?

35-odd commercial banks and well over a hundred NBFCs are already looking at this space.

If instead, the govt wants to establish 75 new digital entities, this appears unnecessary — as the RBI reports indicate, the DBU space is already crowded and likely to become more so.

What are the Digital Banking Units (DBUs)?

As per the RBI,

A DBU is defined as a business unit, or hub, with the infrastructure for delivering digital banking products and services. At a DBU, everything from customer acquisition, to product delivery, to service provision will be done facelessly and in a paperless manner through digital interfaces.

What are the pros and cons of DBUs?

Pros

- DBUs **reduce the locational hassles** of accessing financial services, since the entire process is online.
- They also increase the **convenience of product comparison**.

Cons

Choice overload: As customers can easily compare the terms and conditions offered, they may run into what behavioural scientists like Sheena Iyengar call “choice overload”, given the high levels of competition.

What is the current and the future scope of digital lending in India?

The RBI data indicates that “faceless” digital lending has grown exponentially, contributing well over half of all NBFC loans and around 6% of bank loans.

Given the sector regulator’s liberal stance, there will be a **natural expansion of DBUs**. All scheduled commercial banks and NBFCs will enter the DBU space because they must, to remain

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competitive. Given the convenience of going digital, **more retail customers will also shop online** for the best terms available across an array of financial products.

What are the RBI's suggestions on opening of DBUs?

The RBI has suggested scheduled commercial banks can open such DBUs without seeking specific permission.

It has specifically excluded regional rural banks, payments banks, and local area banks from opening DBUs.

But, it is silent on the subject of NBFCs, which can presumably open such outlets in the absence of prohibition.

What is the way forward?

The regulator has already taken cognisance of the digital space and issued clear instructions, though **more tweaks and fine-tuning may prove necessary**.

The RBI will have to **oversee DBUs** to enforce acceptable levels of interoperability, compatible standards, data protection, and cyber-security.

The government's responsibility should be to **ensure the minimisation of red tape** in establishing and running DBUs.

Furthermore, it needs to ensure that the **telecom infrastructure is up to the task of handling higher data flows**, especially in rural and remote areas.

FOOD INFLATION AND RELATED ISSUES

10. Why wheat prices have shot up despite India's huge reserves

Source: This post is based on the article "**Why wheat prices have shot up despite India's huge reserves**" published in **Livemint** on **20th Apr 22**.

Syllabus: GS3 – Indian Economy – Agriculture

Relevance: Food inflation

Context: One side effect of Russia attacking Ukraine has been a rise in global wheat prices. Wheat importers are struggling.

Significance of wheat

The consumer price index (CPI), which measures retail inflation, has two entries for wheat, **wheat/atta-PDS** (public distribution system) and **wheat/atta-other sources**.

This takes into account the wheat sold both through the PDS and in the open market.

The wheat entry for 'other sources' has a weightage of 2.56% in the index, implying that wheat is a significant part of the overall consumption basket of an average Indian.

Is there a shortage of wheat in India?

No.

As of 1 April, total wheat stocks in FCI's central pool stood at **19 million tonnes**. This is far more than the required operational and strategic stocks of around **7.5 million tonnes**.

Also, in May-June, as Food Corporation of India (FCI) buys rabi harvests that will start reaching wholesale mandis, its wheat stocks will grow.

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Hence, there doesn't seem to be any shortage of wheat, as per FCI data.

So, why have the wheat prices gone up?

Free foodgrains scheme: Union government in the aftermath of the covid pandemic has been running a 5kg per month free foodgrains scheme. This explains why FCI wheat stocks are down, even though they are more than what is officially required.

No selling of FCI stocks in open market: Further, typically when wheat (or rice) prices start going up, the government sells FCI stocks in the open market to cool down prices. That hasn't happened this year, primarily because of the free foodgrains scheme. Nonetheless, FCI has enough stocks to do both, and this is something that the government should be looking to do soon.

Export of wheat: The total amount of wheat exported from April 2021 to February 2022 during fiscal year 2021-22, stood at around 6.7 million tonnes. This is more or less similar to the total amount of wheat exported from 2014-15 to 2020-21, a 7-year span.

- Impact of the Russia-Ukraine war: The majority of the wheat export was done during October 2021 – Feb 2022 period. This means that countries which do not produce enough wheat began to stock up once the chances of Russia attacking Ukraine went up.

- Moreover, Russia and Ukraine are the **world's largest and fifth-largest exporters of wheat** and this supply has been negatively impacted due to their conflict.
- Also, Russia is the **world's largest exporter of fertilizer**. And fertilizer prices have risen by more than 40% since January-end. This will further feed into foodgrain inflation in particular and food inflation in general.

- Import of wheat by Egypt: Recently, Egypt, the world's largest importer of wheat, announced that it had decided to import wheat from India. This has led to private wheat traders stocking up on wheat from the open market, pushing up prices.

Fall in production in India: India's wheat production from the rabi crop is likely to be around 10% lower. Multiple reasons are being offered for this fall in output, including unseasonal rains, recent high temperatures, a shift in cropping pattern away from wheat, among others.

What is the way forward?

International wheat prices are unlikely to fall so long as the war in Ukraine continues.

Hence, to cool prices down of this dietary staple, the **Indian government needs to release some wheat from FCI stocks** into the open market.

Also, **any export commitments must be carefully worked out** to ensure that it doesn't end up creating a wheat shortage in the country.

INDIA'S TRADE POLICY

11. A six-point agenda for India to raise its trade competitiveness

Source: This post is based on the article "A six-point agenda for India to raise its trade competitiveness" published in **The Indian Express** on **18th Apr 22**.

Syllabus: GS3 – Issues related to growth and development

Relevance: Increasing India's trade competitiveness

Context: India recently signed trade deals with Australia and UAE. Many more are in pipeline. Such deals are important as exports lead to higher growth.

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In a white paper on 'Building Competitiveness for Inclusive Growth', CUTS International, Institute for Competitiveness and Institute for Studies in Industrial Development have outlined an action agenda for improving Indian competitiveness.

The article outlines six action points for raising India's trade competitiveness.

What are the action points that can help raise India's trade competitiveness?

1]. India needs better and higher investment in intangible assets such as health and education, accompanied by 'future friendly' skills building.

– States must be let to devise their own strategies. They must promote **peoples-first public-private partnerships** to raise funding to cover health, jobs and skills, and ensure efficient implementation in consultation with all stakeholders. It would also be good if **states come together and establish their own association to exchange information on good practices and lessons learnt**. This would give them a better sense of ownership. Similar bodies exist in other federal countries like the US, Nigeria and Australia.

– India must also focus on our third tier of governance, by **empowering district administrations** to realize the potential of its districts.

2]. Free trade agreements (FTAs) will help India's industry to participate in supply chains. Hence, there is also a **need for intra- and inter-sectoral firm-level cooperation and participation** without violating the Competition Act.

– Our FTAs should complement production-linked incentive schemes so that the products whose manufacturing is incentivized domestically can compete at a global level.

– India also need to rethink our decision to join the Regional Comprehensive Economic Partnership (RCEP).

3]. Promotion of a more fair competition by implementing the draft National Competition Policy.

– Among other things, the policy advocates a level-playing field for all actors, thus promoting **economic democracy**.

– It also encompasses **Ease of Doing Business (EODB)**; i.e. removing entry barriers, for which the DPIIT has prepared a comparative index across states. Those that have done well on EODB are found to be creating more jobs.

– The only problem is that it doesn't talk about running a business smoothly. The inspector raj continues in most areas. To counter this, India needs a **strong anti-corruption law** with provisions of disgorgement so that perpetrators can't get away with ill-gotten wealth.

4]. Modernize and enhance the capacity of public institutions in India. Reports of past administrative reform commissions need to be looked into. The present government is already carrying out some administrative reforms, such as the lateral entry of experts. This needs to be expanded to cover lateral exits through rigorous periodic evaluations.

5]. A 'whole of government' approach, that is monitored by policy-coherence units in the offices of the Prime Minister and state chief ministers, is needed.

– Also, **policies need to work together instead of against each other**. For example, a lack of cohesion between our trade and industrial policies has often resulted in inverted duty structures. This is despite both being under one ministry.

– Simultaneously, the **civil services' tendency to draft new laws and rules and retain old ones needs to be checked** through institutionalized regulatory impact assessments involving

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three tests: **a)** legality **b)** necessity, and **c)** proportionality. Only if they pass all these tests should they should be retained or introduced, else scrapped.

6]. India needs to move ahead with a **shared vision, mutual learning and a single market**. It must implement cooperative federalism in letter and spirit.

We need to work diligently so that our demographic dividend is not wasted.

GS3 – INDIAN ECONOMY – CRYPTOCURRENCY AND RELATED ISSUES

CENTRAL BANK DIGITAL CURRENCY

12. **Cryptos and a CBDC are not the same thing**

Source: This post is based on the article “**Cryptos and a CBDC are not the same thing**” published in The **Hindu** on **19th Apr 22**.

Syllabus: GS3 – Indian Economy – Money and Banking, Information Tech

Relevance: Regarding Central Bank Digital Currency (CBDC) and Cryptocurrencies

Context: Despite arguing against legitimising cryptos and calling them as Ponzi schemes, the RBI has announced that it will float a Central Bank Digital Currency (CBDC).

RBI is clearly worried over the increasing popularity of Cryptos among Indian masses.

But, a CBDC will not solve the RBI’s concerns regarding Crypto since it can function as a fiat currency and not a crypto. However, cryptos can function as money. This difference needs to be understood.

What are the RBI’s worries with the proliferation of Cryptocurrencies?

Cryptos threaten the RBI’s place in the economy’s financial system.

This threat emerges from the **decentralised character of cryptos** based on blockchain technology which central banks cannot regulate and which enables enterprising private entities to float cryptos which can function as assets and money.

What is currency and what enables Cryptos to act as money?

A currency is a **token used in market transactions**.

– Historically, commodities (such as copper coins) have been used as tokens since they themselves are valuable.

– But paper currency is useless till the government declares it to be a fiat currency. It is only then that everyone accepts it at the value printed on it. So, paper currency derives its value from state backing.

Cryptos are just a string of numbers in a computer programme and have no inherent value. Furthermore, there is no state backing.

Their **acceptability to the well-off enables them to act as money**. Paintings with little use value have high valuations because the rich agree to it. It is similar for cryptos.

Moreover, a limited supply of the most popular Cryptocurrency i.e. Bitcoin has caused its price to rise over the years, giving massive returns to those who bought in early. This has fuelled the speculation around Cryptos, thereby lending them value too.

*RBI has likened the popularity of Cryptos to the **Tulip mania**.*

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Why a CBDC cannot act like a Cryptocurrency?

Centralised control of a CBDC: Blockchain enables decentralisation. That is, everyone on the crypto platform has a say. But, central banks would not want that.

Further, they would want a fiat currency to be exclusively issued and controlled by them. But, theoretically, everyone can 'mine' and create crypto. So, for the CBDC to be in central control, solving the 'double spending' problem and being a crypto (not just a digital version of currency) seems impossible.

The double spending problem is a phenomenon in which a single unit of currency is spent simultaneously more than once. Blockchain and encryption have solved this problem by devising protocols such as 'proof of work' and 'proof of stake'.

A centralised CBDC will require the RBI to **validate each transaction** — something it does not do presently. Once a currency note is issued, the RBI does not keep track of its use in transactions. Keeping track will be horrendously complex which could make a crypto such as the CBDC unusable unless new secure protocols are designed.

What is the way forward?

Due to the reasons listed above, CBDCs at present cannot be a substitute for cryptos that will soon begin to be used as money. This will impact the functioning of central banks and commercial banks.

Further, a ban on cryptos requires global coordination, which seems unlikely. Ms. Georgieva has said, "The history of money is entering a new chapter".

The RBI needs to heed this caution and not be defensive.

GS3 – ENVIRONMENT – RENEWABLE ENERGY

SOLAR ENERGY IN INDIA

13. The rooftop eclipse on India's solar ambitions

Source: This post is based on the article "**The rooftop eclipse on India's solar ambitions**" published in **Livemint** on **20th Apr 22**.

Context: In 2015, the Govt set a target of 100 GW (gigawatt) of solar energy capacity by 2022.

Of the 100 GW, 60 GW was to come from **utility-scale solar plants**, which stood at 41.7 GW, or **70% of the target**, by 2021.

The rest was to come from **solar rooftop**, which has managed only 8.9 GW, or **22% of its target**. This sub-segment added just 1.4 GW in 2020 and 2.2 GW in 2021.

It is clear that at current speed India will miss out on its targets.

Solar rooftop refers to panels mounted on top of commercial, industrial and residential buildings.

Why the deficit holds significance?

The deficits matter in the context of India's solar vision.

Solar is the **key driver in India's move towards green energy**, and to cut its CO₂ emissions intensity to 33-35% of its 2005 levels, as per the Paris Agreement.

More solar would also **help address the air pollution problem:** India has 63 of the world's 100 most polluted cities, according to IQAir.

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Why India has struggled to achieve its solar targets?

One reason why India has struggled to achieve its solar targets is what Crisil Research terms an “**unstable policy environment**“. There is a growing incoherence between the policy thrust on renewable energy on the one hand and the actual action by implementation agencies like the Solar Corporation of India (SECI) and state distribution companies on the other.

Regional differences: About 35% of the installed capacity in solar rooftop is from just the top three states, and around 50% comes from the top five. Geographical advantages only partly explain the differences. **For example:**

– **J&K and Andhra Pradesh** are among the top five states in solar potential, according to the National Institute of Solar Energy (NISE). But none of them features in the top five by installed capacity in the commercial and industrial segments.

– Similarly, **Tamil Nadu** is among the top five by installed capacity, but has lower solar potential, as per the NISE ranking.

How has residential segment contributed to solar capacity?

In the last two years, the residential segment, and not the commercial and industrial segments, has driven new capacity in solar rooftop.

According to Bridge to India, the share of residential in new capacity increased from 11% in 2017 to 34% in 2021. There exists some barriers:

Net metering issue: It lets consumers use the solar power they generate and be billed only for the additional power they draw from the grid. In 2021, the Centre introduced guidelines to lower the rooftop threshold for net metering to 500 kW in 2021, and several states followed suit. This made solar rooftop **less attractive**, especially to large and medium industrial consumers.

A **basic customs duty on imported solar cells and modules**, which came into effect this month, also impacted the economics of solar projects whose implementation got delayed by the pandemic.

What is the global situation wrt solar power?

Demand for solar cells and modules is picking up globally.

Bloomberg New Energy Finance expects global solar capacity to increase from 183 GW in 2021 to 334 GW in 2030.

China has been leading the race in solar: from just 4 GW of solar rooftop capacity in 2016, it expanded to 27.3 GW in 2021, according to Rystad Energy, a research firm.

What is the way forward?

The key to India’s success in this domain will be in aligning its policies to intent, while building its manufacturing base.

GS3 – INDIAN ECONOMY – MONETARY POLICY

INFLATION AND RELATED ISSUES

14. **Persistent inflation likely to threaten Indian Food Security**

Source: The post is based on an article “**Persistent inflation likely to threaten Indian Food Security**” published in the **Live Mint** on **22nd April 2022**.

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News: Recently, **food Inflation** has become a **global phenomenon**, with several countries going through spells of high inflation. Those afflicted include major developed countries such as US, UK and parts of Europe, and the developing countries such as India, Brazil, and Mexico.

What is the situation wrt inflation?

The **Wholesale price index (WPI)** has been in double digits for a year. It shows a trend of rising inflation in food items. For example, oilseeds, cereals, wheat, maize and barley have been witnessing **double-digit inflation**.

The **Food and Agriculture Organization's (FAO) food price index** is at the highest level since the series began in 1990.

What is the likely impact of high food prices?

A sustained spell of inflation is likely to dampen **growth** efforts. It is likely to cause hardship for most of the population already suffering from a sharp slowdown.

It may lead to **more job losses, decline in incomes and wages**.

In addition, the inflation **may threaten food security** in the country.

Why is India's retail food inflation much lower than farm-gate inflation or food inflation at wholesale level?

Fortunately, high wholesale food inflation (WPI) has not been translated to the **consumer price index (CPI)** showing retail inflation. Recently, the retail inflation was around 7%. The reason is:

(1) Since the covid pandemic struck India. The government's intervention has been timely undertaken. For example, the government has launched the **Prime Minister Garib Kalyan Anna Yojana (PMGKAY)** which provides staple cereals, pulses and edible oil to protect the poor and vulnerable. It has also helped keep food prices low.

What are the factors that are likely to worsen the present spell of rising prices in the coming future?

Geopolitical crisis like the Ukraine war – Presently, this has led to **supply shocks** across the world

Rising oil prices. This has led to a surge in **global demand for biofuels**, which can be derived from cereals like maize. The biofuels will act as **substitutes for petroleum products**.

There have been **supply shocks** caused by **adverse weather conditions** in some cereal producing countries.

Another factor that is likely to put **upward pressure** on food prices is the rising cost of inputs, particularly of **energy** and **fertilizers**. Both of these are linked to hydrocarbon costs.

In India, matters are going to get **complicated** due to the **domestic supply situation**. The production is likely to be **lower-than-expected** in the rabi season. There have been extreme weather events.

The stocks in our central pool have depleted. There is likely to be **less state procurement**. The private traders and food processing companies have increased their purchases.

Way Forward

The country needs to maintain sufficient stocks to be able to contain consumer prices through open market sales.

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There is a requirement to **expand** the **PDS system**. The government should keep it longer than planned. At the same time, **expand the basic basket** of PDS by offering pulses and edible oil again.

The best way to stop our economy from slipping into **stagflation** would be to revive **all-India demand**. This can be done by shielding the **real purchasing power** of people at large.

FOREX RESERVE AND RELATED ISSUES

15. Too Many Dollars In Reserve?

Source: The **post** is based on an article “**Too Many Dollars In Reserve**” Published in the **Times of India** on **20th April 2022**. **Syllabus:** GS3 – Indian Economy, External Sector

Relevance: **Forex Reserve** and Foreign Currency Reserve

News: Recently, the sanctions imposed by the west following the Russia-Ukraine conflict have triggered discussions on how other countries would manage their **foreign currency (FX) reserves**, which are used as an **insurance** against **economic shocks**.

How countries accumulate Forex?

A country running current account surpluses accumulate foreign assets over time. For example, China and Saudi Arabia have grown their foreign asset holdings

History of forex reserves

Reserves have been part of **economic discourse** for more than a century. They were helpful during the **interregnum** between the two world wars, and in 1935 when economic sanctions were imposed on **Italy** for attacking **Ethiopia**.

The **Asian Financial Crisis** 1998 reinforced the need to have sufficient reserves.

The global FX reserves rose from 2 trillion USD in 1999 to nearly 12 trillion USD by 2014. It was based on the premise that the forex is important to cover all **short-term external debt**.

However, the share of the USD in global FX reserves has fallen from 71% in 1999 to 59% in 2021. This has shifted to the **Euro**, the **Yen**, the **Chinese yuan (CNY)**, the **British pound**, and the **Canadian** and **Australian dollars**.

CNY share of global financial transactions (both trade-related and financing-related) is bound to rise.

What are the issues with Foreign Currency Reserves?

Liquidity comes at a cost, which can be financial or geopolitical cost. On the contrary, the **geopolitical returns** on the liquid assets are lower than on less liquid and less safe assets.

Therefore, reserves as a share of **total foreign assets** have fallen for China, Saudi Arabia and any other country (**except Switzerland and India**).

The US inflation could continue to push down the share of global reserves held in USD assets.

Triffin Paradox: A country whose currency becomes a **global reserve currency** would have to run a continuous **trade deficit**. It has to keep borrowing to provide a **sufficient supply of assets** to the whole world.

Further, “**New Triffin dilemma**” says that the US would not be able to supply the safe assets the world needs, as the US share of global GDP declines

What are other options for investment?

(1) **Sovereign Wealth Funds (SWF)**: SWFs globally now manage 10 trillion USD of assets. For example, Norway, Saudi Arabia and Singapore have grown their SWF at large scale

(2) Other countries like **Japan** and **China** have allowed their firms to buy **foreign assets**. These assets are hard to use in times of crisis. But they are better for the overall economy.

(3) The countries can accrue returns from bond markets. For example, recent 8% decline in the value (or increase in yields) of **10-year US government bonds** provides another investment alternative to currency adjusted returns. In fact, The US government bonds supply has grown significantly more than the demand for them from global central banks.

GS3 – INTERNAL SECURITY – SECURITY CHALLENGES IN BORDER AREAS

SECURING NORTH-EAST BORDER AREAS

16. Towards a peaceful, stable Northeast

Source: The post is based on an article “Towards a peaceful, stable Northeast” published in the **India Express** on **20th April 2022**.

News: Recently, the Chief Ministers of Assam and Meghalaya signed an agreement to resolve the **five-decade-old border dispute**.

Simultaneously, the Union Ministry of Home Affairs (MHA) decided to reduce the disturbed areas in Assam, Nagaland and Manipur after decades declared under the **Armed Forces (Special Powers) Act (AFSPA)**.

What is the strategic plan for the North-East?

It includes (a) ending all **disputes**; (b) ushering in **economic progress** and taking the region's contribution to GDP back to its **pre-Independence levels**; and (c) maintaining and **preserving** the region's languages, dialects, dance, music, food, and culture and make it attractive for the whole country.

The Union government wants to make the northeastern region the main pillar of the **Act East policy**.

What are the recent developments in the N-E Region?

An **agreement** has been signed between **Assam** and **Meghalaya**. However, progress is being made in the other disputes. The state's border disputes dialogues are continuing at a steady pace with **Meghalaya, Arunachal Pradesh, Nagaland** and **Mizoram**. For example, Assam and Nagaland agreed to settle their dispute out of court.

The **regular engagements** are being undertaken to maintain **peace** and work out a **permanent solution**.

The MHA has been undertaking informal talks with various stakeholders for the removal of AFSPA.

The government has reached **peace agreements** with a number of insurgent groups.

– For example, the **NLFT Tripura Agreement 2019**, the **Bru Agreement 2020**, the **Bodo Peace Accord 2020** and the **Karbi Anglong Agreement 2021**. The militants have surrendered and declared cessation of violence. In 2021, militancy incidents had reduced by 74% compared to

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2014 and deaths of security personnel and civilians have also come down by 60% and 84% respectively, during this period.

The AFSPA was **completely removed** from **Tripura** in 2015 and **Meghalaya** in 2018. In 2022, The disturbed areas tag was removed from various parts of Assam, Manipur and Nagaland. This has led to removal of AFSPA.

What is the importance of these measures?

The developments are significant for **restoring normalcy** in the north-eastern region. It will also enable perception changes towards the rest of India.

Political stability is very crucial for optimal **economic development** and **capacity enhancement in the region**.

GS3 – INDIAN ECONOMY – INDUSTRIAL POLICY AND GROWTH

INSOLVENCY LAW AND RELATED ISSUES

17. Effective and Efficient: The Insolvency and Bankruptcy Code

Source: The post is based on an article “**Effective and Efficient: The Insolvency and Bankruptcy Code**” published in the **Indian Express** on **22nd April 2022**.

News: Recently, the **Insolvency and Bankruptcy Code (IBC)** has come under intense scrutiny. Its performance is being analysed across a number of parameters.

What are the three criticisms against the IBC?

First, there are inordinate delays in the resolution procedure.

Second, there have been more liquidations than resolutions.

Third, the recovery amounts under IBC have not been substantial,

Argument against the criticism of the code

The performance of a bankruptcy resolution of IBC regime with the earlier **Board of Industrial and Financial Reconstruction (BIFR) regime** should ideally be evaluated along at least **three dimensions** given below:

– **(a)** The **average time taken to resolve** successful cases should be one of the metric. On this performance metric, the IBC has effectively reduced the average time to settle a bankruptcy case from 5.8 years to 1.6 years.

– **(b)** The **fraction of cases resolved within a given timeframe**. On this performance metric, the IBC has performed considerably well than BIFR. **Firstly**, most of those cases that were **resolved** under the BIFR it individually took more than 34 months, and **Secondly**, The BIFR has resolved less than 3,500 cases since its inception in 1987. However, the IBC has resolved about 1,178 cases since it was launched in 2016 until it was suspended at the onset of the COVID pandemic.

– **(c)** The recovery rate conditional on resolution. Focusing on any single parameter may result in a gross under (over) estimation of the IBC's (BIFR's) performance.

2] Other points

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If we start with a **broad definition** of resolutions that includes both liquidation and resolution, the IBC outperforms the earlier BIFR regime. However, If the definition of resolution is narrowed by excluding liquidation cases, the IBC still continues to outperform the BIFR.

In addition, since many of the **unresolved cases stuck** in the BIFR were **transferred** to IBC. Therefore, the delays in resolution in the IBC should be viewed in comparison with the historical case pendency. In this case, the IBC is at least 23 times more efficient than the BIFR regime.

The IBC represents a structural shift and a **substantive improvement** over the BIFR. The IBC have seen more cases being admitted than under the BIFR.

The IBC has significantly outperformed the earlier BIFR regime in terms of the speed of resolution.

Many of the BIFR's legacy cases subsumed by IBC were often related to **zombie firms**. These firms were kept alive due to massive evergreening of loans between 2008-2015.

The most powerful impact of the IBC is likely to be its **ex-ante impact** on firm and **promoter behaviour**.

The IBC is potentially as effective as a **disciplining device** as much as it is a **resolution mechanism**.

GS3 – SCIENCE AND TECHNOLOGY – INFORMATION TECHNOLOGY

METAVVERSE AND RELATED ISSUES

18. **Behind the curve on Metaverse**

Source: This post is based on the article “**Behind the curve on Metaverse**” published in the **Business Standard** on **22nd Apr 22**.

Syllabus: GS3 – Information and Technology, Science and tech

Relevance: Metaverse and how India is placed wrt this new age tech revolution

Context: Concept of Metaverse is promising immersive environments where we can do pretty much anything. Users will utilise avatars and gear like virtual/augmented reality helmets or glasses (more options will surely develop) to dive in.

But whatever the global pace of development may be, India may well be behind the curve

Must Read: [What is Metaverse? – Explained, pointwise](#)

What are the future projections wrt Metaverse?

Citibank guesstimates the metaverse may generate between \$8 trillion and \$13 trillion worth of global gross domestic product (GDP) by 2030, with 5 billion users.

In 2020, global GDP was \$85 trillion and the global economy is expected to grow at near 3 per cent annually.

So, if Citi's projections range close to reality, the metaverse could be worth between **7 and 12% of global GDP by 2030**, and roughly 51% of the population would be residents (*or at least regular visitors*).

What needs to happen for these projections to approach reality?

Hyper fast communication infra: The metaverse won't work unless it's a seamless environment available on the move. This means hyper-fast mobile networks carrying huge data and of course,

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devices to ride the networks. There's an enormous technological gap and the infrastructure doesn't exist.

Requirement of 6G: Even the best 5G networks can't deliver what metaverse promises. 6G is needed. It's being taken for granted that the required telecom infrastructure will be rolled out quickly. There are many nations, including India, which don't possess commercial 5G. India is yet to hold 5G spectrum auctions, so it'll be a while before 5G rollout.

Meta-virtual passports: The metaverse will not be a single environment. There will be different metaverses developed by different service providers. Users will need "meta-virtual" passports to move from one to another and interoperability and compatibility between metaverses will be required. Money, or tokens will be needed to do commercial stuff.

How is India positioned to take advantage of the concept of Metaverse?

Large user base: India has a potentially large user-base. On a per capita basis, Indians consume the most data in the world. The willingness to move to the metaverse would be high.

– The average Indian is also very value-conscious, since he or she doesn't have a great deal of money. If there were fast 5G (and 6G) rollouts and data charges were reasonable, India would have a big metaverse population.

Skilled workforce: There's also a pool of skilled developers, with imaginations. There's potential for desi themed metaverses — whether it's temples, cricket stadiums, concerts with avatars, or CGI games based on desi themes.

What are the challenges that India needs to address?

Presently, India has a **regulatory system** that's terrified of cryptocurrencies, and a ridiculously **complex system of goods and services tax (GST) compliance**.

– If metaverse service providers have to provide GST certification on every transaction, their software development skills will be focussed on payment solutions rather than immersive environments.

– Also, if the government takes an 18% cut upfront from start-ups, most such businesses will not get off the ground. Finally, data leaks could be catastrophic and India doesn't have data protection legislation

Interoperability issues: Desi metaverses will not have interoperability with overseas metaverses. Desis will also find it hard to use global metaverses with crypto-based payment systems.

Other issues: India is two years behind in terms of telecom infrastructure, the cryptocurrency policy is wrong-headed, and the tax compliance is painfully cumbersome.

GS3 – INDIAN ECONOMY – MOBILIZATION OF RESOURCES

DIGITAL TAXATION AND RELATED ISSUES

19. Addressing the digital tax challenge

Source: The post is based on an article "Addressing the digital tax challenge" published in the **Indian Express** on **23rd April 2022**.

Syllabus: GS3 – Indian Economy, Issues in Planning and Mobilization of Resources

Relevance: Taxation Regime, Digital Service Tax

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Context: Over the past four years, 137 countries have been engaged with the OECD. It is related to the ongoing discussion and proposal to find a solution to the **tax challenges** arising from digitalisation.

What are the tax challenges in the age of digitization?

In a digital economy, the firms operate seamlessly across borders. Therefore, the manner of taxing profits in the digital economy becomes difficult in any economy.

It has also become a political issue. The **largest technology firms** are tax residents of developed countries

There is **divergence** in expectations among developed vs developing countries about the ideal solution. Developing countries want the profits from digital operations to be fractionally apportioned to markets while developed countries believe that a fraction of **residual profit**, mainly arising from **marketing functions**, should be taxed in markets.

The divergence has compelled countries to implement unilateral measures. For example, India implemented a gross equalisation levy on turnover. Similarly, several other countries have announced a digital services tax (DST).

In 2021, India expanded the scope of the equalisation levy. Thereafter, the **US** declared India's DST discriminatory. The US also announced **retaliatory tariffs**.

What are the steps that can be taken?

The solution requires a **consensus approach** and excessive **global coordination**. For this, a process of **dispute resolution panels** should be created.

Redefining the digital presence of the **large technology firms** for the purpose of taxation would give India more **right to tax**.

The OECD has been considering the issue of **allocation of taxing rights**. It has adopted a **two-pillar approach**.

The **first pillar** involves defining the **rules for taxing** digital companies. It is supposed to go beyond digital companies. It will apply to **large companies** with annual revenue over € 20 billion.

India's stance on **OECD's approach** must be calibrated. Current tax collections indicate that the EL can level the playing field between digital and brick and mortar firms through behavioural change or higher taxes.

Corporations that argue in favour of simplicity must also consider the potential benefits from an EL like tax that sets aside the complications of attributing profits to complex functions.

As per an estimate of the US Treasury, 72% of the companies covered by EL in India are US companies. Therefore, India needs to negotiate with the US.

The OECD has proposed a **global minimum tax** as a package deal. It allows the profits reallocated through Pillar One to be compensated for. It allows taxing back global profits taxed below 15%.

As per **Pillar One proposal**, once the OECD approach is ratified in 2023, it will lead to removal of DSTs.