

9 PM

Compilation

30th May to 4th June, 2022

9 PM Compilation for the Month of June, (First Week) 2022

General Studies - 1

1. [Urban agriculture can help make cities sustainable and liveable](#)
2. [The health of adolescent girls is a vital aspect of our growth story](#)

General Studies - 2

1. [The dangerous intellectual fad of 'civilisationism'](#)
2. [Lessons from the Ukraine crisis price shock](#)
3. [Another sanctions package](#)
4. [Global food shortages demand an international-level solution](#)
5. [A judicial course that calls for introspection](#)
6. [The challenge of reforming death penalty sentencing](#)
7. [The sedition law must go](#)
8. [New India needs free and quality higher education](#)
9. [Needed, education data that engages the poor parent](#)
10. [GST Council must uphold fiscal federalism](#)
11. [Fuelling Federal Fights](#)
12. [A case for community-oriented health services](#)
13. [Reservation in public employment](#)
14. [Control and delete](#)
15. [Understanding gun control legislation of different countries](#)
16. [Not by autonomy alone](#)
17. [Guns and status: VIP security cover is a system that's lost its moorings from professional threat assessment](#)
18. [Questioning the safety of Aadhaar](#)
19. [Why Misuse Of Aadhaar Information Is A Real Danger](#)
20. [Do we need a law to compensate those implicated in false cases?](#)
21. [Absolution: On need to compensate for unlawful arrests](#)
22. [Gradual engagement – India should maintain with Afghanistan a policy of engagement rooted in realism](#)
23. [Myanmar's internal situation shouldn't hobble India's 'Act East' policy](#)
24. [India-Pakistan ties and the mirror of 2019](#)
25. [India needs a forward-looking strategy on Pakistan](#)
26. [China's 'inevitable' global dominance](#)
27. [Deepening strategic commitment](#)
28. [Building peace and prosperity with strong BRICS](#)

General Studies - 3

1. [Veiled threats to privacy](#)
2. [Evaluating the arsenal](#)
3. [Opinion: The Digital India transformation](#)
4. [Cyber safety](#)
5. [Power for growth](#)
6. [Is it time for India to go for competitiveness legislation?](#)
7. [How trade deals can take our beverages to global markets](#)
8. [Another anti-trade action](#)
9. [India's aversion to Chinese investments and how geopolitics impacts PLI](#)
10. [India's changing goal posts over coal](#)
11. [Of lungs, trees and sin stocks](#)
12. [How the Northeast has been transformed in the last eight years](#)
13. [Doses of statecraft to meet India's challenges](#)

9 PM Compilation for the Month of June, (First Week) 2022

14. [Linking science and innovation](#)
15. [India's EV ambition rides on three wheels](#)
16. [States should focus on the quality of public expenditure](#)
17. [Opinion: How trade can boost India's growth](#)
18. [Opinion: For India, a lesson in food security from Sri Lanka](#)
19. [Price Of Wrong Price Strategy](#)
20. [Inflation demands fiscal action more than a monetary one](#)
21. [Asset monetisation](#)
22. [Improve governance before divesting](#)
23. [A ban on wheat exports was the country's least damaging option](#)



9 PM Compilation for the Month of June, (First Week) 2022

General

Studies

Paper – 1

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URBAN PLANNING AND RELATED ISSUES

1. **Urban agriculture can help make cities sustainable and liveable**

Source: The post is based on an article “**Urban agriculture can help make cities sustainable and liveable**” published in the **Indian Express** on **04th June 2022**.

Syllabus: GS1- Urbanization

Relevance: Urban Land-Use Planning (ULP), Urban & Peri-Urban Agriculture(UPA)

News: Recently, the **Union finance minister** wished to make India cities “centres of sustainable living with opportunities for all”.

The FM argued for a **paradigm shift** in **urban planning** with announcement to set up a **high-level committee** to steer the required changes in **urban policy**, planning, capacity building and urban governance

What are the problems being faced by India, especially urban areas?

Overall

The **soaring temperatures** have adversely affected **health**, caused a dip in **agricultural production**, and also **dried up rivers**.

The impacts of **climate change** are being felt across the country, especially in climate-vulnerable zones and cities.

India is estimated to host **50 per cent** of its population in cities by 2050. The cities are facing heat waves due to the **urban heat island effect**, and **ill-conceived urbanisation**.

The **urban planning** in India is out of step with growth. It is **ill-equipped** to deal with the existing gaps including the upcoming climate change.

Importance of urban and peri-urban agriculture (UPA)

The Food and Agricultural Organisation’s (FAO) recognises **urban and peri-urban agriculture (UPA)** as a significant contributor to food security; livelihood generation, especially for women; poverty alleviation; and urban resilience and sustainability.

Urban areas house at least 55% of the world’s population and consume 80% of the food produced globally. The urban population is expected to double by 2050. Thus, UPA is a key to achieving **sustainable food systems**.

Good Cases of the UPA vis-à-vis ULP in the Ghaziabad district:

There are few areas which reflect the **planned expansion of cities** into **surrounding rural areas**,

(1) The **Ghaziabad city’s masterplan** area -the **total agricultural green space** has **far exceeded** the area designated in the masterplan. The plan included UPA as the most significant type of GI for either urban development or formal green spaces (park, city forest, green buffer etc.), (

2) In the **Loni masterplan area** – total **agricultural land-use** surpassed the area earmarked in the **masterplan**.

(3) In the **Modinagar masterplan area**, a “**model**” **peri-urban village** is found to have 50% of its area covered under UPA, showing little change over years.

9 PM Compilation for the Month of June, (First Week) 2022

What are the challenges?

The existing pattern of **urbanisation/industrialisation** that prevails in the **peri-urban villages** or peri-urban areas are of great concern. The pattern is making these areas to become **polluted** and **unhealthy** in the coming future.

The challenges are very pro in the **endogenous or “subaltern” urbanisation**. Expanding cities and “census towns” forms a major substrate of the current process of “urbanisation” and urban growth in India.

The **urban land-use planning (ULP)** in Indian cities doesn't focus on agriculture. Agriculture is seen as a predominantly rural practice and source of livelihood.

Way Forward

The role of **green infrastructure (GI)** is important for combating pollution, climate mitigation and adaptation. It also entails health and recreational benefits.

There is a need to focus on **urban land-use planning (ULP)**, especially **urban and peri-urban agriculture (UPA)** which is one of the essential elements of **sustainable urbanisation**.

India's **Urban and Regional Development Plans Formulation and Implementation (URDPFI) guidelines** mention Green Cities under the **urban planning approach**. The Green Cities have advantage of preventing the damage to productivity of agricultural land.

There is a need for a paradigm shift in urban planning. The ULP must prioritise estimation of **waste management capacity**, build infrastructure for it and regulate **industrial installations** to this capacity.

This requires adequate political will for aspects like **financial inputs** to fund-starved urban administrations and **enforcement of regulations** for curbing violations of environmental norms.

The incorporation of UPA into ULP will enable support in achieving **urban food security** and even a **circular bioeconomy**. This can lead to developing **healthy** and **sustainable cities** for all.

GS1 – SOCIETY – WOMEN RELATED ISSUES

ADOLESCENT GIRL POPULATION AND RELATED ISSUES

2. **The health of adolescent girls is a vital aspect of our growth story**

Source: The post is based on the article “**The health of adolescent girls is a vital aspect of our growth story**” published in **Live mint** on **30th May 2022**.

Syllabus: GS2 mechanisms, laws, institutions and Bodies constituted for the protection and betterment of these vulnerable sections.

Relevance: To understand the challenges faced by adolescent girls and its solutions.

News: According to the UNICEF, 23 million girls drop out of school every year when they start menstruating, and 102 million girls are married off before the age of 15 in India. Further, 54.1% of adolescent girls, aged 15-19, are anaemic, with a slightly higher incidence in rural areas.

Read more: [State of adolescent learning](#)

What are the potential challenges faced by adolescent girls?

9 PM Compilation for the Month of June, (First Week) 2022

An inter-generational cycle of poverty: When an anaemic teen girl gets drop-out of school and becomes a teen mother, most likely with an infant with higher morbidity. It is worse if she delivers a girl child. She will have no voice against domestic violence, and discrimination and have a lack of opportunity for her and her daughter. Thus, the vicious cycle of poverty is inherited by the next generation.

Government schemes focus on welfare alone: The government has launched various flagship programmes, such as [Beti Bachao, Beti Padhao](#), [Poshan Abhiyaan](#) and Rashtriya Kishor Swasthya Karyakram. These programmes focus on the education and health of girls and women. However, the focus of most schemes remains largely on welfare and not on sustainable solutions.

Entrapment in multiple channels: The government offers many schemes and beneficial programmes, beneficiaries usually get stuck and are not able to avail what has been constructed for their benefit.

For instance, Women's reproductive health and access to micronutrients resides with the National Health Mission, vocational skilling with the district's skilling centre, and education with the education department.

Read more: [Why should India invest in its adolescent population? New study has an answer](#)

What should be done to address the challenges faced by adolescent girls?

Create sustainable solutions: The government must build collaborative, multipronged approaches to address deep-rooted mindsets and discriminatory societal norms.

Hyper-local role models: Various non-government organizations are innovating ways to address gender discrimination and create role models for local young women to spark a mindset change within communities. Hence, the government need to promote hyper-local role models.

Increase the participation of men: Men who want to come forward need to emerge within local communities as advocates of a woman's fundamental rights. So that young women emerge with their support.

Conduct adequate research: Research forms the bedrock of behaviour change programmes. The government and not-for-profit players can leverage research for behaviour transformations across India and implement focused interventions at the last mile.

Read more: [Challenges faced by Teen Age Girls in India](#)

India needs to change the deep-rooted practices that act as barriers to empowering adolescent girls. Because by empowering adolescent girls, an entire nation can be empowered within this decade.

9 PM Compilation for the Month of June, (First Week) 2022

General

Studies

Paper – 2

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CIVILISATIONISM

1. **The dangerous intellectual fad of 'civilisationism'**

Source: The post is based on an article “**The dangerous intellectual fad of civilisationism**” published in the **Indian Express** on **04th June 2022**.

Syllabus: GS2 – International Relations

Relevance: Civilizationism , Nationalism

News: At present, the big nations are using **civilisational rhetoric** to rebrand the nations.

The leadership from India, China, Russia, Turkey, and Iran have made statements that their countries are **civilisations** and **not nation-states**.

In fact, the Russian President has stated that “**Russia is not just a country, it's really a separate civilisation**”. It means the Russian world is not limited to the geographical borders of Russia and it refutes the claim of Ukraine being a real state.

About the Civilisationism

The **civilisation-state** is being presented as a balancing idea to the **nation-state**. It is expected that civilisationism to transcend nationalism.

What do these aspirational civilisation-states have in common?

The **aspirational civilisation-states** are those which are trying to find a middle ground on the Russo-Ukraine war. They are relatively **large countries** that are often described as **middle powers, regional powers**, or even **would-be superpowers**.

The territories of these countries were once home to **ancient civilisations** and **great empires** and **kingdoms** in the pre-colonial era. This is evident from the classical texts that have survived the onslaught of the Western conquest.

In terms of social practices, these countries have continuities with the pre-colonial as evident in the Americas as in countries of the Old World.

Issues in claiming of civilization identity

Smaller entities have also made claims of **civilizational entities**. For instance, the **Naga leader** asserted that Nagas peoples are not Indian. They have their own culture and civilization developed centuries ago, which has stood the test of time.

The civilizations are being utilised in the service of nationalism. The civilisational idea is being used as a **higher order principle** for judging the **nation-state** as a political form.

How civilisationism, like nationalism has its good and bad versions?

In a 1945 book, Hans Kohn, made a controversial distinction between **Western** and **Eastern nationalisms**. He argued only **Western nationalism** was connected to the **Enlightenment's legacy of the free individual**. But the nationalisms of Central and Eastern Europe and Asia were not.

There are arguments that the **European Union (EU)** may be reconfigured as a civilisation-state. The people living in the EU have a **specific value system** which forms the foundation of Europe's civilisational identity.

9 PM Compilation for the Month of June, (First Week) 2022

Now, the **national-populist politicians** have given different **European civilisational rhetoric** on the basis of the **European Union (EU)**. The people live in the EU by a **specific value system** which forms the foundation of **Europe's civilisational identity**. These leaders try to define their **country's borders** in **civilisational** and **effectively racial terms** instead of on the lines of **international law**.

– For example, the Europeans maintain a studied silence on race.

The Way Forward

In **Kalki** or the **Future of Civilisation**, Radhakrishnan wrote, “Before we can build a **stable civilisation** worthy of humanity as a whole it is necessary that **each historical civilisation** should become conscious of its **limitations** and its **unworthiness** to become the **ideal civilisation of the world**”.

When one compares the arrogant civilization talk of today against the state of our planet, Radhakrishnan's appeal to humility becomes compelling. In 1929, when that book came out, Radhakrishnan had reasons to be optimistic about the future of the planet:

Today the earth is facing **climate crisis**, **the ongoing death** due the pandemic, and surge in the **global** and **intra-country inequality**.

Therefore, the civilisationism idea should be adopted and promoted in real sense and the world embraces a new, just, and peaceful form of **planetary politics**.

RUSSIA – UKRAINE WAR

2. [Lessons from the Ukraine crisis price shock](#)

Source: The post is based on an article “**Lessons from the Ukraine crisis price shock**” published in the **Indian Express** on **04th June 2022**.

Syllabus: GS2 – Effects of policies and politics of developed and developing countries on India's interests

Relevance: Impact of the Ukraine Crisis on Global Market and Trade

News: The Russia-Ukraine conflict will cause **major, long-term shifts** in the **global energy** and **commodity trade**.

What are the driving factors behind the shift?

At Present

(1) The European nations & Other nations (due to western sanctions on Russia) are diversifying their energy supplies. This has been causing **market distortions** and **high prices**.

(2) The disruptions have triggered **inflation**. For example, it has led to increase in the prices of **Crude oil, LNG, fertiliser** and **food**. In addition, markets for several other commodities such as nickel have been disrupted.

(3) It could lead to widespread **financial distress**. For example, In India, the commodity price shock could derail the economy as it recovers from the effects of Covid-19. **Sri Lanka** and **Pakistan** are already facing **economic turmoil** due to high inflation, shortages of necessities and a default on foreign debt. As a result, these countries are also facing **political turmoil**.

Other reasons

9 PM Compilation for the Month of June, (First Week) 2022

Even before the Ukraine conflict, the **oil and gas production** were facing **insufficient investment**. For example, **Norway's sovereign wealth fund**, announced they would no longer invest in traditional fuels — oil, gas, coal.

What are the upcoming challenges?

There are **uncertainties** on multiple factors — the **duration** of the Ukraine conflict, the **terms** on which it is settled, if it is, and the **response** of the US and its allies, especially on the sanctions.

What does the future hold?

First, the **European Union's** ties with Russia will continue to be strained. In the immediate term, the EU is trying to source its raw materials viz. oil, natural gas, fertiliser, agricultural goods and metals, from non-Russian sources. This will cause **distortions** and **price spikes** for those commodities in the global market.

Second, the sanctions on Russia are unlikely to achieve the desired political outcome. For example, The US Sanctions on **Iran** and **Venezuela** have failed to achieve the desired political outcome. Further, the restrictions are likely to remain for a long while.

Third, the **emerging world** will remain unwilling and unable to align with the West on the current sanctions. They are facing **high prices** of energy and other commodity inflation. Russia, which used to be their main supplier, is too big to be replaced as a supplier for these countries.

Further, attempts to buy from other countries will only distort the global markets further. It can lead to **public anger** and **political unrest**, as was seen in Tunisia and other Arab countries from 2010 on.

Way Forward

Immediate-Term: the country should collaborate with other similar economies to ensure that Russia doesn't get locked out of **global commodity markets**.

Long term: The country must work on insulating its **supply chains** from **global political crises**.

3. [Another sanctions package](#)

Source: This post is based on the article "**Another sanctions package**" published in **Business Standard** on **1st June 22**.

Syllabus: GS2 – International Relations

Relevance: Russia Ukraine war and related issues

News: The European Union's (EU's) announcement of a joint decision to phase out imports of Russian crude oil has, together with some other developments, shaken up oil markets.

This is the sixth such package of sanctions on entities linked to the Russian Federation by the countries of the EU.

Earlier sanctions have benefitted India, but it should be cautious of its Russian oil purchases.

What do the latest sanctions entail?

It would **forbid the purchase of seaborne crude oil** from Russia in six months and of refined products in eight months.

There will also be a **ban on insuring Russian oil shipments** to third countries such as India.

9 PM Compilation for the Month of June, (First Week) 2022

Both these measures are, however, considerably less stringent than earlier proposed because of strong objections from within the bloc.

The Hungarian government, the most Moscow-friendly in the EU, demanded that **pipeline oil be excluded from any sanctions**. Also, the countries dependent on pipeline oil be allowed to substitute seaborne deliveries of oil if the pipelines were interrupted.

And Greece, famously home to shipping tycoons, demanded that an earlier ban on Russian oil being carried on European hulls be rescinded.

[What can be the potential impact of these sanctions?](#)

There are multiple impacts of this EU agreement on the broader oil market and on India in particular.

The initial impact on crude oil prices was to cause an **immediate appreciation**.

The absence of a ban on pipeline oil means that the **lasting impact on the Russian oil economy has been minimised** since shipments can be diverted elsewhere, including to Indian and Chinese refineries.

The insurance ban might be more difficult to evade, and **might raise logistics prices** noticeably.

The Saudi alternative: However, the oil market has multiple other drivers. Since that initial appreciation, prices have trended downwards, driven especially by reports of a breakdown of internal cohesion at “OPEC plus”. The grouping adds Russia and some other large producers to the OPEC. If Russia leaves or is expelled from OPEC Plus, then Saudi Arabia might start pumping out more barrels than are allowed under the current OPEC Plus agreement.

[How have the earlier sanctions benefitted India?](#)

India has been one of the beneficiaries of the Western sanctions on Russian hydrocarbons, picking up oil shipments at an over **30% discount**.

Some estimates suggest that **11-15%** of Russia’s oil sales are going to India. According to some global energy analyst reports, the shipping data suggests that shipments of Urals crude to India have gone up to 900,000 barrels a day this month from just 33,000 barrels a day in February.

[Way forward](#)

Bargain-hunting by Indian refineries is a way to ensure that the overall spike in oil prices is not carried through to Indian refiners’ margins, or to the cost of fuel domestically.

Still, there is also a danger if India’s share in Russian exports rises much higher.

Secondary sanctions might still be a distant proposition, but there is a **clear political downside risk** to the refiners upping their purchases of Russian oil further — especially those that are state-owned.

4. [Global food shortages demand an international-level solution](#)

Source: This post is based on the article “**Global food shortages demand an international-level solution**” published in **Livemint** on **1st June 22**.

Syllabus: GS2 – International Relations – Effects of policies and politics of developed and developing countries on India’s interests

Relevance: Global food security crisis due to the Russia-Ukraine war

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Context: Food shortages are beginning to cast a shadow over the world. One long-term factor is the warming of our planet, which has slowly destroyed agricultural land.

But the proximate cause of the greatest concern is the **war in Ukraine**. Russian President Vladimir Putin's **Black Sea blockade** is preventing Ukrainian grain and fertilizers from leaving the port of Odessa

A **global agreement on food-stock buffers** is needed to mitigate the sort of scarcity created by today's Ukraine war disruption.

What are the underlying causes of the global price inc of wheat?

Russian blockade around Ukraine is one of the causes, but it is not a major one.

– Until 2021, Ukraine exported 8.5% of the world's total wheat. But this should not lead to such a big increase in wheat prices, which can lead to global food shortages and famine that is being seen today. After all, most countries have some buffer stocks and should be able to absorb this shock.

Major cause

The major cause is the **behavioral response of national and local governments and even of individuals**.

At the global level:

– When **global policy coordination is poor**, the natural reaction to news of some shortage is to hoard supplies. This is known from studies such as **Amartya Sen's classic work on the 1943 Bengal Famine**.

– Ukraine has halted its wheat exports because it had no option. Other countries have **chosen to stop or curtail shipments**.

- **For instance:** India, for example, announced a virtual ban on wheat exports on 14 May. 26 countries have limited their wheat exports to ensure that they have sufficient supplies for their own citizens.

All this is causing global wheat prices to rise quickly. India's announcement alone triggered a 6% price increase.

At household level:

A similar phenomenon occurs at the **household level**.

– Once the fear of shortages sets in, people stock up on more food than they immediately need in order to guard against a full-blown crisis. Yet, these small actions by millions of people, along with local and national government policies, can end up causing crisis.

The same thing has earlier happened with vaccines: Countries acquired far more doses than they needed, in order to guard against the possibility of a future shortage. Such hoarding explains some glaring global inequities in access to covid vaccines.

What needs to be done?

Behavioral responses, as discussed above, are inevitable. Thus, there's nothing that can be done about it.

But through **collective action**, the world can overcome shortages that the market cannot fix.

– A system of **global buffers** or an **international agreement**, that countries with a surplus must help others during times of scarcity, would go a long way toward solving much of the problem.

9 PM Compilation for the Month of June, (First Week) 2022

Just like the deposit insurance put an end to bank runs, **most people would stop hoarding** once they had confidence that this system worked, and that in itself would help avert a crisis. **For instance:** a national PDS and the 2013 National Food Security Act. With a sophisticated system of minimal food guarantees in place for three decades, the psychology of hoarding at the household level has diminished, which in turn has diminished the need to hoard.

Way forward

Despite recent hiccups, the march of globalization will not end. Hence, we must try to establish minimal global conventions and agreements to prevent it from harming the most vulnerable

GS2 – POLITY – INDIAN CONSTITUTION

PERARIVALAN'S RELEASE

5. **A judicial course that calls for introspection**

Source: The post is based on an article “**A judicial course that calls for introspection**” published in the “**The Hindu**” on **1st June 2022**.

Syllabus: GS2 Important Provisions of the Constitution of India, Constitutional bodies

Relevance: The Governor’s Power of Pardon, Remission etc. (Article 161)

News: Recently, the Supreme Court of India ordered the release of A.G. Perarivalan, a convict in the Rajiv Gandhi assassination case.

About the Case

The Governor had not taken a decision on the recommendation of remission by the State Cabinet for a long time.

After **sitting over the recommendation for more than two years**, the Governor eventually referred the matter to the President of India for his decision.

The Court has invoked the extraordinary constitutional route under Article 142, for grant of remission and consequent premature release, in order to do ‘complete justice’ in the case.

Arguments in favor of the decision

The decision has been hailed by some major political parties as a blow for **federalism**.

In **Sriharan’s case** (2016), the court held that murder under Section 302 in the IPC falls within Lists II and III (State and Concurrent lists) of the Seventh Schedule to the Constitution. Therefore, the State was fully empowered to take a call and recommend remission in this case.

In the present case, the court held that it was a simple murder attracting **Section 302** of the IPC. Therefore, the Governor’s decision to forward the recommendation to the President is against the letter and spirit of Article 161. Thus, it was against the spirit of federalism.

Why does the court’s decision to do expedient justice demand a constitutional call for introspection?

The decision has stirred up questions on **constitutionality** of the decision in the context of Article 142.

9 PM Compilation for the Month of June, (First Week) 2022

It seems to be a violation of the **separation of powers** viz. Executive and Judiciary. In the case, the Court's bench has exercised the power which was exclusively conferred on the President of India and State Governors under Articles 72 and 161.

In **Sriharan's case** (2016), the court held that the term '**consultation**' stipulated in Section 435 Cr.P.C. implies '**concurrence**' of the Central government. The remission would have **trans-border ramifications** and also a **central agency** was involved.

The entire investigation of the crime was by the Central Bureau of Investigation (CBI) alone.

There are limits on the **Governor's competency** (under Article 161), to grant pardon or remission in respect of the offences committed under the Arms Act, 1959, the Explosive Substances Act, 1908, the Passports Act, 1967, the Foreigners Act, 1946, etc.

The court's reasoning in the present case amounted to **reductionism** and **oversimplification**. This is because the case involves commission of the heinous offence against the Indian state, trans-border repercussions and the integrity/security of the country.

The Bench of the SC invoked **Article 142** of the Constitution to usurp the power of the Governor (another pillar of democracy) expressly conferred by Article 161 of the constitution on the Governor alone.

The Constitution itself does not lay down any **timeframe** for the Governor to act on the advice of the Council of Ministers. Therefore, this cannot be ground for the court's decision for remission.

In such a case, a **long consultative process** was imperative due to filing of several litigations.

The Tamil Nadu State Assembly resolution and the consequent Cabinet recommendation was to '**respect Tamil sentiment**'. This ignores the sentiments of the victims of the crime

Way Forward

The verdict deserves a relook in the context of the Constitutional angle.

In **Rajbala vs State of Haryana (2016)**, the SC wrote, "A judge should always bear in mind that erroneous and fallacious exercise of discretion is perceived by a visible collective i.e., We The people".

The SC should also pay heed to the distressed cries of the real and imperceptible victims while evolving **principles of constitutional moralism** and **justice dispensation**.

GS2 – POLITY – JUDICIARY

DEATH PENALTY AND RELATED ISSUES

6. [The challenge of reforming death penalty sentencing](#)

Source: The post is based on an article "**The challenge of reforming death penalty sentencing**" published in the "**The Hindu**" on **02nd June 2022**.

Syllabus: GS2 Important Provisions of the Constitution of India

Relevance: Death penalty and Fundamental Rights

News: Recently, the Supreme court, in *Manoj and Ors. vs State of MP*, has acknowledged that there is an **intense** and **persistent crisis** in the fairness of administering the death penalty in India.

9 PM Compilation for the Month of June, (First Week) 2022

Legality of the Death Penalty in India

In *Bachan Singh vs State of Punjab* (1980), the court upheld the constitutionality of the death penalty.

The court greatly emphasised '**individualised sentencing**' and called upon courts to consider the 'crime' and the circumstances of the accused.

What are the issues involved?

There are issues around the **procedural fairness** of the **imposition** of the death penalty.

Since *Bachan Singh* judgment, there are disagreements on, (1) which case warrant the death penalty, and (2) whether the nature of information about the accused is relevant for sentencing.

A vast majority of prisoners are poor, and the quality of their legal representation has been poor. Therefore, their **sentencing information** are not collected appropriately. Very little is known about the accused while sentencing.

Since September 2021, the Supreme Court has delivered judgments in 10 cases. The judgments resulted into three acquittals in one case and commutations in the rest.

The court has been particularly concerned over the **lack of information** about the accused. The information is central for a **fair sentencing process**. No relevant information about the accused person enters the courtroom during the sentencing phase.

There is a **pervasive arbitrariness** in sentencing procedures that impose the death penalty.

Importance of the *Manoj* judgment

The court has called for reports of the probation officers, prison officers and mental health professionals.

The court has also taken important steps towards realising an '**individualised sentencing enquiry**' that was envisaged by the court in *Bachan Singh* 42 years ago.

The court has indicated a shift towards an **evidence-based inquiry** while sentencing. If a person has been found guilty, the court would take expert opinions and study reports from a wide range of disciplines, before sentencing the guilty person.

The scope of **mitigating factors** has been broadened by the Supreme court. The court has acknowledged **pre-offence details** such as **socio-economic status**, education, family background and also **post-offence details** such as the conduct of the prisoner in prison as the mitigating factors while sentencing an accused in a case.

Now, it is believed that past social histories, behaviours and life circumstances of the accused is a product of a complex interplay of personal and environmental factors.

The life circumstances of an individual can help determine punishment. It would require an **individual's life choices** and **moral culpability**.

Life-history approach: it provides a framework to understand the life circumstances of an individual as interconnected to each other.

(1) **Socio-economic circumstances** are understood like how poverty impacts an individual's access to housing, education and health care, which subsequently impacts and shapes their **life choices**.

9 PM Compilation for the Month of June, (First Week) 2022

(2) Family background: Any history of violence or neglect (also known as remote factors or experiences) or other negative experiences can shape an individual's character and affect their actions as adults.

The Challenges

The **traditional checklist-based approach** of presenting mitigation deviates from the requirements of **individualised sentencing**. This deviates from the most fundamental principle of the criminal justice system.

The courts are not equipped courts to understand rich information of **non-legal expertise** into courtrooms,

Way Forward

The procedure adopted by the **Supreme Court** while sentencing death penalty should be followed by lower courts

The courts need to equip themselves to appreciate the evidence so presented.

There can be **conflicting findings** in reports and opinions presented to the court during sentencing. Therefore, the courts must not be constrained by the confines of the evidence act in capital sentencing.

The decision in *Manoj* can lead to more meaningful and **informed sentencing inquiry** and ensuring **procedural fairness** for those under the sentence of death.

GS2 – POLITY – FUNDAMENTAL RIGHTS

SEDITION LAW IN INDIA

7. [The sedition law must go](#)

Source: This post is based on the article “**The sedition law must go**” published in **The Indian Express** on **1st June 22**.

Syllabus: GS2 – Fundamental Rights

Relevance: Sedition law in India and related issues

Context: Recently, the Supreme Court directed the Union government and the states to refrain from using the law of sedition. In addition, the Supreme Court has also kept all previous cases under Section 124A of the IPC in abeyance till the matter is reconsidered in a comprehensive way.

Hence, it will be inappropriate to continue its use while the Supreme Court is re-examining its constitutionality.

[What are the various court decisions regarding Section 124A?](#)

Bal Gangadhar Tilak's case (1897): The Privy Council declined to grant permission to appeal against an order of conviction and sentence by the High Court of Bombay.

– The council affirmed that “disaffection” only meant “absence of affection in any degree towards the British rule or its administration or representatives”, and that exciting of mutiny or rebellion or actual disturbance of any sort was “absolutely immaterial”!

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Niharendu Dutt Majumdar And Ors. vs Emperor: The Federal Court held that if the language of Section 124A were to be read literally “it would make a surprising number of persons in India guilty of sedition and that no one however supposes that it is to be read in this literal sense”.

– It then declared that “the gist of the offence was public disorder or the likelihood of public disorder” (AIR 1942 FC 22), the decision in Tilak’s case remained unnoticed.

In 1947, the **interpretation of Section 124A was reiterated by a Bench of five judges of the Privy Council** in which it was declared that the Federal Court had proceeded on an “entirely wrong construction of Section 124A, and if the Federal Court had given their attention to Tilak’s case (1897) they should have recognised it as an authority... by which they were bound”.

With the advent of the Constitution of India on January 26, 1950, **this interpretation of Section 124A became “the law in force immediately before the commencement of the Constitution”**. It continued unaltered only because of the operation of Article 372 of the Constitution.

– Article 372 stated that all laws in force in the territory of India immediately before the commencement of the Constitution shall continue in force therein until altered or repealed or amended by a competent legislature or other competent authority.

In 1955, the Supreme Court held that the words “laws in force made by a legislature or other competent authority in the territory of India” in Article 13(3) of the Constitution could **only mean a legislative authority**.

In 1962, a Constitution Bench of the Supreme Court held that though Section 124A “clearly violated” the fundamental right to freedom of speech and expression in Article 19(1)(a), it was not unconstitutional only because it was protected from challenge by the words “in the interests of public order” in Article 19(2).

GS2 – GOVERNANCE – ISSUES RELATED TO MGMT AND DEV OF EDU

HIGHER EDUCATION AND RELATED ISSUES

8. **New India needs free and quality higher education**

Source: The post is based on an article “**New India needs free and quality higher education**” published in the “**The Hindu**” on **04th June 2022**.

Syllabus: GS2 Social Sector; Education Sector

Relevance: Higher Education Reforms

News: New York University’s NYU Grossman School of Medicine has become the first major American medical school to announce that it will pay the tuition fees for all its students admitted in its MD programme, regardless of their financial needs, from the 2021–22 academic year.

The Nordic Model

The Nordic countries — Denmark, Finland, Iceland, Norway, and Sweden – provide **free higher education** to their people.

In fact, Finland, Norway, Iceland, and Germany also do not charge tuition fees from international students. Many of them have consistently resisted attempts to impose fees.

Importance of Free Education as learned from the Nordic Model

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It ensures that students receive **high quality education** in the streams that they desire. This does not compel them pursue streams to earn highly so as to repay their student debt.

It ensures **equal opportunities** to all the sections of the society in the education system. For example, it promotes gender equality and assists students from lower socioeconomic categories to gain access to higher education.

The Nordic countries figure in the top of **the world happiness index**. For example, as per the World Happiness Index 2022, Finland ranked at No.1, Denmark at No. 2, Iceland at No.4.

What are the issues in Indian higher education?

There is an increasing demand for quality education and research in leading universities in India.

In India, the burden of **tuition fees** in **professional courses** is becoming unbearable. This has reduced **professional education** to a commodity rather than the noble service that it ought to be. The meritorious students are deterred from pursuing their degrees from **world-class universities**.

Educational loans have led to **mounting debt**. It will cripple the economy of development and public welfare.

What are the implications of a commercialized education system?

If students pay for education, they would be forced to earn from the degrees they acquire.

High fees make a profession become a privilege to earn rather than a privilege to serve and excel. For example, as per the NYU, "**overwhelming student debt**" is reshaping the **medical profession** which is bad for **the health-care system**. The debts prompt graduates to pursue **high-paying specialties** rather than careers in family medicine, paediatrics, and obstetrics and gynaecology.

Way Forward

A **university system** should foster an environment of learning in which world-**quality education** can be provided without **taxing learners** with the **burden** of **tuition fees**.

Education is a **noble service** and an investment to charter a **bright future** for humanity.

The **NYU initiative** and **the Nordic Model** should inspire many other leading universities to consider and value the **student's intellectual acumen** rather than **financial investment**.

There is a need for reviving **philanthropy** and **community support** for higher education in India. For example, Corporates, generous alumni, and people at large can provide strong philanthropic support for higher education and make quality education tuition-free.

The government should declare such **philanthropic donations** to the cause of higher education and research tax-free.

The great management guru, Philip B. Crosby during the quality revolution in the late 1970s, advocated that "**Quality is Free!**"

QUALITY EDUCATION FOR ALL

9. **Needed, education data that engages the poor parent**

Source: The post is based on an article “**Needed, education data that engages the poor parent**” published in the “**The Hindu**” on **31st May 2022**.

Syllabus: GS2 Social Sector, Education Sector

Relevance: School Education Reforms

News: In recent years, datasets such as Pratham’s **Annual Status of Education Report (ASER)** and the National Council of Educational Research and Training (NCERT’s) **National Achievement Survey (NAS)** have captured various types of data related to education sector in India.

But, is data enough for bringing in a transformative change?

The case of Rajasthan’s education situation

According to the ASER 2019 data, Rajasthan was among the **bottom five States** in learning levels. However, according to the NAS 2017, Rajasthan was among the **top performers**.

Importance of data on school education

Data on school education is collected to measure and monitor, fix flaws and reward achievements at the State and the national levels.

Its end users are school administrators, government agencies, researchers, and civil society activists.

Is data enough to inspire transformative change?

The data is not used by the ultimate end-user of a government school, i.e. the parent. For example, the parents are one of the **key constituencies** of school data. However, the data has been rarely used by **poor parents**.

Simply data on school infrastructure at the district level, or learning levels at the State level cannot galvanise the masses.

At present, there is no vision of education below the national level. It means at the level of the State, district and local levels.

The district and school development plans such as the District Primary Education Programme (DPEP) and Sarva Shiksha Abhiyan (SSA) have largely remained administrative practices.

These education programs lacked representations from the **parents and school**. For example, **community-based consultative bodies** such as the school management committees and parent-teacher committees could not become platforms to facilitate this.

Presently, our school education is **de-politicised**, except for a few politics at the **national level** such as history curriculum, language of instruction and so on.

Way Forward

Intense efforts should be undertaken to **disseminate data among all the stakeholders** including parents.

To inspire transformation, data has to be linked with a **vision of school education**. It should be actionable at the level of governance.

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The **national-level policy** should encompass the vision of school education of the people at the national, State, district and local levels. Such a vision must exist in both policy and non-policy forms.

A **locally rooted education vision** should emerge from **social** and **political consensus**.

The vision of schooling should have objectives like **reading, writing** as well as **livelihood** relevant skills and knowledge. Further, it should also include **long term** and **abstract objectives** such as peer **connections**, negotiating **social diversity**, and curiosity for **new knowledge** and experiences.

The visions of schooling should be beyond basic **livelihood**. It should include **art and culture**. The local politicians and politics should uphold such a vision and ensure its implementation through contestation.

There should be participation of the local people. This participation has to be simple, intuitive and energetic.

GS2 – POLITY – UNION AND STATES: ISSUES

FEDERAL STRUCTURE AND RELATED ISSUES

10. GST Council must uphold fiscal federalism

Source: The post is based on an article “**GST Council must hold fiscal federalism**” published in the **Indian Express** on **3rd June 2022**.

Syllabus: GS2 Issues and Challenges pertaining to the federal structure

Relevance: Fiscal Federalism; GST Council

News: Recently, the Supreme Court has given its verdict on the nature of recommendations made by the GST Council. The verdict included an important observation on **Indian federalism**, especially on it being a **dialogue** between **cooperative** and **uncooperative federalism**.

Background of the Case

The case was an appeal to the SC against the Gujarat High Court Judgment which had quashed the two notifications that levied **IGST** (Integrated GST) on the **ocean freight** component in a CIF (cost, insurance and freight) contract on account of being **unconstitutional** and **double taxation**.

Submissions by the Union of India

As per Articles 246A and 279A, the GST Council is the **ultimate policy-making** and **decision-making body** for framing GST laws.

The **GST Council recommendations** would **override** the **legislative power** of Parliament and state legislatures and would be **binding** on Parliament and state legislatures.

The Supreme Court’s Observations on federalism in this case

The SC rejected the UOI submissions. It held that the sovereignty of Parliament and the state legislatures, as well as the fiscal autonomy of the states cannot be diminished.

Democracy and federalism are interdependent for their survival. If the states had been conferred less power, they could still resist the Union mandate through different forms of **political contestation** as permitted by **constitutional design**.

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Article 246A confers **simultaneous** or **concurrent powers** on Parliament and the state legislatures to make laws relating to GST. It is unlike the constitutional scheme that prevailed till 2017 in which taxing powers were **clearly demarcated** between the Centre and states with no overlaps.

Under **Article 279A**, the GST Council has to make “**recommendations**” on various topics including the tax rate and exemptions.

The GST Council recommendations have only a **persuasive value**. Both the Union and states have been conferred equal power to legislate on GST. The binding recommendations would disrupt **fiscal federalism**.

Article 279A has made no provision to make the decision of the **majority binding** on the dissenting states. Several sections in the state GST laws, CGST and IGST have made it binding on **dissenting states** to issue notifications to **implement** the recommendations of the GST Council.

The court held that the states are free to use **means of persuasion** ranging from **collaboration** to **contestation** on federalism in general, and fiscal federalism in particular.

Way Forward

The state legislatures can amend their GST laws if they so choose to remove the binding nature in the statutes.

The GST Council is founded on the bedrock of **collaborative federalism**. The GST Council should meet periodically. There should be **active participation** of all the states so that there is careful deliberation in the national interest. Thereafter, no state will oppose the GST Council recommendation.

The **spirit of cooperative** and **collaborative federalism** should prevail in the functioning of the GST Council.

11. Fuelling Federal Fights

Source: This post is based on the article “**Fuelling Federal Fights**” published in **The Times of India** on **31st May 22**.

Syllabus: GS2 – Issues related to federal structure

Relevance: Centre-state dispute over tax cuts and GST

Context: The Supreme Court in a recent verdict in the Mohit minerals case stated that GST Council decisions are not binding on states.

At one level, this can be seen as a reiteration of the constitutional provision that there is nothing in constitutional amendments relating to GST to force compliance with GST Council decisions. It's just a **healthy convention** that has developed that the Centre and states have decided to fall in line with the Council's collective decisions.

All governments still go back to their respective legislatures to give statutory sanction to GST Council decisions, which means the **ultimate power continues to reside with legislatures**.

What can be the potential impact of the SC verdict?

States now can defy the council, which can **jeopardize the one nation, one tax principle**. That will potentially set off a race to the bottom and re-balkanise the common market that India sought to create with a nationwide GST.

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The SC decision is bound to **ignite tensions around fiscal federalism**, which has come under repeated assault of late. For instance the PM's conference with CMs recently where he is reported to have rebuked non-BJP governed states for not cutting VAT on petrol and diesel. He urged they should follow the tax-cutting example of BJP CMs. Predictably, non-BJP CMs hit back. Another round of accusations and counters followed after recent fuel tax cuts by the Centre.

What is the way forward?

At central level

- The Centre must realise that structural and governance reforms necessary to get to a \$5 trillion economy require not just states' consent, but also their active involvement.
- Estimates suggest that the Centre collects about 60% of the combined revenue but gets to spend only about 40% of the total. States collect 40% of the combined revenue, but have the pleasure of spending 60% of it.

This implies at a big picture level is that **our macroeconomic stability, and hence our ability to generate investment and growth, will depend on collective fiscal responsibility by the Centre and states.**

At States' level

- States on their part must acknowledge that the arrangements of fiscal federalism are not necessarily skewed against them as is commonly believed.
 - o First, as indicated above, fiscal aggregates have **shifted in their favour** and are likely to continue to do so.
 - o Second, not only do states get to spend a higher share of the combined expenditure but, with the abolition of the Planning Commission, they also **enjoy greater autonomy** on how to spend that money.
 - o Finally, States should stop seeing GST as a central initiative that required forced compromises on their part. Sure, states have surrendered some of their autonomy in raising taxes, but so has the Centre. Some give and take is inevitable in a national project like this. Eventually, though, as GST expands the tax base and arrests tax leakage, all parties stand to benefit.

Cooperative federalism is the way forward.

GS2 – SOCIAL ISSUES – HEALTH RELATED ISSUES

ASHA WORKER PROGRAMMEE

12. A case for community-oriented health services

Source: The post is based on an article “**A case for community-oriented health services**” published in the “**The Hindu**” on **02nd June 2022**.

Syllabus: GS2 Social Sector, Health Sector

Relevance: National Health mission and Accredited Social Health Activists (ASHA)

News: Recently, India's **Accredited Social Health Activists (ASHA)** received the WHO's **Global Health Leaders Awards 2022** in recognition of their work during the COVID-19 pandemic as well as for serving as a link between communities and health systems.

Contributions of the ASHA workers

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They have led to increased access to **primary health-care services**; i.e., maternal and child health including immunisation and treatment for hypertension, diabetes and tuberculosis, etc.

Served both rural, urban populations and difficult-to-reach habitations.

Worked to make India **polio free**, increasing routine immunisation coverage; reducing maternal mortality; improving **new-born survival** and in greater access to **treatment** for common illnesses.

They have become **pivotal** to nearly every **health initiative** at **the community level**, and are integral to **demand side interventions** for health services in India.

Genesis of the programme

Inspiration: (1) 1975 WHO monograph titled 'Health by the people', (2) 1978 International conference on primary health care in Alma Ata, and (3) 2002 **Mitanin initiative** of Chhattisgarh in which all-female volunteers were available for every 50 households and 250 people.

Initially, India launched the **Community health volunteer's scheme**. But it failed because of lack of development of a community connection and lack of political will.

Launch of the programme

It was launched in 2005-06 as part of the **National Rural Health Mission**. Later it was **extended to** urban settings after the launch of the **National Urban Health Mission** in 2013.

Features of the ASHA Programme

One, the key **village stakeholders** are involved in the process of **ASHA selection**. This ensures community ownership for the initiatives and forging a partnership.

Two, ASHAs came from the same village where they worked. This ensured familiarity, better community connect and acceptance.

Three, the **phrase activist** was joined in their name to reflect that they were/are the **community's representative** in the health system, and **not the lowest-rung government functionary** in the community.

Four, they were called volunteers to avoid a slow process for government recruitment and to include elements of the **performance-based incentives** and some accountability.

Functioning of the Programme

Each of the women-only volunteers work with a population of nearly **1,000 people in rural** and **2,000 people in urban areas**.

ASHAs coordinate things within villages and with the health system, with the help of **Anganwadi workers (AWW)**, **Auxiliary Nurse Midwife (ANM)**, panchayat representatives and influential community members at the village level. The A-A-A: ASHA, AWW and ANM, act as **three frontline functionaries** at the village level and form the **all-women partnership** to provide the primary health-care services to the community.

Platforms such as **village health, sanitation** and **nutrition committees** were created, for coordination and service delivery.

What are the challenges?

The ASHA volunteers have dissatisfaction. There are regular agitations and protests by ASHAs in many States of India.

9 PM Compilation for the Month of June, (First Week) 2022

Among the A-A-A, ASHAs do not have a fixed salary. The total payment including performance-based incentives remain low and often delayed. They don't have opportunities for **career progression**.

Way Forward

The global recognition should be used as an opportunity to review and further strengthen the ASHA programme. This will make a stronger and community-oriented primary health-care system.

Indian States need to develop mechanisms for **higher remuneration** for ASHA workers.

An **in-built institutional mechanism** should be created for their capacity-building and providing avenues for career progression. For example, they can move to cadres such as ANM, public health nurse and community health officers.

The ASHAs and their family should be given the benefits of the **social sector services** like health insurance.

An independent and external review of the programme needs to be given urgent and priority consideration.

Many of the temporary posts in the National Health Mission can be put to regularization. In fact, ASHAs can be made **permanent government employees**.

GS2 – SOCIAL ISSUES – RESERVATION IN INDIA AND RELATED ISSUES

RESERVATION AND RELATED ISSUES

13. [Reservation in public employment](#)

Source: This post is based on the article “**Reservation in public employment**” published in **The Hindu** on **30th May 22**.

Syllabus: GS2 – Polity, Govt policies and interventions

Relevance: Reservation and related issues

Context: The jurisprudence of reservation relies on the **sybiotic coexistence** of constitutionally guaranteed equality of opportunity in public employment under Article 16 (1) and classifications thereunder various clauses of the same article, especially Article 16(4) and Article 16 (4 A).

These are facilitating provisions, **vest a discretion on the government** to consider providing reservations for the socially and educationally backward sections of the society and to provide reservation in promotion to SCs and STs, respectively.

[Is reservation a fundamental right?](#)

No. Reservation is not a fundamental right.

Mukesh Kumar and Another vs State of Uttarakhand & Ors. 2020: It is a settled law, time and again reiterated by the Supreme Court, that there is no fundamental right to reservation or promotion under Article 16(4) or Article 16(4 A) of the Constitution, rather they are **enabling provisions** for providing reservation, if the circumstances so warrant.

However, these pronouncements in no way understate the constitutional directive under **Article 46**.

9 PM Compilation for the Month of June, (First Week) 2022

- Article 46 mandates that the state shall promote with special care the educational and economic interests of the weaker sections of the people, and in particular Scheduled Castes and Scheduled Tribes.

Reservation in employment

Reservation in employment which was otherwise confined to Scheduled Castes and Scheduled Tribes got extended to OBCs as well on the basis of the recommendations of the **2nd Backward Class Commission** as constituted, headed by B.P. Mandal.

The recommendation of Mandal Commission (1980) to provide 27% reservation to OBCs in central services and PSUs, over and above the existing 22.5% reservation for Scheduled Castes and Scheduled Tribes, was sought to be implemented by the V.P. Singh Government in 1990.

What are some other important judgements and statutes regarding the issue of reservation?

Indira Sawhney judgement (1992):

In the judgment, a nine-judge bench upheld the constitutionality of the 27% reservation but put **a ceiling of 50% unless exceptional circumstances warranting the breach**, so that the constitutionally guaranteed right to equality under Article 14 would remain secured.

The Court declared that **Article 16(4) is not an exception** to article 16(1), rather an illustration of classification implicit in article 16(1). While **Article 16(1) is a fundamental right, Article 16(4) is an enabling provision**.

Further, the Court directed the **exclusion of creamy layer** by way of horizontal division of every other backward class into creamy layer and non-creamy layer.

The Constitution (Seventy-seventh Amendment) Act, 1995

In Indra Sawhney Case, the Supreme Court had held that Article 16(4) of the Constitution of India does not authorize reservation in the matter of promotions. However, the judgment was **not to affect the promotions already made**.

By the Constitution (Seventy-seventh Amendment) Act, 1995, **Article 16(4-A), was inserted** to provide that *“nothing in this article shall prevent the State from making any provision for reservation in matters of promotion to any class or classes of posts in the services under the State in favour of the Scheduled Castes and the Scheduled Tribes which, in the opinion of the State, are not adequately represented in the services under the State”*.

Later, two more amendments were brought, one to ensure **consequential seniority** [Article 16(4 A)] and another to secure **carry forward of unfilled vacancies** of a year [Article 16(4 B)]

The Constitution Bench Judgment in M. Nagaraj (2006)

A five-judge bench of Supreme Court declared the 1995 amendment as not vocative of basic structure of the Constitution, but laid down certain conditions.

For more – Click [here](#)

Jarnail Singh vs Lachhmi Narain Gupta (2018) – Read [here](#)

The Constitution (103rd Amendment) Act, 2019

The **10% reservation** for Economically Weaker Sections (EWS), other Scheduled Castes, Scheduled Tribes and backward classes for government jobs and admission in educational institutions is currently under challenge before the Supreme Court which has referred the same to a constitution bench.

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The verdict in this regard can turn out to be a critical milestone in the jurisprudence of reservation as traditional understanding of backwardness is broadened to specifically include **economic backwardness** without social backwardness as is traditionally seen.

Dr. Jaishri Laxmanrao Patil vs Chief Minister (2021)

Despite the Indra Sawhney ruling, there have been attempts on the part of many States to breach the rule by way of expanding the reservation coverage.

The **Maharashtra Socially and Educationally Backward Classes Act 2018**, (Maratha reservation law) came under challenge before the Supreme Court which referred the same to a bench of five judges and one question was whether the 1992 judgment needs a relook.

Interestingly, the Supreme Court not only **affirmed the Indra Sawhney decision**, but also **struck down Section 4(1)(a) and Section 4(1)(b) of the Act which provided 12% reservation for Marathas in educational institutions and 13% reservation in public employment respectively, citing the breach of ceiling.**

GS2 – GOVERNANCE – GOVT POLICIES AND INTERVENTIONS

REGULATION OF SOCIAL MEDIA

14. **Control and delete**

Source: The post is based on an article “**Control and delete**” published in the “**The Hindu**” on **04th June 2022**.

Syllabus: GS2 Governance; provisions of the constitution of India

Relevance: Social Media Governance; Fundamental Right

News: Recently, the Government has planned to set up a panel that can overturn **content moderation decisions** made by **social media platforms**. The idea has been proposed as an amendment to the IT Rules 2021.

The IT Rules, 2021 will be amended to constitute **one or more appellate committees** which will have the final word on any content moderation issue facing a social media platform.

If a social media user feels aggrieved on an order of the platform’s grievance officer, he/she can appeal.

The government’s objectives

At present, the internet access continues to rapidly expand in India. The social media platforms are acting as **influencing machines**. They are filled with **influencers** of all hues and shades.

Therefore, the government is committed to ensure an open, safe, and trusted and accountable Internet for its users.

Problems in the government’s decision

The mechanism will allow the Government to tighten its grip on **messaging on social media intermediaries**.

There would be concern over **fairness** in the decisions of a government-appointed committee. For example, the aggrieved user can be a government entity or a ruling party member. The Government can try to suppress the dissent on the social media platform.

9 PM Compilation for the Month of June, (First Week) 2022

This will add another layer of **complexity** to the problematic **IT rules**. It would be another lever of Government control. The IT rules have already given a leverage to the Government over digital channels in the name of “**soft-touch oversight mechanism**”.

This can have troubling implications for **freedom of expression** and **right to information**.

Way Forward

Social media platforms should be regulated. But a government committee is not the right answer. The regulation should come from the social media industry itself.

LAWS GOVERNING FIREARMS IN INDIA

15. Understanding gun control legislation of different countries

Source: This post is based on the article “**Understanding gun control legislation of different countries**” published in **The Hindu** on **2nd June 22**.

Syllabus: GS3 – Internal security

Relevance: Gun control policies, Laws governing firearms in India

News: The U.S. recently witnessed two episodes of mass shootings in a span of 11 days that killed more than 30 people including elementary school children.

Canada also recently amended its gun control policies.

A look at the laws governing firearms in India, Canada, Japan and New Zealand

What do gun laws in the U.S. say?

The Second Amendment of the U.S. Constitution states that “*the right of the people to keep and bear Arms shall not be infringed*”,. It is often attributed as the root cause of all firearm-related violence.

What are the gun laws in other countries?

Canada

- Possessing a fully-automatic weapon, unless registered before 1978, is illegal in Canada.
- Gun licences are valid for five years and the individual of **at least 18 years of age** is eligible upon completing the Canadian Firearms Safety Course.
- **Vetting is undertaken** to ensure that the applicant does not have a history of violence or suffering from mental illnesses or was previously barred from the process.

Canada has recently introduced legislation to amend its Firearms Act. It is proposing to institute a ‘**national freeze**’ on handguns — preventing the sale, purchase, transfer, and import of handguns into Canada.

Japan

Acquiring a gun in Japan is **particularly difficult**.

One has to present a series of documents, establish their ‘needs’, and undertake an approximately month-long training on handling and safety. One is also required to pass the scrutiny of criminal records and medical health, and then an exam to prove eligibility.

9 PM Compilation for the Month of June, (First Week) 2022

Buying a weapon too requires a **separate certification** (from the dealer) mentioning the desired model.

Applicants must be **18 years**, not suffering from mental illnesses, not have a license revoked less than five years ago, not dependent on alcohol or narcotic substances, and have a fixed residence.

Any violation is punishable with **imprisonment**.

New Zealand

The turnaround in gun-law legislation in the country came in 2019 following the mass shootings that took place at two mosques in Christchurch.

The legislation now **requires firearms dealers to provide license numbers** of all its employees at a facility, including those not directly involved in handling any arms but having access to the premises.

It is now also mandatory for all weaponry to have an identification number.

Applicants must be **at least 16 years of age** and undertake training in handling and storing firearms, and pass an exam.

The **vetting process** requires the applicant to furnish contact details of known people to ascertain that she/he is a 'fit and proper person'.

India

Gun license applicants in India must be **at least 21 years** and not convicted of any offense involving violence. Also, the applicant should not be of 'unsound mind' or a threat to public safety and peace.

Upon receiving an application, the licensing authority (i.e., the Home Ministry), asks the officer in charge of the nearest police station to submit a report about the applicant after **thorough vetting**.

The Arms Act amended in 2019 has **reduced the number of firearms** that an individual can procure from three to two.

Indian laws have specific provisions on **curtailing the use of licensed weapons** to ensure social harmony.

No entity is permitted to sell or transfer any firearm which does not bear the name of the maker, manufacturer's number, or any other visible or stamped identification mark.

Any **act of conversion** (such as shortening the barrel of a firearm or converting an imitation firearm into a firearm) or unlawful import-export is **punishable with an imprisonment** term of seven years, which may extend to life imprisonment and be liable to monetary fines.

POLICE REFORMS AND RELATED ISSUES

16. Not by autonomy alone

Source: The post is based on an article “Not by autonomy alone” published in the **Business Standard** on **01st June 2022**.

Syllabus: GS3 Internal Security; Various Security Forces and Agencies and their Mandate

Relevance: Police Reforms

News: Recently, West Bengal Chief Minister Mamata Banerjee and other political leaders have demanded for making agencies like the Central Bureau of Investigation (CBI) more autonomous.

This has also raised questions on the poor state of state police forces.

What are the issues in the State Police forces?

(1) In fact, almost all the State governments have done **nothing** to **free** their **own police forces** from political interference.

(2) The police machinery and infrastructure have been inherited from the British. These are deeply **colonised entities** that cannot enforce the law without **draconian powers**.

– For example, the Unlawful Activities Prevention Act or UAPA, the anti-dowry, anti-domestic violence and SC/ST (Prevention of Atrocities) Act etc. Further, the Observer Research Foundation has published that there are 26,134 clauses in various laws that call for imprisonment of corporate offenders.

(3) There is a lack of **political consensus** and understanding among the **police forces** about the **fair application of the rule of law**.

– For example, when the Supreme Court tried to dilute some of the draconian clauses of the SC/ST (Prevention of Atrocities) Act. It led to a huge **political outcry**, and the law was amended to make arrests compulsory if any offence is alleged.

(4) The multiple cases of **vigilante justice** suggests that public faith in the police force’s ability to deliver on law and order and justice is weak. Mobs and crowds sometimes tend to take the law in their own hands because they do not expect the police to do their jobs with diligence. A **Lokniti Survey 2018** found that less than 25% of the 15,000 people who responded across 22 states said they had trust in the police.

(5) Our police forces are simply **not equipped** to be **effective**. They are **underfunded, understaffed** and incapable of doing their jobs even when they want to. The politicians seeking to get elected choose to spend more of the state resources on **freebies** and “**private goods**”, and not “**public goods**” like policing and law and order.

(6) The **UN-recommended police-to-population ratio** is 222 per 1,00,000 population. India’s police-to-population ratio is well **below 150**. In the poorer states like Uttar Pradesh and Bihar, and even West Bengal, this ratio is lower, **below 100** per 1,00,000 population.

Way Forward

Short-term

There is a dire **need for reinventing the methods of policing**. The technology like drones, street cameras, bodycams, monitoring of social media websites, and facial-recognition software etc. should be deployed.

9 PM Compilation for the Month of June, (First Week) 2022

The key to **effective policing** lies in developing **deep information** linkages with India's multiple communities of caste, religion and tribe. The police need to develop an information base. The network should be based on the **Dunbar principle** i.e., to gather **intelligence** on smaller, homogeneous groups, and use artificial and human intelligence. It will help in **predictive policing**. The police can take **proactive action** to prevent trouble.

The police will be better served if it **monitors and gathers deep information** on smaller groups in the population, rather than just blindly relying on numbers or technology to do their jobs.

Much of the policing has to be done by the communities themselves, and not just by the men in uniform or police personnel.

Long-Term solutions

There is a need for expanding the number of police personnel or ensuring that an adequate amount of the funding goes to police machinery. For instance, India probably needs at least **one million more men** in uniform.

The government should take steps for **de-politicisation** and the **reform of police administration** and **staffing**.

VIP SECURITY AND RELATED ISSUES

17. Guns and status: VIP security cover is a system that's lost its moorings from professional threat assessment

Source: This post is created based on the article **"Guns and status: VIP security cover is a system that's lost its moorings from professional threat assessment"** published in **The Times of India on 1st June 2022**.

Syllabus Topic: GS Paper 3, Issues related to Security Forces

Context: Singer and Punjab Congress politician Sidhu Moose Wala was murdered a day after his security cover was reduced. It has raised questions over the system of providing security to the VIPs.

As per data from the Bureau of Police Research and Development, more than 66,000 police personnel were providing protection to more than 19,000 ministers, MPs, MLAs, judges, bureaucrats, and others in 2019, in the Centre and states.

What is the mechanism to decide on the security cover for VIPs?

No real assessment of threat is done while providing or reducing or withdrawing the security cover.

Security covers are almost dependent upon the political favors by the people in power.

What are the implications of the absence of a system?

First, it has given birth to the VIP security culture, which is seen as a status symbol. This system is almost absent in other democracies.

Second, it has resulted in an irrational system of security cover. Bengal (~3000), Punjab (~2500) and Bihar top the list in the number of people under security cover, even though these states are not suffering from any entrenched insurgencies or violent movements. Whereas, Maoist-hit Chhattisgarh had only 315 people under security cover.

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Third, India has 155.78 police personnel per lakh population, against the UN recommended standard of 222 cops per lakh. The bulk of this 'protection force' is drawn from state police ranks. Thus, it results in overworked police, which has its own implications.

Fourth, furthermore, the distribution of the police force is not even. It is leaving a major part of non-urban India being seriously under-policed.

Undoubtedly, protection is essential for a number of public figures. However, there is a lack of initiative to review this system, among people in power.

AADHAAR AND RELATED ISSUES

18. **Questioning the safety of Aadhaar**

Source: This post is based on the article "**Questioning the safety of Aadhaar**" published in **The Hindu** on **1st June 22**.

Syllabus: GS2 – Govt policies and interventions

Relevance: Aadhaar and related issues

News: Two days after issuing an advisory asking people to refrain from sharing photocopies of their Aadhaar Card, the Unique Identification Development Authority of India (UIDAI) has opted to withdraw the notification.

It stated that the action was to avert any possibility of 'misinterpretation' of the (withdrawn) press release, asking people to exercise "normal prudence" in using/sharing their Aadhaar numbers.

What did the UIDAI advisory say?

It had suggested holders to use a **masked Aadhaar card instead of the conventional photocopy**. It had further cautioned that the document must not be downloaded from a cybercafé or public computer and, if done for some reason, must be permanently deleted from the system.

– 'Masked Aadhaar' **hides the first eight digits** of the twelve-digit ID with 'XXXX' characters.

The notice informed that **only entities possessing a 'User Licence' are permitted to seek Aadhaar for authentication purposes**. Private entities like hotels or film halls cannot collect or keep copies of the identification document.

What does the law say?

The **Aadhaar (Targeted Delivery of Financial and Other Subsidies Benefits and Services) Act, 2016** makes it clear that Aadhaar authentication is **necessary for availing subsidies, benefits and services** that are financed from the Consolidated Fund of India.

– In the absence of Aadhaar, the individual is to be offered an alternate and viable means of identification to ensure she/he is not deprived of the same.

– Separately, Aadhaar has been described as a **preferred KYC (Know Your Customer) document but not mandatory** for opening bank accounts, acquiring a new SIM or school admissions.

The requesting entity would have to **obtain the consent of the individual** before collecting his/her identity and ensure that the information is only used for authentication purposes on the Central Identities Data Repository (CIDR).

9 PM Compilation for the Month of June, (First Week) 2022

– *This centralised database contains all Aadhaar numbers and holder's corresponding demographic and biometric information.*

UIDAI does not receive or collect the holder's bank, investment or insurance details.

The Aadhaar Act **forbids sharing Core Biometric Information** (*such as finger print, iris scan, among other biometric attributes*) for any purpose other than Aadhaar number generation and authentication.

The Act makes it clear that the **authenticated information cannot be used for anything other than the specified purpose**. More importantly, no Aadhaar number (or enclosed personal information) collected from the holder can be published, displayed or posted publicly.

Identity information or authentication records would only be liable to be produced pursuant to an **order of the High Court or Supreme Court**, or by someone of the **Secretary rank or above** in the interest of **national security**.

Is identity theft via Aadhaar possible?

In 2017, the UIDAI in response to an RTI stated that more than 200 central and State government websites publicly displayed details of some Aadhaar beneficiaries such as their names and addresses. This was made possible by the lack of robust encryption.

This data could be **potentially used to fraudulently link the rightful beneficiary's Aadhaar with a distinct bank account**, embezzling the beneficiary by impersonation, made possible by the sizeable identity documents available.

CIS states that brokers are known to **buy tonnes of Aadhaar documents** from mobile shops and other places where the identification document is shared. Additionally, there have been instances where employees of service providers were caught stealing biometric information collected solely for Aadhaar authentication.

What are some of the structural problems that the UIDAI faces?

The Aadhaar Data Vault is where all numbers collected by authentication agencies are centrally stored. Its objective is to provide a dedicated facility for the agencies to access details only on a need-to-know basis.

CAG's latest report stipulated that UIDAI **neither specified any encryption algorithm (as of October 2020) to secure the same nor a mechanism** to illustrate that the entities were adhering to appropriate procedures. It relied solely on audit reports provided to them by the entities themselves.

Further, UIDAI's **unstable record with biometric authentication** has not helped it with de-duplication efforts, the process that ensures that each Aadhaar Number generated is unique.

The CAG's report stated that apart from the **issue of multiple Aadhaars to the same resident**, there have been instances of the **same biometric data being accorded to multiple residents**.

Biometric authentications can be a cause of worry, especially for disabled and senior citizens with both the iris and fingerprints dilapidating.

Though the UIDAI has assured that no one would be deprived of any benefits due to biometric authentication failures, the **absence of an efficient technology** could lead to frauds.

9 PM Compilation for the Month of June, (First Week) 2022

19. Why Misuse Of Aadhaar Information Is A Real Danger

Source: This post is based on the following articles– “**Caution first: On the Aadhaar advisory**” published in **The Hindu** on **1st June 22**.

– “**Why Misuse Of Aadhaar Information Is A Real Danger**” published in **The Times of India** on **31st May 22**.

Syllabus: GS2 – Govt policies and interventions

Relevance: Aadhaar and related issues

Context: Union government withdrew a notification from a Unique Identification Authority of India (UIDAI) office cautioning people against sharing photocopies of their Aadhaar card, just two days after the advisory was issued.

The govt has claimed that it would be “misinterpreted”.

The advisory had urged people to use masked Aadhaar.

The masked Aadhaar facility has been in place since 2018. It came about following a report by the Centre for Internet and Society that **publicly available datasets** had sensitive details such as full Aadhaar number and bank account details of individuals.

Why UIDAI was right to issue the advisory?

The dangers of providing the full Aadhaar number to several agencies are evident in the way these **numbers have been used by fraudsters for criminal purposes. For instance** – identity theft, Know Your Customer (KYC)-related fraud have been documented in news reports.

The UIDAI has itself registered far more potential **fraud cases** related to the issue highlighted above in recent years compared to the past.

Other scams that are of a higher order have also been revealed recently, related to **biometrics theft** that have allowed scamsters to steal welfare benefits at the expense of genuine beneficiaries.

The Internet is full of **leaked data** and this poses a major **threat to user privacy**.

How identity can be verified using one’s Aadhaar copy?

One way is to **scan the QR code on one’s Aadhaar copy** (through UIDAI’s QR Code Reader app).

By scanning the QR code, the entity (that wants to verify your identity) receives a document with one’s personal details and photo. The entity can then match the details on one’s Aadhaar copy with this digitally signed document.

So, if someone morphs one’s Aadhaar copy, the **fraud will be caught once the QR code is scanned**, because details on the Aadhaar copy won’t match the ones on the QR Code Reader app.

Scanning the QR code tells the entity if the Aadhaar copy is genuine (or not). It won’t however tell them if the person who submitted the Aadhaar copy is you. To check this, the entity **must match** the photo thrown up by the scanned Aadhaar QR code with your face – in person. Or, like banks and other RBI regulated entities, conduct video verification.

Unfortunately, not all players follow this process. Often, service providers **simply accept the Aadhaar copy as proof of identity without scanning the QR code** on UIDAI’s QR Code Reader app. They also don’t verify through in-person, video or live selfie-based verification.

9 PM Compilation for the Month of June, (First Week) 2022

If a service provider fails to conduct this diligence, a fraudster can use a stolen Aadhaar copy to **impersonate someone**.

What happens if Aadhaar OTP or biometrics are also stolen?

Once a scammer has access to OTP or biometrics, it becomes easier to commit **financial frauds**. **For instance:** Telangana police's recently warned about frauds perpetrated using the Aadhaar-enabled Payment System (AePS).

– AePS is a facility that lets one perform banking transactions like cash withdrawal and fund transfer. These transactions are done through a mini-ATM carried by a banking correspondent. For an AePS transaction, all you need is a person's Aadhaar number, bank name and fingerprints.

So, **criminals can withdraw funds from a victim's bank account** by stealing her Aadhaar number and biometrics. This type of AePS-related fraud recently happened in Haryana with criminals allegedly stealing victims' biometrics from a government website.

A divided view on safety of Aadhaar

The UIDAI has been indecisive about the inherent dangers in the indiscriminate use of the Aadhaar number or the Aadhaar card by citizens. This is evident from its **series of flip-flops on the issue**, even before this latest withdrawal notice.

There seems to be a **contradiction of views within the authority** on the issue of potential misuse of the Aadhaar number.

– On the one hand, in statements **advising caution and user discretion** in revealing one's Aadhaar number, it is seeking to treat these as sensitive information just like the biometrics provided by citizens to the authority.

– Yet, on the other, it has sought to **universalise the open use of the Aadhaar** as an identity document with missionary zeal and has downplayed the risks of doing so.

Way forward

The UIDAI must **popularise the use of the masked Aadhaar facility** as a start and rethink ways to tighten the scrutiny over how Aadhaar numbers are issued and utilised.

Law enforcement agencies must crack down on data leaks and websites carrying unmasked Aadhaar-related information.

Further, to protect the public against misuse of Aadhaar data, a **data protection law is critical**.

UNLAWFUL ARRESTS AND RELATED ISSUES

20. **Do we need a law to compensate those implicated in false cases?**

Source: This post is based on the article "**Do we need a law to compensate those implicated in false cases?**" published in **The Hindu** on **3rd June 22**.

Syllabus: GS2 – Govt policies and interventions

Relevance: Compensation for arrest in false cases

Context: In October 2021, Aryan Khan, son of actor Shah Rukh Khan, was arrested in Mumbai by the Narcotics Control Bureau in a drug racket case.

Now, on May 28, he and five others were given a clean chit by a special investigation team from Delhi.

9 PM Compilation for the Month of June, (First Week) 2022

Besides highlighting the torment suffered by him and his family, Aryan Khan's case also threw the focus on the **countless victims of malicious prosecution**, many of whom are resourceless.

In this article, the participants have discussed the following:

- whether those who have been implicated in false cases should be compensated?
- reasons for wrongful and malicious prosecution, the role of investigating officers and agencies along with the judiciary, and
- whether India needs a new law to decide on the quantum of compensation?

Why do falsely implicated persons need to be compensated?

There are several reasons why a person should be compensated if there is false implication

- Our justice delivery system is painfully slow. There are instances where persons have spent eight, 10 or more years under trial.
- There is the **mental trauma** that not only a person, but also their family and children undergo.
- There is **social stigma**. In a village, where people know one another, maybe not intimately but they know who's who, the family of the one who is falsely accused **gets ostracised**. It may not happen in a big city like Mumbai or Delhi.
- **Children also suffer**. A child who is going to school and if the teacher or some other child says that this boy's father is a terrorist, and he's in jail, it is bound to affect the child.

The **Delhi High Court** on a couple of occasions has said the person needs to be compensated for having been kept in jail, even though he's entitled to bail and all the papers are in order.

What needs to be done to prevent false implication of people?

More **professional scrutiny by the senior officers** of enforcement agencies. **For instance:** In Aryan Khan's case, a senior officer could have applied his mind and maybe advised the overenthusiastic officers on the professional lines of investigation.

Role of the prosecutors - They are neither with the police nor with the investigating agencies; they are independent officers of the court. When the investigating agency or police are saying that a person is involved, and want his custody, the prosecutors can point out to the enforcement agencies that they are wrong; so they should not ask for custody.

There can be a **departmental inquiry against an errant officer** or he can be dismissed from service.

The **state must also take responsibility** in case of wrongful confinement.

If the judicial officer feels or thinks that the investigating agency does not have enough evidence, or it's going blatantly wrong, they should not hand over the custody either to the agency or to prison.

Does India need a new law to ensure disbursement of compensation?

Legislation must be brought on this issue to ensure a **standard practice of compensation disbursal**. It is possible that one court in a small State may think that giving ₹5 lakh compensation to someone is a good idea, but a High Court in a bigger State may say, what is ₹5 lakh? It's nothing, we should give at least ₹10 lakh.

Section 211 of the Indian Penal Code talks of a false charge of offence made with an intent to injure. It can lead to two years of imprisonment, or up to seven years. This section is valid for malicious prosecutions, but further legislation for compensation would be a welcome step.

9 PM Compilation for the Month of June, (First Week) 2022

21. **Absolution: On need to compensate for unlawful arrests**

Source: This post is based on the article “**Absolution: On need to compensate for unlawful arrests**” published in **The Hindu** on **30th May 22**.

Syllabus: GS2 – Govt policies and interventions

Relevance: Regarding compensation for Unlawful arrests in India

Context: Several procedural lapses were made during the investigation of the Aryan Khan drugs case by the Narcotics Control Bureau (NCB).

In light of such lapses and to protect the rights of those jailed during the process, India needs a law to make compensation for unlawful arrest a statutory right.

What lapses were made by the NCB?

The lapses include failure to video-graph the search of the ship, not conducting a medical examination to prove consumption, and examining Mr. Khan’s phone and reading messages on it without any legal basis.

Is there any provision for compensating a unlawfully arrested person?

India does not have a law on the grant of compensation to those maliciously prosecuted.

However, **Constitutional courts** do exercise their vast powers sometimes to award monetary recompense; the **remedy of a civil suit** is also available in law, but it is time-consuming.

Currently, **Section 358 of the Cr.P.C.** provides for a paltry fine to be imposed on a person on whose complaint a person is arrested without sufficient grounds.

What is the way forward?

The **NCB has to re-examine its priorities**. It is an elite agency in the fight against international trafficking in narcotic and psychotropic substances. Its primary focus ought to be on trans-national smuggling networks, while the job of pursuing drug peddlers and raiding rave parties must be left to the local police.

While strict disciplinary action is warranted if any officer is found involved in ‘fixing’ someone, it is also time that the Government came out with a legal framework for compensating those jailed without proof. The Law Commission of India has recommended **enactment of a law to make compensation an enforceable right**.

Existing CrPC provisions should be expanded to cover just compensation by the state for unnecessary arrests.

INDIA – AFGHAN RELATIONS

22. **Gradual engagement – India should maintain with Afghanistan a policy of engagement rooted in realism**

Source: This post is based on the article “**Gradual engagement – India should maintain with Afghanistan a policy of engagement rooted in realism**” published in **The Hindu** on **4th June 22**.

Syllabus: GS2 – International Relations – India and its neighbourhood

Relevance: India – Taliban ties, India’s foreign policy

News: India has sent a multi-member team of senior diplomats to Afghanistan for the first time since the Indian Embassy in Kabul was evacuated in August 2021 following the arrival of the Taliban in the Afghan capital.

The MEA has said that the visit is only to help coordinate India’s humanitarian assistance for the Afghanistan people.

During discussions with the Indian delegation, the Taliban urged India to reopen its embassy in Kabul.

What is the significance of the visit?

Gradual engagement: The visit acquires significance as India has refused to recognise the Taliban administration in Afghanistan and has urged the international community to go slow in recognising the Taliban.

The visit also shows a **marked difference** from the policy New Delhi took in the 1990s when the Taliban was in power in Afghanistan. Back then, India had taken a **policy of disengagement** with Kabul and supported anti-Taliban militias.

But this time, many neighboring countries including India have adopted a constructive line towards the Taliban regime, despite their differences with the group’s extremism.

Developments in India-Taliban relations

India closed its embassy in Kabul in August 2021, days before the Taliban takeover, but has **maintained a line of communication** with them.

In September, **India’s Ambassador to Qatar, met Sher Mohammad Abbas Stanekzai**, a senior Taliban official, at the Indian Embassy in Doha.

In October, **Indian officials met the Taliban’s Deputy Prime Minister**, Abdul Salam Hanafi, in Moscow at a regional conference on Afghanistan. Here, India also joined nine other countries to recognise the “**new reality**” in Afghanistan.

Later, New Delhi sent **humanitarian assistance**, including wheat, COVID-19 vaccines and winter clothes, to Afghanistan when the country was facing a near-total economic collapse.

What are India’s concerns?

India has three main concerns when it comes to the Taliban’s return to Afghanistan.

One, India has made investments worth billions of dollars in the past 20 years. It would want to **protect these investments and retain the Afghan people’s goodwill**.

9 PM Compilation for the Month of June, (First Week) 2022

Two, when the Taliban were in power in the 1990s, Afghanistan became a safe haven for anti-India terrorist groups. India also saw a sharp rise in violence in Kashmir during the Mujahideen-Taliban reigns of Afghanistan. New Delhi would not like history to repeat itself and would want **commitments from the Taliban that they would not offer support for anti-India groups**.

Three, the Taliban remaining a Pakistani satellite forever is not in India's strategic interest.

Way forward

New Delhi cannot pursue any of its objectives if it does not engage with the Taliban.

But, at the same time, **India should not hurry in to offer diplomatic recognition** to the Taliban's predominantly Pashtun, men-only regime, which has imposed harsh restrictions on women at home.

India should work with other regional and global players to **push the Taliban to adopt a more inclusive regime**, while at the same time maintaining a **policy of gradual bilateral engagement rooted in realism**.

INDIA – MYANMAR RELATIONS

23. Myanmar's internal situation shouldn't hobble India's 'Act East' policy

Source: The post is based on an article "**Myanmar's internal situation shouldn't hobble India's Act East Policy**" published in the **Indian Express** on **3rd June 2022**.

Syllabus: GS2 International Relations; and GS 3 Indian Economy, Issues and Challenges in Growth and Development, Inclusive Development

Relevance: North-East Region, Act East Policy

News: In 2021, Myanmar's military took over the civilian government. Now, there are reliable reports of the strengthening of the People's Defence Force, with the support of various ethnic militias. There is no sign of the restoration of normalcy.

Implications on India

For India, the coup has caused an adverse impact on its **Act East policy**. The policy is going nowhere due to present dispensation in Myanmar.

It has thwarted India's **land outreach** towards the **vibrant economies** of **South East Asia** as well as has **retarded development** in the Northeast.

The lack of movement in terms of **North-East development** has led to a series of unfortunate incidents that indicate a **resurgence** in **anti-India posturing** in the region.

- For example, there seems to be a resurgence of the insurgent groups in the N-E. Many insurgent groups are operating from the **Sagaing Division** and **Chin State** in Myanmar.

There are also reports that the Chinese intelligence is supporting the militant groups working against India.

Way Forward

The disruption of the **existing supply chain linkages** due to the **pandemic** and the **Russia-Ukraine conflict** have created prospects for developing fresh trade linkages with the nations of Southeast Asia and the far east.

9 PM Compilation for the Month of June, (First Week) 2022

A fresh look needs to be taken at both the furtherance of **the Act East policy**, as well as the **security matrix** that governs the Northeast. The following is recommended:

India can build upon **favorable bilateral relations** with Bangladesh under Sheikh Hasina.

– India can open a new axis of **land-sea connectivity** for promoting trade and commerce with Southeast Asia.

– The inland of Assam, Meghalaya, Mizoram and Tripura can be connected to the ports of Bangladesh. The **inland water transport (IWT)** on the Brahmaputra and Barak rivers can be exploited.

India should not dilute its efforts to ensure that peace and stability return to Myanmar. There is a need for **continued engagement**, both formal and informal, with the warring factions in Myanmar.

India should build **appropriate infrastructure** such as container depots, cold storage facilities and seamless highways for transport of the **Indian manufactured goods** in the Northeast via Bangladesh.

The government should constitute an **inter-ministerial empowered department** for monitoring and facilitating projects that support India's Act East policy.

The government should create **“integrated defence zones”** around the **“free move regime”** to weaken the strike capability of the insurgent groups. The zones should be jointly manned by the **Tatmadaw** (Myanmar army) and the **Indian Army/Assam Rifles**.

Further, the Assam Rifles should remain under the control of the Indian Army. This force should undertake **intelligence operations** for greater transparency of the events within Myanmar and further the national strategy.

The Government of India should **improve the security situation**, and also reassure the locals that the region's interest is paramount

INDIA – PAK RELATIONS

24. India-Pakistan ties and the mirror of 2019

Source: The post is based on an article **“India-Pakistan ties and the mirror of 2019”** published in the **“The Hindu”** on **3rd June 2022**.

Syllabus: GS 2 International Relationships; Bilateral Relations

Relevance: India-Pakistan Relations

News: Recently, the official delegation from Pakistan visited New Delhi to hold talks with its Indian counterparts. This was done under the aegis of the Indus Water Treaty.

Recent Developments

India has been sending consignments of **wheat** to the **Taliban-run Afghanistan** via Pakistan, under the **World Food Programme**.

Since the **Ladakh border crisis** on the **Line of Actual Control** with China in the summer of 2020, the Indian leadership has not been targeting Pakistan as an enemy country.

The Indian and Pakistan armies agreed to a **reiteration** of the **ceasefire** on the Line of Control (LoC) in Kashmir in February 2021.

9 PM Compilation for the Month of June, (First Week) 2022

What are the reasons for re-engagement between India and Pakistan?

The Ladakh border crisis raised the threat of a **collusive military threat** between China and Pakistan. Therefore, India has resorted to diplomatic, economic, informational, and military engagement.

– For example, India's **National Security Adviser** opened backchannel talks with Pakistan, using the **United Arab Emirates (UAE)** as an interlocutor.

The Kashmir's Assembly constituencies **delimitation** has been completed. The Jammu and Kashmir statehood could also be restored in the coming future.

Despite, **security-centric approach**, J&K **violence** has gone up in the past year or so. Pakistan has been involved in this violence. It has been alleged of sending weapons and militants, thus thwarting a lasting solution in Kashmir.

– For example, **all the resources of the Indian state** have now been **devoted towards** a successful conduct of the **Amarnath Yatra**.

Recently, the **Pakistan government** has **changed**. It is seen as a positive in New Delhi. Both the Pakistan Muslim League-Nawaz and the Pakistan People's Party are now part of the government with which Indian official establishment has had good relationship.

What are the possible challenges?

Pakistan has set **two preconditions** for initiating reengagement: (1) restoration of statehood to Jammu and Kashmir; and (2) an announcement of no demographic change in the Kashmir Valley.

Recently, Kashmiri separatist leader **Yasin Malik** was sentenced. His sentencing also earned a strong statement of condemnation from the **Organisation of Islamic Cooperation (OIC)**

The **environment in Pakistan** is not conducive for any positive move. Their domestic politics [Imran Khan garnering support against the establishment], economy in doldrums etc. are posing challenges.

Both Pakistan and India are **two nuclear-armed countries** which have threatened to shoot missiles at each other on a number of mishaps.

Way Forward

In response, the Foreign Minister of India has rejected the condemnation from the OIC.

There are some **low-hanging fruits** which can be plucked the moment a political go-ahead is given.

– For example, the **Sir Creek dispute resolution**, revival of bilateral trade, return of High Commissioners to the missions in Delhi and Islamabad, and build-up of diplomatic missions to their full strength.

Further, there can be **demilitarisation** of the **Siachen glacier** later on.

India and Pakistan would have a **new window of opportunity** in the coming years. For example, Pakistan would have elections, there will be a fresh Pakistan Army chief, Jammu and Kashmir may have a new State government after elections, India to have re-election in 2024 etc.

Indian leadership must shift course from **belligerence** to a **proper diplomatic and political engagement** with Pakistan.

9 PM Compilation for the Month of June, (First Week) 2022

25. India needs a forward-looking strategy on Pakistan

Source: The post is based on an article “**India needs a forward-looking strategy on Pakistan**” published in the **Indian Express** on **31st May 2022**.

Syllabus: GS2 International Relations, Bilateral Relations

Relevance: India-Pakistan Bilateral Relations

Context: India’s approach is very different from the framework that emerged at the dawn of the 1990s. Since the early 1990s, the regional and international context has also altered in many ways. The balance of power between India and Pakistan has been changing. Now, it is essentially in India’s favour.

What have been the changes in India’s foreign policy with respect to Pakistan?

For nearly three decades, it was Pakistan that had the **political initiative**. However, in the last eight years, under the leadership of PM Modi, India has begun to reset the terms of the engagement agenda.

Early Period: After the Cold War, India was under **pressure** and a **difficult situation**. There was turmoil in Kashmir, the international focus on nuclear proliferation, and the relentless external pressure for a sustained dialogue with Pakistan.

Pakistan used a **three-pronged strategy**: (1) **violent destabilisation** of Kashmir while raising **human rights concerns** in global forums, (2) reopen the **Kashmir question** that India believed was settled after the 1971 war, and (3) leverage **global nuclear concerns** to force Indian concessions on Kashmir.

Therefore, Islamabad often sets **preconditions** for talks with India, like India should improve its human rights record in Kashmir, bring militant groups on the negotiating table, insist on Pakistan’s leadership or officers’ meetings with the Hurriyat leaders etc.

India’s military response against Pakistan’s provocative terror attacks could invite the fear of nuclear escalation and the great powers intervention.

At Present

The US-India relations have transformed, the **resolution** of Delhi’s dispute with the global **nuclear order**, etc. have improved India’s diplomatic position.

The Indian governments had laid the foundations for robust **economic growth**. Instead Pakistan has persistently neglected its economic challenges in context of its **obsession** to expand its **strategic depth** into Afghanistan and redefine the nature of its relations with India. This has weakened its position in relation to India.

India Three-Pronged Strategy At present

First, the present regime will not be compelled by difficult conditions and pressure. It will talk on his own terms.

Second, Delhi has been unafraid of Pakistan’s threat of **nuclear escalation** while responding to Pakistan’s cross-border terrorism. India’s cross-border raids on the sources of terror have enhanced India’s deterrence. India’s campaign has also resulted in greater international scrutiny of Pakistan’s support for terrorism.

Third, the present regime has reduced the scope of **India’s future negotiations** with Pakistan on Kashmir by changing the constitutional status of Kashmir in 2019.

Ongoing developments

9 PM Compilation for the Month of June, (First Week) 2022

In 2021, India has negotiated a ceasefire agreement with Pakistan. It agreed to reopen talks on Kashmir.

However, Pakistan is divided on its negotiating strategy. It is insisting on India to reverse all the 2019 constitutional changes in Kashmir. There will be no engagement with India if India does not “reverse” the 2019 constitutional changes in Kashmir.

Way Forward

Pakistan’s economy is in a poor state. Its **diplomatic position** has weakened. This might encourage Pakistan to rethink its India policies.

India should take a fresh look at its Pakistan strategy. There are issues in the effectiveness of **the three-pronged policy**. India should take a **forward-looking strategy**. India can afford to make a move.

Pakistan’s army and its political class should be more practical in engaging India. India can take bold steps like Pakistan PM Nawaz Sharif was invited to attend his inauguration in 2014.

India’s new initiatives can reinforce the **positive evolution** of Indian foreign policy. It can also expand the space for Indian diplomacy in the region and beyond.

INDIA – CHINA RELATIONS

26. [China’s ‘inevitable’ global dominance](#)

Source: The post is based on an article “**China’s ‘inevitable’ global dominance**” published in **The Hindu** on **30th May 2022**.

Syllabus: GS2 India and its Neighbourhood relations

Relevance: To understand China’s standpoint on India.

News: A recent book titled “**How China Sees India and the World.**” explained how China is moving towards their global dominance.

What is the development of India–China relations?

Deng Xiaoping declared that there could not be an Asian Century without India and China growing together and playing a resurgent role.

During the visit of the Indian Prime Minister in 2003, a few important decisions were taken. **a)** The two countries agreed to seek an early political solution to the India–China border dispute, **b)** Regular negotiations at the level of Special Representatives of their respective leaders, and **c)** China recognized Sikkim as the State of India. (Earlier China continued to depict it [Sikkim] as an independent country).

In 2005, Chinese Premier’s visit to India, China arrived at a consensus on the following issues to balance India’s civil nuclear cooperation agreement with the U.S. These include, **a)** Accepted China was not a threat to India and India was not a threat to China, **b)** There is enough space for simultaneous growth of both India and China in Asia, and **c)** Agreed India was an economic opportunity for China and vice versa.

Thus, India-China relations have acquired a global and strategic dimension.

Read more: [Decoding dragon: GoI should upgrade strategic thinking on China](#)

What is the growth trajectory of China and India?

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Till 2000s: India and China were roughly at the same economic level in 1978, with similar GDP and per capita income. Though China began to grow much faster thereafter, the gap between the two countries was not very significant even a decade later.

The 1991 Economic reforms and liberalisation policies in India expanded India's political and economic profile.

After the 2000s: In the period 2003–2007, India's growth rate accelerated while China's began to slow down. This was the brief period when India's diplomatic options multiplied.

In this period, India was able to leverage the advance of its relations with one major power to promote its relations with other major powers, thereby expanding its strategic space.

After the 2008 financial crisis: The asymmetry between the U.S. and China began to shrink but the asymmetry between India and China began to expand.

China has maintained the same rate of growth as India, but on a much larger base than India. This created an asymmetry of power between India and China.

Read more: [A missed chance for Indo-China relations](#)

What are the potential impacts of growth asymmetry between India and China?

1) China showing less sensitivity to India's interests, 2) Increased economic and political penetration of the Chinese economy in India's peripheral countries, **3) lower threshold of tolerance to closer relations between India and the U.S.**, For instance, China mentions the Quad as a constraining factor of China in the Indo-Pacific, **4) Indirectly pointing India should accept a diminished ranking compare to China.** For instance, Chinese scholars often mentioning China's economy was five times the size of India.

Read more: [Clear signals: On India-China ties and the new global currents](#)

Overall, China at present considers that the U.S. is a declining power with its credibility being eroded. More importantly, the U.S.'s power to implement decisions has also diminished. Therefore, asserts the allies and partners of the U.S. cannot count on U.S. power to deter China.

GS2 – INTERNATIONAL RELATIONS – INTERNATIONAL ORG AND GROUPINGS

QUAD AND RELATED ISSUES

27. [Deepening strategic commitment](#)

Source: This post is based on the article “**Deepening strategic commitment**” published in **The Hindu** on **30th May 22**.

Syllabus: GS2 – International Relations – International Groupings and Organizations

Relevance: QUAD and related issues, Indo-Pacific security and prosperity

News: The Quad (the U.S., India, Japan and Australia) held its second in-person leaders' summit in Tokyo on May 24.

It has emerged stronger and clearer in its strategy and goals for the **security and prosperity of the Indo-Pacific**.

The efforts by the Quad countries should be viewed not only from the prism of the summits, but also from the wider context of international developments and the continuing process of consolidation of the bilateral relations within, especially U.S.-India ties.

9 PM Compilation for the Month of June, (First Week) 2022

Has Russia-Ukraine war impacted the Indo-Pacific region?

No.

Some experts feared that India's stance on Russia might impact the Indo-Pacific regional dynamics, particularly Indo-US ties, but it hasn't. It seems that U.S. has **understood India's nuanced position on Ukraine** and has chosen to refocus on China's strategic game in the region.

– India and the U.S. **agreed to disagree on Ukraine**, but showed full readiness to further strengthen the Quad and their bilateral cooperation, which, U.S. President Joe Biden said, he was *“committed to making...among the closest we have on Earth.”*

With China, the US President has moved beyond the traditional U.S. stance of **'strategic ambiguity'** and referred to Ukraine to stress that China's armed action against Taiwan would be unacceptable and **attract a military response**.

How is China critical to QUAD?

The central driving force of the Quad is to **counter China's growing expansionism and belligerence**.

The grouping has defined the most important reason for its existence without ever using the word 'China'.

– This was best reflected in the 'Quad Joint Leaders' Statement' which reads, *“We reaffirm our resolve to uphold the international rules-based order where countries are free from all forms of military, economic and political coercion.”*

Thus, China is not only the **glue that holds the Quad together**; it is also the fuel that may, through Beijing's bad behaviour in the future, drive the grouping's inner consolidation, as shown by an expanding agenda.

Major points of QUAD agenda

The Quad agenda now covers nine sectors: **1)** vaccine partnership and health security, **2)** climate action, **3)** critical and emerging technologies, **4)** cooperation on infrastructure, **5)** cybersecurity, **6)** space cooperation, **7)** education and people-to-people ties, **8)** maritime domain awareness, and **9)** humanitarian assistance and disaster relief.

The Quad claims to have established “a positive and practical agenda” in year one; in year two, it will focus on “delivery.”

What are the commitments made at the QUAD's Tokyo summit?

The promise of making available at least one billion COVID-19 vaccine doses to Indo-Pacific countries has fallen short.

Excluding what the Quad countries contributed to COVAX, just 25% have been delivered to the region so far. This needs to be expanded rapidly.

On infrastructure – A new commitment was made at Tokyo for the Quad to extend over \$50 billion in investment and assistance to the Indo-Pacific countries over the next five years. While the focus is on the ASEAN countries and the Pacific Island States, a part of this funding should perhaps reach the Indian Ocean region too, with its touch points in Africa.

The **Common Statement of Principles on Critical Technology Supply Chains** is significant, as it concerns cooperation on semiconductors.

Ambitious IPEF: Indo-Pacific Economic Framework for Prosperity (IPEF) was launched a day earlier. The plan is to prepare their economies for the future by conducting negotiations on the

9 PM Compilation for the Month of June, (First Week) 2022

pillars of trade; supply chains; tax and anti-corruption and clean energy; decarbonisation and infrastructure.

How India is asserting its strategic autonomy?

India's constructive participation in the Tokyo summit and agreement to join IPEF demonstrated commitment to strengthening its strategic partnerships in order to push back China's dominance.

At the same time, New Delhi has agreed to the expansion of BRICS membership. This **simultaneous engagement with the Quad and BRICS** reflects New Delhi's strategic autonomy.

Way forward

India's presidency of the G20 in 2023 and the likelihood of India hosting the Quad summit in 2024 will ensure that it follows a calibrated policy and stays on track, as every major step will attract international attention.

BRICS AND RELATED ISSUES

28. **Building peace and prosperity with strong BRICS**

Source: This post is based on the article "**Building peace and prosperity with strong BRICS**" published in **The Hindu** on **30th May 22**.

Syllabus: GS2 – International Relations – International Groupings and Organizations

Relevance: BRICS and related issues

News: Recently, the BRICS Foreign Ministers issued a joint statement at a virtual meeting. And the first dialogue of Foreign Ministers between BRICS and emerging markets and developing countries was held.

The BRICS Foreign Ministers' meeting indicated that BRICS countries will strengthen solidarity and cooperation in the face of challenges with firm conviction, and take real actions to promote peace and development, and uphold fairness and justice.

What the BRICS countries should aim for in the future?

Universal security: BRICS countries should be builders of universal security. Cold-war mentality and bloc confrontation pose grave threats to world peace and security. Seeking one's own security at the expense of others' will only create new tensions and risks. It is important **a)** to respect and guarantee the security of every country, **b)** replace confrontation and alliance with dialogue and partnership, and **c)** promote the building of a balanced, effective and sustainable regional security architecture.

Strengthen mutual trust: BRICS countries need to strengthen political mutual trust and security cooperation, maintain communication and coordination on major international and regional issues, respect each other's sovereignty, security and development interests, oppose hegemonism and power politics, and work together to build a global community of security for all.

BRICS countries should enhance mutually-beneficial cooperation in supply chains, energy, food and financial resilience, foster an open world economy and create a favourable environment for common development.

Cooperation in health: BRICS countries should be pioneers of cooperation in COVID-19 pandemic management. India's vision of '**One Earth, One Health**' also contributes to

9 PM Compilation for the Month of June, (First Week) 2022

multilateral cooperation on public health. BRICS countries should fully leverage their respective strengths, and jointly promote the development of **global health governance** in a direction in favour of developing countries. Following measures need to be taken: **a)** BRICS Vaccine Research and Development Center should be put to good use, **b)** establish a BRICS early warning mechanism for preventing large-scale infectious diseases, and **c)** provide high-quality public goods for global health governance cooperation.

Leadership in global governance: BRICS countries should be leaders of global governance. Global challenges can be resolved by coordinating global actions. BRICS countries should firmly embrace a **global governance philosophy** centered around extensive consultation, joint contribution and shared benefits, enhanced unity and cooperation with emerging markets and developing countries.

BRICS plus cooperation model: All parties to the Foreign Ministers dialogue support and advocate the 'BRICS plus' cooperation model, which is a platform born for cooperation and thrives on development. 'BRICS plus' cooperation need to be explored at more levels, in more areas and in a wider scope.

General Studies Paper – 3

VIRTUAL PRIVATE NETWORKS (VPNs)

1. **Veiled threats to privacy**

Source: This post is based on the article “**Veiled threats to privacy**” published in the **Business Standard** on **3rd June 22**.

Syllabus: GS3 – Information Technology

Relevance: New rules for Virtual Private Networks (VPNs) and related concerns

Context: Cert-In recently issued a new directive making it mandatory for VPN service providers to keep user data for at least five years and share records with authorities when required.

This new regulation **threatens free speech and privacy**.

What is a VPN?

- Read [here](#)

What are the different use cases of VPNs?

By surfing through a VPN, **users can mask a large proportion of personal data**, obfuscate location, and conceal surfing patterns. This makes them useful to people with many different use-cases. **For instance:** They can be used by the following –

- **Human rights activists** who don't wish to be tracked by hostile regimes
- **Corporates** seeking end-to-end encryption for communications. Also, in the WFH era, corporates routinely give a geographically widespread set of employees secure log-ins tied to a single VPN-based location
- People who wish to **access geo-blocked websites**, and content. VPNs allow users to communicate privately, and to access websites that autocrats block. For instance: Russia, Iran and China block and ban VPNs, and hand out jail-time and fines for anybody caught using them.
- People who wish to **access online banking services only available to residents of a given country**
- Those who simply wish to **protect their data**
- People who want to **access Netflix or Amazon Prime content from, let's say, Mexico**, while sitting in Delhi.

VPN providers offer combinations of **privacy**, and **data security**. Most keep no logs of users, and maintain as little user-data as possible.

How does a VPN provide privacy and data security?

Somebody who's not using a VPN has an IP address, which translates to their location. This is **visible to every website** that the user visits. The internet service provider (ISP) can also track the surfing patterns of the user, enumerating every website that is visited.

That is, if user X visits websites A, B, and C, the **service provider knows** all about it. Websites A, B, C also know where X is coming from, using which ISP, etc. If the ISP has instructions to block any given websites, it **can prevent the user from going to those sites**.

User X also **leaks other data and metadata** to any website visited.

9 PM Compilation for the Month of June, (First Week) 2022

When user X uses a VPN however, **several types of masking happen**.

– As far as the ISP is concerned, the VPN is the only site that X is visiting. The VPN **re-routes and redirects the user** to wherever, without informing the ISP.

– Second, the **IP address changes to that of the VPN**, as far as any other website is concerned. If it's a good VPN, one also ceases to leak data in the same way.

How have VPN providers responded?

New directives by the govt not only run counter to the entire use case for VPNs, it is also technically impossible for many of them to comply with.

VPN servers are not only not configured to keep logs; they are often designed to actively delete logs.

Some VPN providers have already started walking out of India, which is no surprise.

In 2021, about 20% of India's surfers used VPNs, up from around 3.3% in 2020.

DEFENCE TECH IN INDIA AND RELATED ISSUES

2. Evaluating the arsenal

Source: The post is based on an article “**Evaluating the arsenal**” published in the **Business Standard** on **3rd June 2022**.

Syllabus: GS3 Indian Security

Relevance: Various Security Forces and their Mandate

News: The Ministry of Defence (MoD) and the Indian Army are assessing procurement of another 100-200 mobile SP howitzers. The additional 200 guns would equip 10 medium artillery regiments.

Historical trends

(1) Medieval Times

In 1526, Babur defeated the Sultan of Delhi, Ibrahim Lodhi and won the First Battle of Panipat.

Babur was able to do so simply by deploying and employing artillery skilfully.

Whereas Ibrahim Lodhi failed to register victory despite having a large number of troops, and war elephants because he had no field artillery in the battle.

(2) Modern Times

India's **modern military** learnt the importance of artillery usage from World War II and India's experience in the 1947-48 Kashmir campaign, the 1962 Sino-Indian war, 1965 war and 1971 war when India hardly had any artillery.

In the 1999 Kargil War, the artillery demonstrated its utility. For example, Bofors FH77 gun destroyed or degraded the enemy's combat potential.

Artillery numbers

Today, India has about **226 artillery regiments**. India is looking to increase the artillery regiments to 270. Each regiment would have about 18 artillery guns plus two reserve guns. Thus, the total arsenal will amount to **5,400 artillery pieces**.

9 PM Compilation for the Month of June, (First Week) 2022

Mediumisation of all the artillery regiments has been done in wake of the Kargil War. This involves replacing 105 mm and 130 mm field guns with 155 mm medium guns.

Multi-barrelled rocket launchers: Their number is growing. For example, 6 units of the indigenous Pinaka, 3 Russian SMERCH regiments and 5 Russian GRAD BM21 regiments.

In addition, there are three units of **BrahMos cruise missiles**, and a fourth under raising.

Sophisticated surveillance and target acquisition (SATA) systems. This picks up and locates enemy guns and radars that can then be destroyed by counterfire. India has indigenous **Swati weapon locating radar**.

India has LOROS (long-range recce and observation system) systems which have been imported from Israel. They are used to detect locations of enemy guns and batteries.

Over the last five years. The Indian army's **five artillery regiments** have been equipped with 100 guns called as **K 9 Vajra**.

What are the issues?

The army has long been **deficient** in artillery, which is the **most lethal killer** in today's **modern battlefields**.

The Defence Research & Development Organisation (DRDO) and the **Ordnance Factory Board** have failed to **design** and **manufacture** affordable, long-range artillery guns in India. Therefore, the army is lacking in firepower.

At the same time, the MoD has **failed to address the shortfall** by acquiring guns from the international market.

– For example, the present acquisition of the artillery gun is inadequate, given, each strike corps is authorised four medium SP regiments, each with 20 howitzers.

Way Forward

(A) Increasing gun performance: The **chamber size** of the artillery gun can be increased. This would increase the range and capability of guns. More chamber size allows burning of more propellant, creating greater pressure on the projectile, propelling it further. That increases the range of the ammunition.

For example, the **DRDO's Advanced Towed Artillery Gun System (ATAGS)** has a 25litre chamber.

(B) Precision of the artillery gun can be improved: A gun with greater precision needs to fire less ammunition for achieving the desired effect on a target. This can be done using following technologies:

– **The Excalibur ammunition:** the projectile is guided precisely to the target with the help of **onboard inertial** and **GPS guidance**. However, it is not in service with us.

– **Krasnopol:** This is another type of guided ammunition. The projectile is guided onto the target with a laser designator. However, India's stocks of Krasnopol have been destroyed because they were now outdated.

Increase projectile range without increasing chamber capacity or the length of the barrel: This can be done by putting a ramjet on the **rear** of the **projectile**. For example – BAE Systems is already doing that.

9 PM Compilation for the Month of June, (First Week) 2022

(D) Higher performance explosives can be placed in projectiles in order to improve the lethality. The **DRDO's High Energy Materials Research Laboratory** is working on the bimodular charge systems.

DIGITAL INDIA AND RELATED ISSUES

3. **Opinion: The Digital India transformation**

Source: The post is based on an article "The Digital India transformation" published in the Indian Express on 02nd June 2022.

Syllabus: GS3 Indian Economy, Infrastructure

Relevance: Digital India, Digital Economy, Digital Infrastructure

News: Recently, the Prime Minister of India expressed his idea of India that "every Indian must have a smartphone in his hand and every field must be covered by a drone".

About the Digital India Mission

The Digital India was launched on July 1, 2015. Digital India is a transformative programme to deliver the objectives of the **digital transformation** of India, bringing about inclusive growth and transformation using technology.

Importance of Digital Transformation

The digital age provides an **opportunity** to transform the lives of people in many ways. For example, technology is a means to **empowerment** and a tool that **bridges** the distance between hope and opportunity."

How has Digital India led to the digital transformation in India?

India today is home to more than 75 crore smartphones, 133 crore Aadhar Cards, more than 80 crore internet users, has 4G and is now accelerating towards 5G. Further, India has the lowest data tariffs in the world.

Digital India solved some of the most **difficult problems** faced by the country like public services delivery. The **Jan-Dhan-Aadhaar-Mobile (JAM) trinity** has ensured targeted delivery of government schemes to its beneficiaries without leakage or misuse. The poorest have received every penny of their entitled benefits.

The government has resorted to **DBT technology** in the last eight years. This has led to **savings of public money**.

Digital ecosystem provided ways to tackle the **challenge** of the pandemic. For example, digital technology was used for vaccination, digital education for students when schools were closed, etc.

The **drone's technology** and **GIS technologies** are being employed to provide digital land records to the rightful owners under the **SVAMITVA Yojana**. This will reduce disputes, facilitate monetisation of land, availing bank loans and scientific village level planning.

Fintech innovations and **India's digital payments revolution**. For example, UPI and Aadhaar-Enabled Payment Systems (AEPS) were some **innovative digital payment products**.

Digital India has led to the emergence of more than **61,400 start-ups**, making India the **third-largest start-up ecosystem** after the US and China. Nearly 44 start-ups achieved **unicorn status** in 2021.

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India is rapidly becoming **atmanirbhar** in **electronics manufacturing** due to **Modified Special Incentive Scheme (MSIPS), Electronics Manufacturing Cluster, National Policy on Electronics 2019**, etc. As a result, India has more than 250 mobile phones, components and accessories manufacturing units today.

Indian companies have developed their own 4G and 5G technologies. In fact, the commitment to making India self-reliant in **semiconductor chip manufacturing** has also attracted many big investors.

Way Forward

Digital technology must be low-cost, developmental, inclusive, and substantially home-grown.

Digital technology should bridge the **digital divide** and usher in **digital inclusion**.

CYBERSECURITY AND RELATED ISSUES

4. [Cyber safety](#)

Source: This post is based on the article “**Cyber safety**” published in **Business Standard** on **29th May 22**.

Syllabus: GS3 – Information Technology

Relevance: Cybersecurity and related issues

Context: The recent ransomware attack targeting SpiceJet has put a spotlight on one of India’s biggest cyber-vulnerabilities.

[Why India needs to strengthen its cybersecurity architecture?](#)

Both government services and private sector businesses have moved en masse into the digital space, and their efforts have been embraced enthusiastically by India’s 780 million broadband users.

This means millions of Indian websites gather sensitive data, with the Unified Payments Interface (UPI) processing close to 5 billion transactions per month. Many of these apps and websites, and the databases at their back-end, are **insecure**.

All are juicy targets because they contain huge amounts of **sensitive personal data**.

Moreover, reports by various global IT security providers confirm that India is a **favourite destination for digital bad actors**.

– It is believed to be the **third-largest nation in terms of being the target of attacks**. Known victims include Air India, SpiceJet, sundry logistics and shipping services, power utilities, and banking and health care sites.

– According to the cybersecurity company Trellis, **ransomware attacks targeting India jumped by 70% year-on-year** in the fourth quarter (January-March 2022). In a large majority of known cases, human error allowed initial entry and exploitation.

[How does a ransomware work?](#)

Ransomware injects malicious code that encrypts the website and locks the owner out.

Then the bad actor demands ransom payment to decrypt and allow the owner access again.

During this process, the data available may also be copied, which creates new potential targets.

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What are the challenges involved?

A complicated legal situation: The legal situation is complicated because India doesn't have a private data protection law, which means redress for the victims may be unavailable.

Under-reporting: As, no service provider, government or private, wishes to suffer the loss of credibility that's involved in being publicly hacked, it means under-reporting.

What is the way forward?

There are many things organisations may do to make themselves less vulnerable –

- a) Secure data, whether it's stored on the cloud or on their own servers.
- b) Identify and firewall the sensitive parts of their networks from the customer-facing bits.
- c) Ensure that access to the sensitive parts is controlled by **multi-factor authentication**.
- d) Ensure that internal communications, and transactions with sensitive information, are **end-to-end encrypted**.
- e) Actively **probe their own networks for possible vulnerabilities**.
- f) **Build in redundancy**, so that if their servers are attacked by ransomware, they can rapidly reload necessary systems and data.

Above all, the stakeholders in the Indian digital ecosystem **need to educate users and employees** about cybersecurity. This has to be a cooperative process involving many private and government organizations, and it should be led by the Indian Computer Emergency Response Team.

GS3 – ENERGY AND INFRASTRUCTURE – INDIA'S ENERGY SECTOR

ENERGY SECURITY AND RELATED ISSUES

5. **Power for growth**

Source: This post is based on the article “**Power for growth**” published in **Business Standard** on **30th May 22**.

Syllabus: GS3 – Economy – Issues related to growth and development, Energy and Infrastructure

Relevance: Coal shortage in India and related issues

News: The coal shortage could worsen the power crisis in the coming months in India. According to news reports, an internal assessment of the power ministry shows the shortage could increase in the September quarter, which can lead to widespread outages.

The domestic production of coal is unable to keep pace with rising power demand.

What are the negative impacts of coal shortage?

Small businesses are suffering because of the non-availability of reliable power. Power shortage is the last thing Indian businesses, recovering from the pandemic-induced disruption, need. A continued shortage will delay the recovery and may push smaller units out of business.

What are the major issues faced by the power sector?

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The trouble in the power sector is not limited to the production of power.

Poor state of the distribution companies (discoms): The state of state distribution companies, or discoms, is perhaps a bigger worry for the sustainability of the sector.

– The **inability of discoms to clear their dues** compels the Union government to announce one package after another to bail out the sector, but nothing changes on the ground.

What has the government done to address the problem?

On coal crisis

After pushing producers to import coal, the government has now reportedly decided that **Coal India will buy from overseas** and distribute it to power producers.

On poor state of discoms

The government has, once again, come out with another relief package. The latest scheme, notified recently, will allow discoms to **pay their dues in 48 installments**.

Further, the **late payment surcharge will not be imposed**.

– Distribution companies owe about Rs 1 trillion to generation companies. The cumulative late payment surcharge is in excess of Rs 6,800 crore.

Why the relief package for discoms might fail?

The government hopes that deferring payment without imposing an additional late payment penalty would help the discoms bring their finances in order. However, given the track record of the discoms, it is safe to argue that the **scheme will not change much**.

It's worth recalling the government had announced a special liquidity scheme worth Rs 90,000 crore for discoms to help clear dues in 2020. But the **dues started rising again** in a few months. Even in the latest scheme, it is not clear how deferring payments will help.

If discoms are not able to clear their current payment, how will they pay past dues in addition?

Main issue with the discoms

The basic problem is that state-run discoms are **unable to cover costs**, which makes the business unviable.

No liquidity support or deferment of payment will help if discoms are unable to recover costs year after year.

This happens largely because **state governments do not allow discoms to regularly increase power tariffs** for political reasons.

Inefficiency in discoms adds to the problem.

Way forward

Higher coal prices would push up generation cost and if it is not passed on to the end consumers, it will increase risks for the entire value chain.

Therefore, in the absence of urgent systemic reforms, the power sector could become a drag on economic growth.

COMPETITIVENESS LEGISLATION IN INDIA

6. **Is it time for India to go for competitiveness legislation?**

Source: The post is based on an article “**Is it time for India to go for competitiveness legislation**” published in the **Live Mint** on **01st June 2022**.

Syllabus: GS3 Indian Economy; Issues and Challenges in Growth and Development

Relevance: India’s Competitiveness

News: Recently, Cuts International, Institute for Competitiveness and Institute for Studies in Industrial Development published a white paper on ‘**Improving India’s Competitiveness for Inclusive Economic Growth**’. It discussed some of the pillars for improving and sustaining India’s competitiveness.

What are the economic reforms discussed?

It includes digital growth, **trade policy reforms** and a mix of **inward** and **outward looking measures**.

The economic reforms can help in fulfilling the agenda of **alleviating poverty** and **creating better jobs**.

What are the issues?

There is an inherent lack of **cohesion** between various ministries, departments and agencies working towards **competitiveness**. For example, the ministry of commerce and industry has two departments, both entrusted for different aspects.

The **National Manufacturing Competitiveness Council** could not make any impact.

What are the pillars for improving India’s competitiveness for inclusive economic growth?

There is a need for a ‘**whole of government**’ approach, within the Centre, and with and among states.

A robust **institutional structure** is essential for achieving business competitiveness, capacity building, supply chain resilience and negotiating free trade agreements (FTAs).

There is a need for a law and **an institution** which can persuade all organizations to pursue competitiveness. It requires policy convergence of both inward and outward looking policies through an **overarching legislation** with a **supervisory body**. India can take a cue from the **US Competes Act**, an umbrella legislation that covers all US policies aimed for global economic leadership.

Other key areas include **information and communication technology (ICT)**, **6G technology**.

Exports of goods and services depend on robust domestic linkages and production capacity.

There is a need for strengthening of trade linkages and our industrial base to limit **inverted duty structures**.

Action is also needed on **non-tariff factors**: incentivize innovation, strengthen the intellectual property regime, reduce logistical costs and ease the running of a business.

India must also leverage **advanced technologies** such as 6G, Internet of Things and blockchain.

9 PM Compilation for the Month of June, (First Week) 2022

Way Forward

A **National Competitiveness Commission** under a new law would provide a robust forum for **policy dialogue**. It would also ensure proper policy implementation in India.

India's priorities are **competitiveness enhancement, self-reliance** and **exports-led growth**. The administrative reforms act as enablers.

The idea of competitiveness-focused legislation needs to be floated and acted upon. It would enable India to carve out a position for itself on the global stage.

In India, the Centre announced a ₹76,000 crore package for semiconductors by way of its **production linked incentive (PLI) scheme**.

India is trying to boost its manufacturing capacity through **Atmanirbhar Bharat** and **Make in India**. India can strengthen its global forward and backward linkages through the **supply chain resilience initiative** (SCR) and collaboration with other ASEAN countries in the Indo-Pacific region.

India's department of telecom (DoT) has constituted six task forces on 6G Technology.

The MEA's New, emerging and strategic technologies (NEST) division promotes **national interests** and ensures **India's active participation** in international forums on technology governance.

The multiple ministries and departments involved in various functional aspects should **talk to each other** in a meaningful way.

INDIA'S BEVERAGE SECTOR

7. [How trade deals can take our beverages to global markets](#)

Source: The post is based on an article "**How trade deals can take our beverages to global markets**" published in the **Live Mint** on **01st June 2022**.

Syllabus: GS3 Food Processing and Related Industries in India- Scope' and Significance, Location, Upstream and Downstream Requirements, Supply Chain Management.

Relevance: Non-Alcoholic Beverages Sector

News: Recently a study titled 'Contribution of Non-alcoholic Beverage Sector to Indian Economic Growth & Atmanirbhar Bharat' was released.

Findings of the study

The **beverage processing** in the country is low.

India's **19th** rank in terms of revenue in 2019 was below China and other developing countries like Mexico, Brazil, Indonesia, and Nigeria.

India's Potential/Strength

India has a lot of **strength** in **raw material availability**, and is one of the **largest global producers** of horticulture products.

It leads the global production of bananas, mangoes, lemons, lime, papaya and also other ingredients needed for non-alcoholic beverage processing like milk and sugar.

India has a large and growing **domestic market** as well as **export opportunities**.

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These can be key drivers for scaling up beverage processing as well as investment in research and development and product innovation.

What are the challenges?

Overall per capita sales revenue continues to be low, due to **high prices**. India hardly exports any beverages.

In 2020, India ranked **59th** among global exporters of fruit and vegetable juices (HS code 2009), while Brazil ranked first. Further, **foreign investment in the sector is only around 1%** of the overall investment.

Less than 10% of the fruits grown in this country are used for **beverage processing**.

Around **25-30% of India's fruits and vegetables are wasted** along supply-chain paths. This figure is less than 10% in countries with strong beverage processing industries.

High GST rates: India's GST rates are higher than countries with which it has trade agreements (or FTA plans). It impacts the competitiveness of its firms in export markets. For example, **zero-sugar carbonated drinks** and **carbonated fruit-based drinks** attract 40% tax (20% GST + 12% compensation cess) in India, whereas Australia has imposed a standard 10% tax on all goods.

In the past, India kept most of its food processing industry, including beverage processing, outside its trade pacts.

Importance of the sector

Beverage processing can help **increase farmer incomes**.

– For example, **Apple supply chain participant farmers**, after training by beverage companies, got a **20% higher yield** per hectare, **5% higher** prices, and **59% more income** per harvest season vis-à-vis their counterparts in the same district.

Way Forward

The government incentives like the **production linked incentive scheme** can unleash our strength in beverage processing.

India can use **trade agreements** to seek **greater market access** for its exports.

– This should be a key area for discussion in **trade agreements** with the UK, Canada and the EU. For example, Countries like Brazil, China, Japan, the US, UK, Thailand and Mexico use their trade agreements to promote processed food exports (including non-alcoholic beverages).

Given its strength in raw materials, India needs to enhance its **domestic manufacturing** capabilities at a fast pace. Further, India should adopt a well-planned **export strategy** to promote **Brand India** in export markets.

There should be **rationalization of GST** on carbonated sugar-sweetened beverages, zero-sugar drinks and nutritious/essential drinks like fruit juices and packaged water among others.

The rationalization will increase **domestic market sales**, enhance **tax revenue collections** from the sector, and enable our companies to **scale up and export**.

– For example, Denmark's residents used to travel to neighbouring countries to purchase untaxed sugary foods and beverages. However, when Denmark scrapped the sugar tax, the government earned more, reduced sales of illegal soft drinks, increased investment in manufacturing, and stopped people crossing the border to buy cheaper soda.

PAPER INDUSTRY AND RELATED ISSUES

8. **Another anti-trade action**

Source: This post is based on the article “**Another anti-trade action**” published in **Business Standard** on **30th May 22**.

Syllabus: GS3 – Economy – Industrial policy and growth

Relevance: India’s trade policy

News: The Union Ministry of Commerce and Industry recently issued a statement that all imports of paper products — from newsprint to letter paper — will require pre-registration. From October 1, according to the new requirements, imports will be subject to a **Paper Import Monitoring System**, which will require importers to register themselves in a manner similar to systems that have been put into place in the past for steel and coal.

What are the issues with the decision?

There can be little justification for this **return to the licence-quota raj** in yet another industry. It is yet another step backward for India towards the pre-liberalisation period, especially as the specific justification provided by the ministry is **protectionist in nature**.

The Ministry statement stated the “move will also go a long way in promoting Make in India and Atmanirbhar in this category”. The **misuse of “Make in India”**, intended initially to create global competitiveness for Indian industry, continues.

This action from the government comes at a time when **global newsprint prices have been increasing sharply**. Newsprint prices have more than tripled from the lows in 2020. Domestic prices have risen to match. If the Indian paper industry is failing to use its capacity under these circumstances, then foreign producers can hardly be blamed.

Are the concerns regarding dumping wrt this sector valid?

Dumping is a technical term indicating that imports are being sold in a particular country below their production cost in their place of origin. Has such a determination taken place for the paper industry in recent months?

If the concern is dumping, then the ministry needs to put a targeted, appropriate, anti-dumping duty in place — not a return to import licences.

There is already a 5 per cent Customs duty on imports of newsprint. Is there evidence that this is insufficient to control dumping?

What is the way forward?

Many mature economies have **independent authorities** that hold public hearings to hear from producers, importers, and consumers before assessing injuries from imports. The independent board of regulators then vote on their conclusions, with the votes also made public. At the very least, such an **institutional framework** needs to be put into place in India.

9 PM Compilation for the Month of June, (First Week) 2022

INDIA'S FDI POLICY

9. India's aversion to Chinese investments and how geopolitics impacts PLI

Source: This post is created based on the article “**India’s aversion to Chinese investments and how geopolitics impacts PLI**” published in **Business Standard** on **30th May 2022**.

Syllabus: GS Paper 3 – Indian Economy – FDI and Investments

News: Many countries are competing for the share in investments coming out of China. India is facing heavy challenges from other countries.

Countries have been trying to attract **companies leaving China for various reasons**. Apple has started leaving China and other companies may follow. Many South-East countries such as **Vietnam, Malaysia, Indonesia and Thailand are in the race of attracting companies** such as Apple, moving out of China.

Vietnam has successfully attracted Samsung to shift its mobile business from China. It now accounts for half of the smart phone outputs of Samsung.

Similarly, it has urged Apple CEO Tim Cook to step up business in their country.

Apple produced around \$1.67 billion worth of phones in 2021 in India. India accounted for 3.1 per cent of Apple’s global manufacturing base in 2021, up from 1.3 per cent in 2020.

However, issues like Covid-19-related lockdowns are prompting Apple to push its suppliers to look elsewhere to expand production.

What are the challenges India is facing in attracting investments?

Unlike other countries **India has an advantage**, as factories of big Taiwanese vendors of Apple Inc — Foxconn, Wistron and now Pegatron — are already running in India.

Now, to take advantage of [PLI scheme](#), these factories are looking at threefold increase over the previous year. However they are facing challenges in expanding their capacity in India.

First, Companies **require a substantial ecosystem of suppliers within the country** to reduce the cost, then only they prepare to expand their capacity. This case doesn’t look possible as Chinese suppliers dominate the mobile device supply chain globally for both mobile devices, laptops and tablets.

It is only possible if Chinese supplies setup their shops in India, bringing along their technology. However, due to **changes in India’s Foreign Direct Investment policy** after the India-China border clashes in 2020, Chinese companies have been excluded from automatic clearance route.

China based suppliers are also looking for diversification due to increasing labor cost in China and lockdown based restrictions. A large number of Chinese companies have setup their base in Vietnam, due to lesser restrictions, similar culture and low cost.

Second, Taiwan can be an alternative of China for technology and suppliers. However they are conservative, take time in technology-sharing or transfer and are more expensive.

Third, “Atmanirbhar” drive is also not successful in challenging dominance of Chinese players in all critical supply chain.

Fourth, Building a domestic supply base is the long-term solution, but it will take time.

TRANSITION TOWARDS CLEAN ENERGY

10. India's changing goal posts over coal

Source: This post is based on the article “**India's changing goal posts over coal**” published in **The Hindu** on **31st May 22**.

Syllabus: GS3 – Energy and infrastructure, Environment and conservation

Relevance: Phase-out of coal-based power by India, issues & challenges

News: In April, the Union Finance Minister had said India's transition away from coal as a fuel for power would be hampered by the Russia-Ukraine war.

Why the 'move away from coal' is so important?

The **threat of global warming** looms over the planet, promising to bring about unprecedented natural calamities. An effective way to prevent this is to cut the use of fossil fuels — coal, natural gas and oil.

Coal emits more carbon dioxide: About 80% of the world's energy requirements are met by the abovementioned three fuels. However, the worst culprit of them all is coal, which emits nearly twice as much carbon dioxide as natural gas and about 60% more than oil, on a kilogram-to-kilogram comparison.

– Combusting coal also leaves behind **partially-burnt carbon particles** that feed pollution and trigger respiratory disorders.

The consequence of these chemical reactions gains great significance because, the power sector in India accounts for 49% of total carbon dioxide emissions, compared with the global average of 41%.

What is the extent of India's dependence on coal?

As of February 2022,

– the installed capacity for **coal-based power generation** across the country accounts for about **51.5%** of power from all sources.

– **Renewable power** accounted for **27%**

– **Natural gas** as fuel accounted for **6.3%**

Coal-based power stations are retired periodically, which happens all the time. But is not fast enough nor are new additions being halted. And coal is still inexpensive compared with other sources of energy.

According to the IEA's Coal Report 2021, India's coal consumption will **increase at an average annual rate of 3.9%** to 1.18 billion tonnes in 2024.

So, it is not easy to shift away from coal overnight.

How has Russia-Ukraine war made India's move away from coal difficult?

Increasing prices of natural gas: Natural gas has been dubbed as the transition fuel in India's plans to move away from coal. The international cost of natural gas has zoomed in the recent past from a level that was considered already too high to be financially viable.

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- On May 17, 2022, the price per MMBTU of gas was ₹1,425, compared with ₹500 in April, 2021.

Of the 25,000 MW of gas-based power plants, about 14,000 MW remains stranded, or idle, because they are **financially unviable**.

While renewable energy sources are cheaper than coal, their ability to generate power consistently is **subject to the natural conditions** — the wind and the Sun. Coal can give power on demand.

Storage technologies are **still not mature enough** to help renewable energy sources become reliable generators of power.

Is there a coal availability crisis that is exacerbating our problems?

It appears that the sudden rise of demand post-pandemic has caught policymakers off guard. From having asked States only recently to stop importing coal, the power Ministry urged States earlier this month to **step up coal imports** as the private sector would take till about 2025 to produce significant amounts of coal.

As per a letter by the Ministry, Coal India, the country's largest supplier of the dry fuel is set to **import coal** for the first time since 2015. The aim of the exercise is to avoid a repeat of the power outage crisis that India faced in April — the worst in more than six years.

An internal power Ministry presentation is said to point to a 42.5 million tonne (MT) coal shortage in the quarter ending September on the back of high demand for power supply. Without imports, utilities are **likely to run out of coal supplies by July**.

GS3 – ENVIRONMENT – ENVIRONMENTAL ISSUES

ENVIRONMENTAL IMPACT OF TOBACCO CONSUMPTION

11. Of lungs, trees and sin stocks

Source: This post is based on the article “Of lungs, trees and sin stocks” published in **The Hindu** on **31st May 22**.

Syllabus: GS3 – Environment and conservation

Relevance: Environmental and health impact of the tobacco industry

Context: In 1987, the World Health Organization (WHO) marked ‘World No Tobacco Day’ to bring attention to the ill-effects of tobacco.

‘Poisoning our planet’ is the theme for May 31 this year, in an effort to highlight the ill-effects of tobacco on the environment.

Meanwhile, large corporate enterprises themselves are making efforts to reduce the harm of tobacco consumption

Prevalence of tobacco consumption in India

The second Global Adult Tobacco Survey estimated that **28.6% of all adults in India** used tobacco in 2016-2017, second only to China.

The survey said **42.4% of men** and **14.2% of women** used tobacco — both the smokeless form, i.e. chewing tobacco, and smoked form, i.e. cigarettes and ‘bidis’.

What are the ill-effects of tobacco?

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On health

- In 2021, smoking killed about 8 million people. But tobacco is not just a bane on human health.
- Although farming of tobacco only contributes to 1% of GDP as per one study, the **direct health expenditure** on treating tobacco-related diseases alone accounts for 5.3% of total health spending in India in a year (WHO).

On environment

According to the WHO,

- 600 million **trees are chopped down** annually to make cigarettes
- 84 million tonnes of **CO₂ emissions** are released into the atmosphere
- 22 billion litres of **water** is used to make cigarettes.

In addition to the environmental costs of production, cigarette butts, packaging, plastic pouches of smokeless tobacco, and electronics and batteries associated with e-cigarettes pollute our environment.

India, the world's second-largest producer of tobacco, produces about 800 million kg annually.

[What are some challenges in countering tobacco epidemic?](#)

Need to do more: Most efforts to counter the tobacco epidemic have been directed at creating awareness about the ill-effects of tobacco. These have borne fruit. Over 90% of adults in India, across strata, identify tobacco as being harmful. Additional gains in overcoming the ill-effects of tobacco are therefore unlikely to come from more awareness campaigns alone.

Source of livelihood: About 6 million farmers and 20 million farm labourers work in tobacco farming across 15 States (Central Tobacco Research Institute). Farming of tobacco cannot be stopped without serious economic consequences and/or social disruption.

[What are the efforts being made by companies?](#)

Use of carbon credits: The forestry community has devised solutions and instruments to incentivise the reduction of deforestation through the use of carbon credits.

- With the surge in new commitments to zero carbon from the international commodity sector, **companies are putting pressure on their supply chains to transition to sustainable practices and reduce deforestation.**

Carbon sinks: Companies like Unilever, Amazon, Nestlé, Alibaba, and Mahindra Group are **pledging to cut emissions** and are poised to invest an estimated \$50 billion in nature-based solutions such as carbon sinks. This is driving new interest in sourcing from sustainable landscapes and buying high-quality forest carbon credits. The revenue from this is many times higher than the earnings from selling tobacco leaves.

Cigarette companies themselves appear to be changing. In 2016, one of the largest cigarette companies pledged to begin transitioning its customers away from tobacco to smoke-free products. By transitioning to safer nicotine delivery systems, and moving away from tobacco, cigarette companies are potentially **lowering the risk of their customers dying from cancer.**

The **rise of environmental, social, and governance (ESG) managers** has helped.

[Way forward](#)

While there are problems in the business of tobacco and cigarettes, there are options, solutions and global movements being undertaken by the largest corporate enterprises.

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Educating potential consumers to not consume tobacco, supporting consumers in their journey to quit, and incentivising industry to help consumers and the planet will protect not just our lungs, but also the air we breathe.

GS3 – INDIAN ECONOMY – INCLUSIVE GROWTH AND ISSUES ARISING OUT OF IT

GROWTH IN THE NE REGION

12. How the Northeast has been transformed in the last eight years

Source: The post is based on an article “**How the Northeast has been transformed in the last eight years**” published in the **Indian Express** on **31st May 2022**.

Syllabus: GS3 Inclusive Growth

Relevance: North-Eastern Region, Balanced Regional Growth and Development

News: There is an upcoming workshop of chief ministers and chief secretaries of Northeastern states along with Union ministers and secretaries on developmental issues of the Northeast.

Since the last eight years, there has been a magical transformation of the eight Northeastern states, shooting N-E to prominence as the **Ashtalakshmi** of the nation.

Issues in N-E Development So Far

The eight states of the Northeast have not been given the attention they deserved.

The states have been facing the problems of **insurgency**, **difficult terrain**, **cultural distinctiveness** and **political apathy**.

Potential of N-E

Prime Minister Modi has called the Northeast region as “**India’s natural economic zone**”. The region has been given a priority. Now, the region is called as “**new growth engine of India**”.

It is endowed with extraordinary **natural wealth**, a **strategic advantage** as the **gateway** to Southeast Asia and unrivalled **economic potential**

What have been the developments in the N-E Region in the last eight years?

(1) **Militancy incidents** have reduced by 74 per cent, **civilian deaths** have come down by 84 per cent, more than an 800 per cent increase in **surrenders** by extremists, and **AFSPA** has been lifted from some districts for the first time in decades.

(2) The **budgetary support** to the Northeast has risen from Rs 36,108 crore in 2014 to Rs 76,040 crore in 2022 (110 per cent).

(3) The government has launched programmes to **increase mobility** and **connectivity** in the North—Eastern region(N-E).

(a) In 2014, Arunachal Pradesh and Meghalaya were put up on the railway map for the first time;

(b) Arunachal’s Itanagar, Tripura’s Agartala and Manipur have been connected and in the remaining five capitals connectivity projects are nearing completion.

(c) The Government of India has been focusing on **road connectivity**. For example, over 38,000 kms of rural roads have been completed since 2014

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(d) The **number of airports** has increased from just six in 2014 to 15. The N-E region have been given **priority** under the **UDAN scheme**. There are 46 operational routes in the region.

(4) The tele-density (number of phones per 100 people), especially **rural tele-density** has significantly improved in the Northeast states.

(5) BSNL has recently commissioned **20 Gbps international bandwidth** for the Northeast through Cox's Bazar in Bangladesh. This will address the issues of latency and network congestion in the N-E. The improvement in **internet connectivity** will open for the establishment of software parks and high-speed data centres in the **BPO** and **IT industry**, in N-E Region.

(6) the **inherent strengths** of the region are being leveraged in sectors like agriculture, tourism, textiles, handicrafts. For example, the North Eastern Regional Agricultural Marketing Corporation has been revived; and the **National Mission for Edible Oil** (for palm oil) aims to leverage the region's potential.

(7) The welfare schemes viz. Pradhan Mantri Garib Kalyan Anna Yojana (PM-GKAY) and the National Food Security Act (NFSA) are being implemented.

Way Forward

Prime Minister Modi has articulated solutions ingrained in the governance philosophy of **sewa, sushasan and gareeb kalyaan**.

A **joint agri task force** should be formed which would provide **strategic direction** to the initiatives. It will also ensure **speedy resolution** and implementation of **various agri and allied sector schemes**.

The union and state government should work with the spirit of **cooperative federalism**. There should be collective responsibility for the development of the region.

There is an ambition of making the Northeast the hub of **sports** in the world, a leading exporter of **exotic horticultural products**, a hotbed of **startups** and the most attractive tourist destination in India.

GS3 – INTERNAL SECURITY – THREATS TO INTERNAL SECURITY

CHALLENGES TO INTERNAL SECURITY

13. Doses of statecraft to meet India's challenges

Source: The post is based on an article “**Doses of statecraft to meet India's challenges**” published in the “**The Hindu**” on **31st May 2022**.

Syllabus: GS3 Internal Security

Relevance: Security-based interventions and Statecraft

News: Recently, the Russia-Ukraine War and the political turmoil in South Asia dominated the newspaper headlines. These developments have pushed the debate on India's many internal security problems on the backburner.

Internal Security problems in India

Case Studies of limitations of security solution

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(1) Upheaval in Kashmir: The J&K has continued to see extreme violence followed by spells of near normalcy since 1947. The situation has become more volatile since the revocation of Article 370 of the Constitution.

Now, terrorists have started **targeted killings** of police officers, **outsiders**, mainly Kashmiri Pandits. There were warnings that this year's **Amarnath Yatra** could be one of the targets of the militants.

No proper solution has emerged to a long-standing problem. The **doctrine of containment** is not having the desired effect. There is an absence of an **all-in-one grand strategy** to deal with the situation.

(2) The continuing problem involving Maoists.

Maoists or Naxalites having strong ideological underpinnings have continued to exist since the late 1960s when **Charu Mazumdar** talked of a '**Spring Thunder over India**' and created inspiration.

The Maoists have combined **ideological ideation** and **brutal killings** to pose challenges to the police, intelligence and security establishments of the States and the Centre.

It represents the biggest challenge to the idea of India. Despite negotiations, Maoists have seldom displayed a commitment to peaceful ways.

Maoists find an echo among intellectuals in the cities and the 'poorest of the poor' in the rural areas

(3) Pro-Khalistan movement: there is a resurgence of militancy in the Punjab. For example, '**sleeper cells**' have been discovered in Punjab, the recent attack on the **HQ of Punjab Police Intelligence wing** in Mohali. The movement has the backing of Pakistan's Inter-Services Intelligence. It indicates that Punjab militancy has not been permanently extinguished.

(4) Insurgency in North-East: In Assam, the **United Liberation Front of Asom-Independent (ULFA-I)**, which operates from Myanmar is trying to revive its activities after a long spell of hibernation. In Nagaland, the **National Socialist Council of Nagalim (I-M)** has initiated a fresh push for a solution of the 'Naga political issue'

(5) A threat in the South: There are signs of a possible revival of LTTE-sponsored militancy in Sri Lanka due to recent economic crises and uncertainty there. This is likely to revive LTTE-sponsored activities in Tamil Nadu

What are the limitations of a security vigil?

The security agencies, which do a security vigil, can only deal with the **immediate threat**. They are a **temporary solution** and will not amount to problem-solving.

The forces threatening the state have adopted **new technologies** and **modes of warfare**.

What does Statecraft involve?

It involves

- **fine-grained comprehension** of inherent problems
- an ability to quickly respond to **political challenges**.
- strengthening the ability to **exploit opportunities** as they arise. It involves a **degree of political nimbleness** rather than leaving everything to the **security agencies**.

9 PM Compilation for the Month of June, (First Week) 2022

In addition to faith in the **security establishment**, it requires putting equal emphasis on implementation of **policies** and **programmes**, **formulating strategies** that favour **political deftness**, strength and agility.

Way Forward

Long-term solutions require the use of **statecraft**. In many countries, both the authorities and security agencies are beginning to acknowledge the importance of resorting to **statecraft**.

A **deft statecraft** is needed to prevent a resurgence of the past. It is critical in finding lasting solutions to a host of problems that continue to afflict India.

The grand strategy, grand simplifications or resort to higher doses of security cannot solve the security problems.

A properly structured set of policies, having **liberal doses** of statecraft in addition to a proper set of **security measures**, is the best answer to India's needs, now and in the future.

GS3 – SCIENCE AND TECHNOLOGY – RESEARCH AND DEVELOPMENT

SCIENTIFIC RESEARCH AND RELATED ISSUES

14. **Linking science and innovation**

Source: The post is based on an article “**Linking science and innovations**” published in the **Business Standard** on **31st May 2022**.

Syllabus: GS3 Science and Technological Development

Relevance: Research and Development

Context: As per **Wilhelm von Humboldt**, the purpose of a research university is to search for knowledge. However, it is said that such knowledge becomes more beneficial when it walks out of the university's door in the heads of its students.

About the linear model of innovation

This mental model states that scientific research leads to discoveries. These discoveries enable the development of new technology. The new technology feeds into production and the market.

Shortcomings in the model

Scientific research actually has a very limited role in **industrial innovation**. This is because scientific research aims to generate new ideas or lead to an enhanced understanding of nature. Whereas, **technology** is meant to expand the realm of **practical human possibility**. It is aimed at developing a new product or service. Therefore, utility is at the heart of technology, or engineering

About a chain-linked model of innovation: It was proposed to replace the simplistic linear model.

(1) It proposes that Innovation starts and ends with the market. Further, designing and testing is the **core development activity**.

(2) Knowledge — both technological and scientific — plays a key role not as a trigger for innovation, but as a repository which helps **solve problems**. Research is done to gather more knowledge to solve the problem where present knowledge has failed to solve problems.

9 PM Compilation for the Month of June, (First Week) 2022

(3) Scientific research plays an important role in reinvigorating technical progress in some particular field. It is important in science-based industries and to the innovation of new technological paradigms. For example, it plays an important role in the advancement in certain fields, like **biotechnology** and **semiconductors**.

(4) The scientific research in itself alone does not matter in most of the world's R&D effort. R&D in firms aims to improve existing products through development of new products. Thereafter, public scientific research alone does not matter. The firms must have **in-house research** to produce new knowledge using the output of the public research system. Therefore, **Public scientific research** can serve as a **well-spring** for **industrial innovation**.

Importance of public research:

(1) The public research done in the research universities are great sources for **new scientific understanding**. For example, Stanford is seen as a definitive contributor to Silicon Valley and its technology giants.

(2) **Talent (or Student) is the key output of public research:** For example, Stanford's students have found a number of great companies — Hewlett-Packard, Varian, Google, Yahoo, Uber, Twitter, Apple, and hundreds more. There have been a number of other contributions in the field of economy, science, literature and every field.

India's R&D Situation

In 2019, the Indian government funded roughly 63% of the national R&D. About 7% R&D happened in our universities, and 56% in autonomous government R&D laboratories.

Approximately 10% of National R&D is **publicly funded scientific research** aimed explicitly at industry in the **Council of Scientific and Industrial Research**, the Ministries of Science and Technology, Earth Sciences, and Electronics and Information Technology, and the Department of Biotechnology.

What are the problems in India?

India's publicly-funded research is mostly concentrated in autonomous laboratories instead of **industry** and the **higher education system**. This may lead India to miss a huge opportunity.

The scientific researches in India have been under-invested or under-funded because it has been believed that the benefits would not be apparent enough.

Way Forward

There should be clarity about the **concepts of science** and **technology**. This can save firms and public research institutions from wasting work and effort.

The government should focus on increasing **public subsidy** of scientific research. Further, India's publicly funding scientific research must be done within the **higher education system**, and not in autonomous laboratories.

Doing research in the autonomous laboratories deprives society from getting output of talent (or students).

EVs AND RELATED ISSUES

15. India's EV ambition rides on three wheels

Source: This post is based on the article “**India's EV ambition rides on three wheels**” published in **The Hindu** on **1st June 22**.

Syllabus: GS3 – Energy and Infrastructure

Relevance: Electric Vehicles (EVs) and related issues

Context: Three-wheeler EVs have come to dominate the EV landscape in India. Given the success of e-three-wheelers, it is worth taking a closer look at their dominant position, how they got here, and what India's EV policy can do to sustain their success and extend it to the other categories.

Domination of three-wheelers in EV segment

Three-wheeler EVs like e-autos and e-rickshaws account for close to **65% of all EVs registered in India**.

- In contrast, two-wheeler EVs come at a distant second with over 30% of registrations and passenger four-wheeler EVs at a meagre 2.5%.

Under the targets for FAME-II, e-three-wheelers have crossed over 4 lakh vehicles of the 5-lakh target since 2019. The numbers are expected to be higher given the prevalence of unregistered vehicles in India.

At the current rate, e-three-wheelers are expected to **breach the 5-lakh target by 2023**.

State wise trends of e-three-wheeler registrations in India

The EV registrations data show that **Assam, Bihar, Delhi, Uttar Pradesh and West Bengal** account for close to 80% of all e-three-wheeler registrations, with U.P. accounting for close to 40% of all registrations.

Of these five States, Assam, Delhi, U.P., and West Bengal have formalized EV policies while Bihar has a draft policy with a final policy due to be introduced later in 2022.

Indigenously designed and produced, e-three-wheelers like e-rickshaws have become a common sight in these States.

What are the reasons behind this growth?

State-specific factors

With **financial assistance from FAME-II**, local manufacturers have built a truly Indian EV with its unique design catering to Indian commuter needs. Costing between ₹1 lakh and ₹1.5 lakh, e-three-wheelers are **produced by scores of local workshops and small enterprises** and have come to dominate the e-three-wheeler market.

The **EV policies put in place by these States** as part of FAME-II have been instrumental in driving this growth. The focus of the EV policies of these five States is on accelerating adoption of EVs among consumers and promoting local manufacturing.

– All five States provide **road tax exemption of 100%** and on registration fees.

– Assam, Delhi and West Bengal have linked incentives to the battery size (in kWh) with additional benefits on interest rate on loans and scrapping incentives in some cases.

9 PM Compilation for the Month of June, (First Week) 2022

- U.P. offers **100% interest-free loans to State government employees** for purchasing EVs in the State and 30% subsidy on the road price of EVs to families with a single girl child. To promote sales of EVs manufactured within the State, U.P. **exempts SGST** on all such vehicles.
- Bihar's draft EV policy also **focuses on adoption and manufacturing**.

These States have performed exceptionally well in the FAME-II scheme and are on their way to achieve the target of 5 lakh e-three-wheelers.

High population density and **shortage of affordable public transport** in all these states, may also be contributing factors.

Overall factors

Developing both the demand and supply sides.

Subsidies, tax exemptions, and interest-free loans.

Why e-three-wheelers are more popular?

Inexpensive means of transport for millions, are **easy to maintain**, and have **relatively low operating costs**

The indigenous design allows for **easy local manufacturing** in workshops and small enterprises and makes them **relatively easy to charge and maintain** compared to their two-wheeler and four-wheeler counterparts.

Issues with e-two and four wheelers: This segment has problems both on the demand and supply side.

Since two-wheelers and four-wheelers are essentially associated with personal use, **consumers are justifiably apprehensive** in adopting such vehicles given the host of issues which come with it.

The **recent incidents of fires in e-scooters** have added to the apprehension.

Reliable manufacturers with proven track records in the two-wheeler and four-wheeler EV space in India **are hard to come by**.

This further adds to the supply side crunch and there are very few affordable offerings for the consumer.

Way forward

Subsequent EV policies must pay **special attention to safety issues**, and incorporate appropriate design and passenger safety standards.

State-level policies have led to an increasingly fragmented manufacturing industry with non-uniform standards. This fragmentation has led to legacy automakers struggling to compete with the large number of manufacturers in every State. EV policies must address this issue so that legacy automakers are not demotivated from competing in the e-three-wheeler space.

Future EV policies must therefore **take into account the existing and emerging stakeholders** on the demand and supply sides for effective implementation.

With the prevailing trajectory of EVs, India must take lessons from its e-three-wheeler success story to sustain its EV ambitions.

PUBLIC EXPENDITURE AND RELATED ISSUES

16. **States should focus on the quality of public expenditure**

Source: This post is based on the article “**States should focus on the quality of public expenditure**” published in **Livemint** on **3rd June 22**.

Syllabus: GS3 – Economy – Mobilization of resources

Relevance: GST and related issues, public expenditure management

News: States were guaranteed bi-monthly compensation for any loss of revenue in the first 5 years of GST implementation from 1 July 2017. The 5-year period will end on 30 June and there is a growing demand from many states to extend the GST compensation mechanism beyond that.

Given this **uncertainty over the extension** of GST compensation and the possibility of it tapering off at least in the medium term, it is imperative for states to devise strategies towards **prudent public expenditure management**.

How can states create additional fiscal space?

Additional fiscal space can only be created through two routes:

- either by enhancing both tax and non-tax revenues, or
- by careful expenditure management.

As possibilities for the first route are constrained within the federal system, the second route could be a pragmatic approach.

In this context, **getting expenditure priorities right** and **efficiently utilizing funds** is of paramount importance.

The **13th Finance Commission** had also suggested that due weightage be given to “*the need to improve the quality of public expenditure to obtain better outputs and outcomes*” from fiscal transfers.

What is the key constituent of prudent public expenditure management?

An important constituent of the quality of public expenditure is **reducing committed expenditures in budgets** and focusing on outlays that are “future-” and “growth-oriented”.

- This entails an assessment of the institutional arrangements relevant to the **fiscal rules** and **budgetary procedures** in states.

Steps already taken

- As a first step, a **system of performance budgeting was introduced** to assess performance against set goals/objectives. However, this was not able to establish a clear one-to-one relationship between financial budgets and performance.
- **Outcome budgeting was introduced in 2006-07**, which also recognized that outlays do not necessarily mean outcomes.

What is the RBI’s triple E framework?

A framework was suggested by the RBI study in 2009. This study proposes a “triple E framework” to assess expenditure quality, which has constituents of expenditure adequacy, effectiveness and efficiency.

9 PM Compilation for the Month of June, (First Week) 2022

- **Expenditure adequacy** is in terms of focusing on the government's primary role.
- **effectiveness** is about assessing performance, and
- **efficiency** involves an assessment of the output-input ratio.

What are the present trends wrt public expenditure of states?

Present patterns of public expenditure in many states are unlikely to pass the test set out by the RBI study's 'triple E' framework.

Expenditure adequacy: The classic case of **new welfarism** has been the **proliferation of subsidies and freebies**. Increased allocations for these have often resulted in inadequate allocations for public goods, and hence, low provisioning levels.

Once expenditure adequacy is undermined with expanded subsidies and freebies, the scope for assessing **effectiveness and efficiency** gets narrower and is limited to expanding the coverage of such schemes.

Even though freebies and subsidies increase private consumption and could generate growth in the short term, these **reduce fiscal space in the long term**.

Way forward

States need to rationalize expenditure, which includes reassessing the continued desirability of specific expenditure programmes, such as unbridled subsidy expansion. Such an approach would also help in **realizing possible efficiency gains** in the provision of public goods and services, and thus create fiscal space.

States need to **look beyond GST compensation** and adopt a **long-term view** to manage finances. The long-term solution rests on state efforts at **revenue raising, expenditure re-prioritization or rationalization** and **judicious borrowings**.

State finance commissions (SFCs) – In most states, state governments are either apathetic towards the institution of SFCs, or, in certain cases, poor implementers of the recommendations made. For the sake of their own finances, states must change this.

INDIA'S TRADE POLICY

17. Opinion: How trade can boost India's growth

Source: The post is based on an article "**How trade can boost India's growth**" published in the **Indian Express** on **01st June 2022**.

Syllabus: GS3 Indian Economy; Effects of Liberalization on Indian Economy

Relevance: External Sector, India's Merchandise and Service Export, Macroeconomic Condition.

News: India's exports have reached \$418 billion in FY 2021-22. These figures have surpassed the pre-pandemic level of \$331 billion in FY 2018-19.

Status of India's Exports

National

- Total merchandise trade, including imports of \$610 billion, amounts to \$1.28 trillion for FY 2021-22.

9 PM Compilation for the Month of June, (First Week) 2022

State-wise statistics

– As per the **Export Preparedness Index (EPI) 2021** for Indian states, there were wide variations across the states due to high variation in trade policy, business ecosystem, export ecosystem and performance.

What were the driving forces?

The government's **proactive policy schemes**, such as merchandise exports scheme, duty exemption scheme, export promotion capital goods, transport and marketing assistance scheme have helped the export sector.

In addition, the RBI's **gold card scheme** and **interest equalisation scheme** and the export promotion council's **market access initiative** were also useful.

India's Export Potential

The annual growth rate of India's exports between 2011 to 2020 is a little over 1%. This is way below 3% and 4.2%, respectively, for China and Bangladesh.

According to **India's Trade Portal estimates**, there are a huge difference in India's exports potential and actual exports in many sectors, especially pharmaceuticals, gems and jewellery and chemicals.

India is endowed with a large share of the **working-age population** for the next couple of decades.

Importance of India's Export

The revival of exports has provided relief at a time when major **components** of **aggregate demand** such as consumption and investment had been slowing down.

These milestones on the **trade front** are a sign of a **rising India**. It would certainly accelerate the growth.

The trade achievements are a sign of **growing confidence** in the Indian economy.

The acceleration of **merchandise** and **services exports** could potentially make the Indian economy a \$5-trillion economy.

What are the opportunities?

Many of the manufacturing giants are moving away from the **labour-intensive assembly** of network products, which offers India an opportunity.

As the Economic Survey (2019-20) suggests, "**assemble in India**", particularly in network products, will increase India's share in world exports to 6% and create 80 million jobs.

What are the challenges/threats?

Despite India's offering of a **big market** and **cheap manpower**, the space vacated by manufacturing giants such as Japan, Korea, Malaysia and China have been captured by Vietnam, Bangladesh, Mexico and Thailand.

India's rank in the **logistics performance index** is 44 while China's rank is 26 and South Korea's 25.

The **price competitiveness** of India's exports is lower compared to China, South Korea and others. This is because the unit cost of a container of exports is significantly higher for India compared to others.

9 PM Compilation for the Month of June, (First Week) 2022

Way Forward

It is time to address **sector-specific** and **market-specific problems** to fully capitalise on exports across sectors. India's key strength is in **labour-intensive manufacturing**.

India has to increase its participation in global value chains (GVCs). India should capitalise on the "**China+1**" strategy, avoid protectionism and **inverted duty structures**.

India needs to **find out the reasons which caused MNCs relocation** to countries like Vietnam, Bangladesh and Mexico.

Work on **institutions** facilitating trade, processes for exports and imports and logistics.

Work upon **reduction in trade and transaction costs** as well as ensuring reliability and timely delivery, which is important to becoming part of GVCs.

There are also opportunities arising out of **geo-political conflicts** and the intention of the world to diversify its supply chain portfolio.

The states having scores below the national average should **usher reforms** like reducing red tape and complex laws including taxation.

The **complexities of trade and business** can be reduced by recently concluded FTAs with the UAE, and Australia. This will **reduce tariffs** and **give market access**. These FTAs may help in streamlining policies. Further, India is negotiating FTAs with the UK, GCC and Canada.

The government should bring down **non-tariff barriers such as administrative fees, labelling requirements, anti-dumping duties and countervailing** measures.

In addition to the merchandise exports, India should focus and diversify its **services exports** from IT and IES exports to other categories including travel and tourism and business, commercial and financial services.

GS3 – AGRICULTURE – FOOD SECURITY

FOOD SECURITY IN INDIA

18. **Opinion: For India, a lesson in food security from Sri Lanka**

Source: This post is based on the article "**Opinion: For India, a lesson in food security from Sri Lanka**" published in **The Indian Express** on **2nd June 22**.

Syllabus: GS3 – Food Security

Relevance: Need for self-sufficiency in basic foods

Context: India needs to have a strategy of self-reliance in producing basic foods, including edible oils.

Against this backdrop, the article suggests taking lessons from countries like Sri Lanka, and framing a suitable policy to boost its food security for the long term.

Examples of Sri Lanka and Saudi Arabia

Sri Lanka (SL)- (Huge import dependence despite having the resources)

Its population (21.5 million) is less than Tamil Nadu and Kerala.

9 PM Compilation for the Month of June, (First Week) 2022

Despite this fact, it imports a huge amount of dairy products. For instance: its imports of whole milk powder (WMP) were 89,000 tonnes in 2020. This amount of WMP can produce almost 2.1 million liters per day (MLPD) equivalent to milk. While SL produced 1.3 MLPD domestically.

It translates into an import dependence of over 60% — for a country having very little foreign exchange today to import anything, leave alone milk powder.

Saudi Arabia – (Aiming for food security despite having limited resources)

At the other end, we have Saudi Arabia, home to over 35 million inhabitants (including immigrants) and also the world's largest vertically integrated dairy company.

Almarai Company has six dairy farms in the desert kingdom, producing more than 3.5 MLPD of milk. The animals are sourced from the US and Europe. The entire feed and also forage given to them are procured from abroad.

The company has even purchased thousands of acres of land in California, Argentina, and Romania to grow alfalfa hay, which is then shipped back for feeding the cattle.

India's import dependence for edible oils

India is hugely import-dependent for edible oils, just as Sri Lanka has been in dairy.

– **60% of its total consumption is imported** annually.

Why the import dependence for edible oils has assumed significance now?

Till recently, this dependence didn't seem to matter. **Low international prices** meant that the import bill, though high, fell from **\$9.85 billion** in 2012-13 to \$9.67 billion in 2019-20.

– Indian consumers paid more or less the same for imported palm, soyabean, and sunflower oil in 2019 as they did in 2012.

But in the last couple of years, **retail prices of most oils have increased to almost double or even more.**

– The value of India's vegetable oil imports surged to a record **\$19 billion** in 2021-22.

This has brought to light the dangers of over-dependence on imports of essential food commodities.

Way forward

As a country with a population many times that of Sri Lanka and Saudi Arabia, **India needs to have a strategy of self-reliance for basic foods.**

GS3 – INDIAN ECONOMY – MONETARY POLICY

INFLATION AND RELATED ISSUES

19. **Price Of Wrong Price Strategy**

Source: The post is based on an article “**Price of wrong price strategy**” published in the **Times of India** on **3rd June 2022**.

Syllabus: GS3 Indian Economy, Issues and Challenges in growth and development of the Indian Economy

Relevance: Inflation Targeting

9 PM Compilation for the Month of June, (First Week) 2022

News: India is now facing a dual problem of **low growth and high inflation** at the time when India is facing a **historic opportunity** to use exports to boost India's **GDP growth**.

Historic Opportunities

Two large countries China and Russia are reducing their presence on the **international trade landscape, providing opportunities to India:**

- China, the main export engine of the world has been shutting down its factories, and MNCs are looking for new production locations, and
- Russia is facing strict economic sanctions

What is the status of inflation and growth in the Indian Economy?

Inflation

Inflation has been surging alarmingly over the past few weeks. The **CPI (consumer price index) inflation** was close to 8% in April against the RBI's legally mandated target of 4%.

Growth

The **economic recovery** has been much weaker than expected. The growth was 4.1% in the fourth quarter of 2021-22.

What are the driving forces behind rising inflation?

This has been primarily due to **supply-side bottlenecks**. This has been triggered first by the pandemic and subsequently by the Russia-Ukraine War and lockdowns in China.

Measures Taken Now

(A) Monetary Policy Strategy

RBI has been pursuing an **easy monetary policy**. For example, RBI is still in "**accommodative**" mode.

(B) Fiscal Policy Strategy

The central government is trying hard to bring down the cost of commodities.

The central government has now announced a slew of measures to ease the **supply constraints**. For example, ban on wheat exports, cap on sugar exports, lowering of the excise tax on petrol and diesel, reduction in the import duty on steel, imposition of an export duty on steel products and increased the export duty on iron ore among others.

What are the issues in the RBI and the government measures to tackle inflation?

(A) Monetary policy

Despite having supply constraints, RBI's monetary policy is aimed at **encouraging demand**. As a result, inflation has been increasing.

(B) Fiscal Policy

It is going to have a **modest effect** on inflation because inflation is now **broad-based**. It means, it has extended to virtually every **good** and **service** in the economy.

Instead of the inflation containment, the government's interventions will damage **growth** by undermining **exports** and **investment**.

How will the government measures impact the growth?

9 PM Compilation for the Month of June, (First Week) 2022

The government's actions will have only a **marginal effect** on inflation. These efforts may cause significant damage to the **incipient recovery**.

India has unprecedented scope to attract **international firms** to produce and export from here. But, exploiting the opportunities requires an **appropriate policy stance, and a stable and consistent trade policy**.

The radical policy exposes both **exporters** and **importers** to large losses. For example, firms cannot fulfil their contracts. Thus, foreign firms will be reluctant to place orders with Indian firms.

MNCs will be **discouraged from shifting their production to India** due to a risk that its exports could be banned, and its imports may be subjected to high duties overnight.

The **Centre's revenue will see reduction** due to reduction in excise taxes on petrol and diesel.

Way Forward

The **macroeconomic policy** has the delicate task of simultaneously **tackling inflation** and promoting the **recovery**. Therefore,

The **RBI** must take full responsibility to **tackle inflation**. It should give a clear signal that it will focus only on bringing inflation down without getting distracted by any other objective.

The **government** should focus on **growth**. It should reduce market interventions, eliminate prohibitions, and dismantle trade barriers. This will incentivise the firms to export and invest.

The government needs to step back from the inflation fight, and instead encourage RBI to tighten monetary policy.

20. Inflation demands fiscal action more than a monetary one

Source: The post is based on an article "Inflation demands fiscal action more than a monetary one" published in Live Mint on 02nd June 2022.

Syllabus: GS 3 Indian Economy, issues and Challenges in mobilization of resources; growth and development

Relevance: Inflation

News: Recently, Inflation in India has been on an upward path

Status of Inflation

Wholesale price index inflation stands at 15% and consumer price inflation is nearly at 8%.

About the monetary policy system in India

In 2015, India introduced the '**channel system**', in contrast with the '**floor system**' of the US.

The policy rate ranges between **the upper bound rate** at which banks can borrow from RBI under penalty and **the lower bound rate** (such as the marginal standing facility), at which banks can park their funds with RBI for a positive rate of return (referred to as the reverse repo rate).

Should RBI do another hike in its policy interest rate soon?

The RBI's standing deposit facility (SDF) rate of 4.15% along with a repo rate hike to 4.4% counts can lead to **double tightening** of monetary policy.

9 PM Compilation for the Month of June, (First Week) 2022

At present, RBI has adopted the SDF rate at the place of the **reverse repo rate**. The SDF rate (4.15%) is well above the old 3.35% reverse repo rate. Overall, an SDF is beneficial as it **does not require the collateral of government securities**, while reverse repo transactions do. This will **free up G-Secs for other collateralized borrowings**, reducing the risk in such transactions significantly, etc.

An increase in the upper bound (repo rate) makes it costly for banks to have inadequate reserves.

Similarly, a decrease in **the lower bound** reduces their incentive to **park money** with RBI and increases liquidity in the banking system, affecting other short-term interest rates as banks go in search of adequate returns on now-surplus funds.

The RBI has raised the reverse repo rate from 4%, to 4.40%. The SDF rate was revised from 3.75% to 4.15%. This means monetary policy was tightened considerably in two ways.

Should monetary policy respond to supply shocks?

The current rise in inflation is primarily a result of oil price escalation on account of the Ukraine-Russia war. This inflation has rippled through all other commodity prices. It constitutes a **supply shock**.

If RBI raises its lending rate further, it may lead to **another shock**. For example, the **working-capital loans** and **short-term credit lines** to firms will become costlier.

Way Forward

Monetary Policy

The **channel** or **corridor** itself is also an **effective policy tool**. If the central bank wants to tighten monetary policy, instead of increasing its policy rate each time, the RBI can shift the **corridor up**.

The corridor changes alter the **opportunity cost of funds** kept with RBI. For example, if the corridor is shifted downwards, or if the lower-bound SDF rate is declined, banks won't keep extra funds with RBI. They would invest elsewhere for returns. It will increase demand for **short-term securities**, thus raising their **prices** and **lowering yields**.

The corridor changes have better and more **direct transmission** than **transmission of policy rate changes**.

Fiscal Policy

The government can go for **fiscal policy**. For example, price relief on petroleum products through a reduction in taxes.

At present, the wholesale inflation has not translated directly into retail inflation so far. Therefore, the government should release stock to address food inflation.

The government can invest in cold chains for perishables. It can stabilize prices in the longer term and help India keep inflation in control.

ASSET MONETISATION

21. Asset monetisation

Source: This post is based on the article “**Asset monetisation**” published in the **Business Standard** on **2nd June 22**.

Syllabus: GS3 – Economy – Mobilization of Resources

Relevance: Asset monetisation and related issues

News: The Union government’s asset monetisation plan seems to be facing resistance from government departments and public sector enterprises (PSEs).

The government’s target of mobilising Rs 1.62 trillion in the current fiscal year would thus become difficult to achieve.

What is the progress of Asset monetisation plan?

As per reports, PSEs in the oil and gas sector, such as Hindustan Petroleum Corporation, Indian Oil Corporation, and GAIL, **may not go ahead** with the pipeline monetisation plan.

– The government was expecting these firms to transfer part of their pipeline assets to infrastructure investment trusts and raise resources.

– The asset monetisation pipeline of central government departments and PSEs is estimated to have a **monetisation potential of Rs 6 trillion by 2024-25**. The idea is to transfer public sector assets to the private sector for a limited period to **unlock value** and reinvest the proceeds in other or new assets. Expected efficient use of assets in private hands will also increase overall benefits

Another report suggested the Ministry of Railways and Department of Telecommunications are also **lowering their target** for asset monetisation, and will depend more on internal resources and budgetary support for investment.

Why are PSEs reluctant to monetise their assets and the resultant impact?

The petroleum sector PSEs consider pipelines **core assets** and are reportedly not keen to monetise them.

These firms are also said to have argued that they are in a **better position to mobilise funds from the markets at a lower cost** for investment.

Impact:

The reported reluctance among the PSEs and government departments to monetise assets **could affect the overall investment** in the economy.

Why asset monetisation is needed?

Since private sector consumption and investment demand are still weak, **higher government expenditure** can help revive demand.

Although the government has been supporting the economy with higher investment, its **finances are stretched**, and it is not in a position to significantly increase the scope of expenditure.

In this context, **asset recycling and monetisation could be useful in pushing up overall investment** in the economy. Although India needs higher investment in general, its importance in the post-pandemic period has only increased.

9 PM Compilation for the Month of June, (First Week) 2022

Way forward

Since some participants seem unwilling, the government would do well to **reassess the asset monetisation plan**. It is likely that some PSEs are unwilling to give up control of core assets for good reasons and should not be forced to do so.

To be sure, a **one-size-fits-all solution may not work**. The idea of transferring assets for a defined duration can work well in a sector like roads, for instance. In the petroleum sector, the **inability to pass on higher prices will dent the profitability and investment capability** of PSEs, which may not be covered by asset monetisation.

Further, the government should **push full privatisation of PSEs**. Asset monetisation in state-owned telecom companies, for instance, is unlikely to take them very far.

The govt departments that hold large assets, such as the railways, will **need to be dealt with differently**. Different kinds of assets will need **different methods for monetisation**.

DISINVESTMENT AND RELATED ISSUES

22. **Improve governance before divesting**

Source: The post is based on an article “Improve governance before divesting” published in the Business Standard on 02nd June 2022.

Syllabus: GS3 Issues and Challenges in Mobilization of Resources; Investment Models

Relevance: Disinvestment and Privatization; Corporate Governance

News: In the last few decades, the government has realised that the **public sector enterprises (PSEs)** should not be present in many of the sectors of the economy. Therefore, they need to exit.

What are the issues in the functioning of the PSEs?

The listed PSEs perform worse than their **sectoral peers** on the stock market.

– For instance, during FY17 to FY22, the **PSE index return (Nifty PSE)** was less than 2% compared to Nifty 50 return of over 90% and Nifty 500 return of over 85%.

Investors do not have full faith in the PSEs. They are **sceptical** whether their operations are based only on market considerations, whether PSEs will keep shareholders’ interest as supreme and whether their boards are actually independent.

Investors expect that the structural/operational issues of the PSEs should be resolved before they are listed/or if already listed, to resolve them without any delay.

In the last few decades, the corporate governance norms and standards in India have evolved. The recommendations of **Kumar Mangalam Birla Committee** 1999 led to the **clause 49** requirement in the listing agreement of companies with stock exchanges.

Listed PSEs routinely seek **various regulatory dispensations or** exemptions. They cite various reasons like serving a public purpose, historical reasons, strategic consideration, PSE’s incorporation under special act, and so on. Therefore, they have put little effort to **align** their **structures, operations and work culture** in line with the other listed companies in the private sector.

In India, the rule-making on the subject of **minimum public float norms** for listed companies is in the government’s domain. However, world over this is in the realm of **market regulators** and stock exchanges.

9 PM Compilation for the Month of June, (First Week) 2022

The PSEs often disregard the **rule** whether they **don't have relaxations**. For instance, **55 listed PSEs** didn't have the requisite number of **independent directors** and **28** didn't have even **one-woman directors** (independent or otherwise) on their board.

There is **constant pressure** to achieve the **annual target of the disinvestment amount**. The government does little to improve the corporate governance of PSEs.

Way Forward

It is important for the PSE to improve the corporate governance norms before initiating any divestment/privatisation process.

The PSEs should follow the same regulatory norms and framework like their peer firms which are listed on the stock market.

The Uday Kotak Committee has taken into account the changing scenario, the experience gained, and reviewed the corporate governance norms.

Instead of announcing the **disinvestment amount target**, the government should announce the **annual targets** like the number of PSEs to achieve minimum public float in that year; meeting the norms of independent directors and a woman director in their board; etc.

The new approach will benefit the investors in PSEs and will fetches **better price** to the government during divestment or privatisation.

GS3 – AGRICULTURE – MAJOR CROPS

FALL IN THE PROCUREMENT OF WHEAT

23. **A ban on wheat exports was the country's least damaging option**

Source: This post is based on the article “**A ban on wheat exports was the country's least damaging option**” published in **Livemint** on **3rd June 22**.

Syllabus: GS3 – Economy

Relevance: Wheat export ban and related issues

Context: The Indian export ban on wheat in mid-May drew much negative attention. The ban was on private sector wheat exports, leaving open government-to-government contracts.

The widespread criticism of the ban was misplaced.

[Details about the wheat export ban and related issues](#)

The issue has been covered in detail in the following articles,

- [Boon to ban: How the wheat export story changed in two months](#)
- [Why GoI can resume wheat exports](#)
- [What explains India's U-turn on wheat exports?](#)
- [India can't feed the world with a major chapati crisis at home](#)
- [Frequent policy flip-flops are bad for farmers as well as consumers](#)

Why the criticism of the wheat export ban is unwarranted?

Economists routinely condemn sudden policy reversals because these erode trust in government. However, in this case, it was the **least damaging of options** before the government.

Reducing the free food grain would have been an even more disastrous betrayal of public trust.

9 PM Compilation for the Month of June, (First Week) 2022

To have provided farmers a bonus above the MSP of ₹250 per quintal, so as to outcompete export demand, would have been a **fiscally disastrous additionality** to the food subsidy.

In the midst of a fiscal watch on public debt levels, and inflation concerns, all avenues were blocked other than a ban on free-flowing wheat exports.

The wheat export ban signalled **cognizance by the government of the need for multiple actions** to stem inflation

How have other countries responded to India's wheat export ban?

International calls to reverse the ban continue.

At a high-level ministerial meeting in New York on '**Global Food Security: Call to Action**', India was reminded of its global responsibilities, especially in the context of its upcoming role as chair of the G-20.

The issue figured prominently in a meeting of the UN Security Council. And of course, it will come up at the G-7 meeting later this month in Germany.

The immediate reason for the ban was the drop in the production of wheat due to extreme heatwave conditions caused by global warming and climate change.

Global leaders reminding India of its responsibilities have themselves not come through with their climate finance commitments.

Way forward

The principle is clear.

The setting of global targets and monitoring of individual country contributions cannot be selectively done by a powerful subset of countries. Countries outside that exclusive subset have to be **allowed to retreat from commitments** to the free flow of exports if their domestic imperatives compel them to do so