ForumIAS

7 PM COMPILATION

1st to 15th July, 2022

Features of 7 PM compilation

- ❖ **Comprehensive coverage of a given current topic**
- ❖ **Provide you all the information you need to frame a good answer**
- ❖ **Critical analysis, comparative analysis, legal/constitutional provisions, current issues and challenges and best practices around the world**
- ❖ **Written in lucid language and point format**
- ❖ **Wide use of charts, diagrams and info graphics**
- ❖ **Best-in class coverage, critically acclaimed by aspirants**
- ❖ **Out of the box thinking for value edition**
- ❖ **Best cost-benefit ratio according to successful aspirants**

Five Years of GST: Achievements, Challenges and Way Ahead – Explained, pointwise
Topic:- Economic development
Sub topic:- Government Budgeting.

Issues in the Working of Anti-Defection Law – Explained, pointwise
Topic:-   Indian Constitution and Polity
Sub topic:- Indian Constitution-features, amendments, significant provisions and basic structure.

[Yojana June Summary] Artificial Intelligence and Machine Learning – Explained, pointwise
Topic:- Science and Technology
Sub topic:- Developments and their applications and effects in everyday life.

Antimicrobial Resistance (AMR): Causes, Concerns and Remedies – Explained, pointwise
Topic:- Science and Technology
Sub topic:- Awareness in the fields of IT, Space, Computers, robotics, nano-technology, biotechnology

India's Engagement with Taliban – Explained, pointwise
Topic:- International Relations
Sub topic:- India and its neighbourhood- relations

Frequent Floods in Assam – Explained, pointwise
Topic:- Disaster Management
Sub topic:- isaster and disaster management.

Regulation of Advertisements in India – Explained, pointwise
Topic:- Governance
Sub topic:- Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Union Government's 1 Million Job Promise: Need and Challenges – Explained, pointwise
Topic:- Economic development
Sub topic:- Inclusive growth and issues arising from it.

IPBES Report: Findings, Concerns and Suggestions – Explained, pointwise
Topic:-   Environment and Bio-diversity
Sub topic:- Conservation, environmental pollution and degradation

UPI and Digital Payments in India – Explained, pointwise
Topic:- Economic development

Sub topic:- Inclusive growth and issues arising from it.

The UN World Population Prospects Report and Population Issues in India – Explained, pointwise
Topic:- Indian Society
Sub topic:- Population and associated issues

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
ForumIAS

[Kurukshetra July Summary] Equitable Water Resources Management – Explained, pointwise
Topic:- Human and Economic Geography
Sub topic:- Distribution of key natural resources across the world

Privatization of Banks: Benefits and Concerns – Explained, pointwise
Topic:- Economic development
Sub topic:- Indian Economy and issues relating to planning, mobilization, of resources

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
ForumIAS

Five Years of GST: Achievements, Challenges and Way Ahead – Explained, pointwise

Introduction

The Goods and Services Tax (GST) has completed its 5th year today since its inception on 1 July 2017. The move towards 'one nation one tax' was one of the most historic indirect tax reforms in India . After concerted efforts of consensus building for over a decade, GST replaced 17 Union and State taxes and 13 cesses. 5 years down the line, the GST regime has been successful in attaining many of the intended objectives however some key challenges still remain to be addressed.

What is GST and its key provisions?

Goods and Services Tax(GST) is **a comprehensive indirect tax** on the manufacture, sale, and consumption of goods and services throughout India.

It replaced the existing indirect taxes levied by the Union and State Governments. It is a **single indirect tax for the whole nation**, which aims to make India one unified common market.

It is a **destination-based tax** applied on goods and services at the place where final/actual consumption happens. GST is applied to all goods other than crude petroleum, motor spirit, diesel, aviation turbine fuel, natural gas and alcohol for human consumption.

There are **four slabs for taxes for both goods and services**: 5%, 12%, 18%, and 28%. Different tax slabs were introduced because daily necessities could not be subject to the same rate as luxury items.

Besides, a cess is levied on the highest tax slab of 28% on luxury, sin and demerit goods. The collection from the cess goes to a separate corpus called **Compensation fund**. It is used to make up for revenue loss suffered by the state due to GST rollout.

States were promised a compensation for five years if their GST collection falls short of the 14 percent compounded revenue growth.

About the GST Council

The GST Council is the most important part of India's GST regime. The council is **responsible for recommending** rates of tax, period of levy of additional tax, principles of supply, the threshold for exemption, floor level and bands of taxation rate, special provisions to certain states, etc.

Article 279A of the constitution enables the formation of the GST Council by the President to administer & govern GST.

The Union Finance Minister of India is a Chairman of the GST Council. Ministers nominated by the state governments are members of the GST Council.

The council is devised in such a way that the Union Government has 1/3rd voting power and the States have 2/3rd. The decisions are taken by the 3/4th majority.

A mechanism for resolving disputes arising out of its recommendations is also decided by the Council itself.

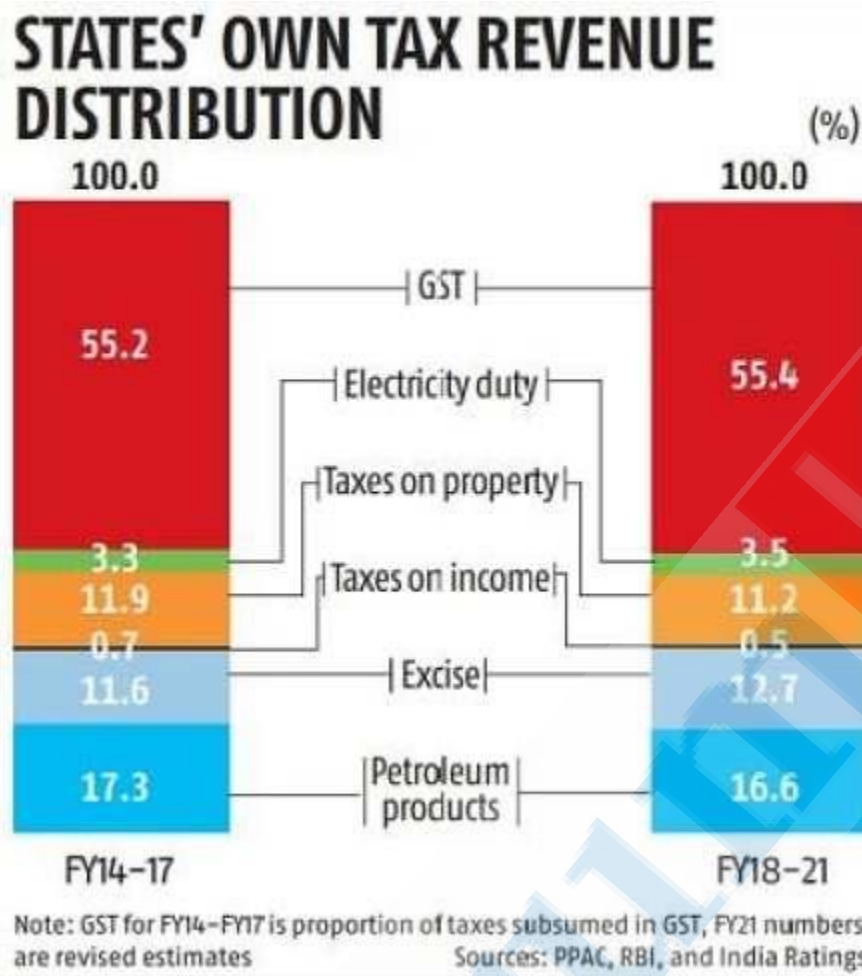## What are the achievements of the GST regime in India?

Revenue Collection: The GST council has met 47 times so far and have taken measures which made Rs 1 lakh crore GST collection per month 'a new normal'. It is on the course to take the

Created with love ❤ by ForumIAS- the knowledge network for civil services.

Visit academy.forumias.com for our mentor based courses.

Forum IAS

figure to Rs 1.4 lakh crore every month. The collections had touched a record Rs 1.68 lakh crore in April 2022. It had for the first time crossed Rs 1 lakh crore mark in collections in April, 2018.
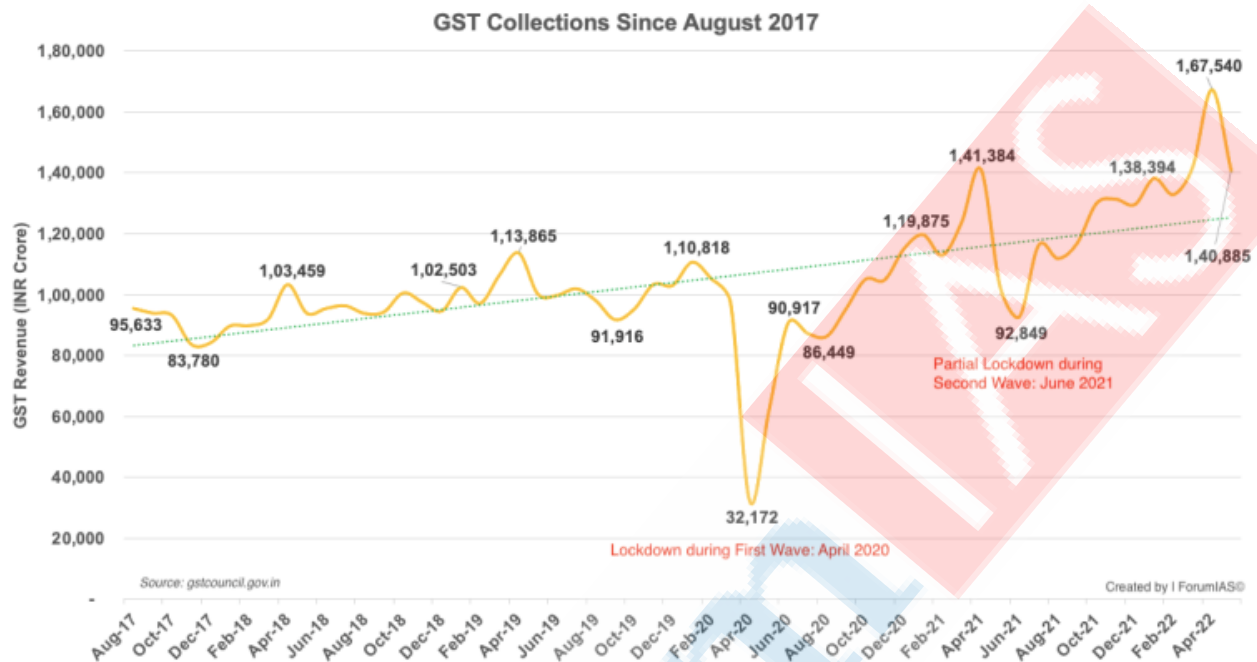
The green trend-line indicates the upward trajectory of GST Revenues. During the initial 2 years, the revenues were lower because of implementation issues (system crashes, compliance problems, lower awareness). The external shock due to COVID-19 induced lockdown led to big dip in April 2020 (and to a lesser degree in June 2021). However, as the system stabilizes and compliance improves further, the collections are expected to settle at new normal upward of INR 1,40,000 Cr.

Faster Growth in State Revenues: In the five years (2017-18 to 2021-22) since the introduction of GST, the overall resource growth for States was 14.8% per annum, versus an annual average growth rate of 9% between 2012 and 2015. Thus, States appear to be better off. The Share of GST in States' revenue has marginally increased in 2018-21 compared to 2014-17.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
Forum IAS

STATES' OWN TAX REVENUE DISTRIBUTION

(%)

FY14-17		FY18-21
100.0		100.0
55.2	GST	55.4
	Electricity duty	
	Taxes on property	
3.3	Taxes on income	3.5
11.9		11.2
0.7		0.5
11.6	Excise	12.7
17.3	Petroleum products	16.6

Note: GST for FY14-FY17 is proportion of taxes subsumed in GST, FY21 numbers are revised estimates   Sources: PPAC, RBI, and India Ratings

Source: Business Standard

Avoiding Cascading of Taxes: It subsumed 17 local levies like excise duty, service tax and VAT and 13 cesses. In the pre-GST era, the total of VAT, excise, CST and their cascading effect led to 31% as tax payable, on an average, for a consumer.

With regular adjustment of items in the various tax rate brackets, the **effective GST rate** had come down to 11.6% in 2019 from 14.4% at its inception.

Promoting Ease of Doing Business: The Government has been proactively issuing circulars and clarifications to clear doubts regarding taxation under GST and ensure ease of doing business. The GST Council, in its 47th meeting in Chandigarh, has decided to ease compliance for small taxpayers who supply through the e-commerce platform. Such suppliers, who make only intra-state supplies, need not seek GST registration. Provided their annual turnover is less than Rs 40 lakh in case of goods and Rs 20 lakh in case of supplies.

Improving Compliance: GST Network (GSTN) provides the technological backbone for the indirect tax regime. It has been using artificial intelligence and machine learning to dish out newer data and plug revenue leakages.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
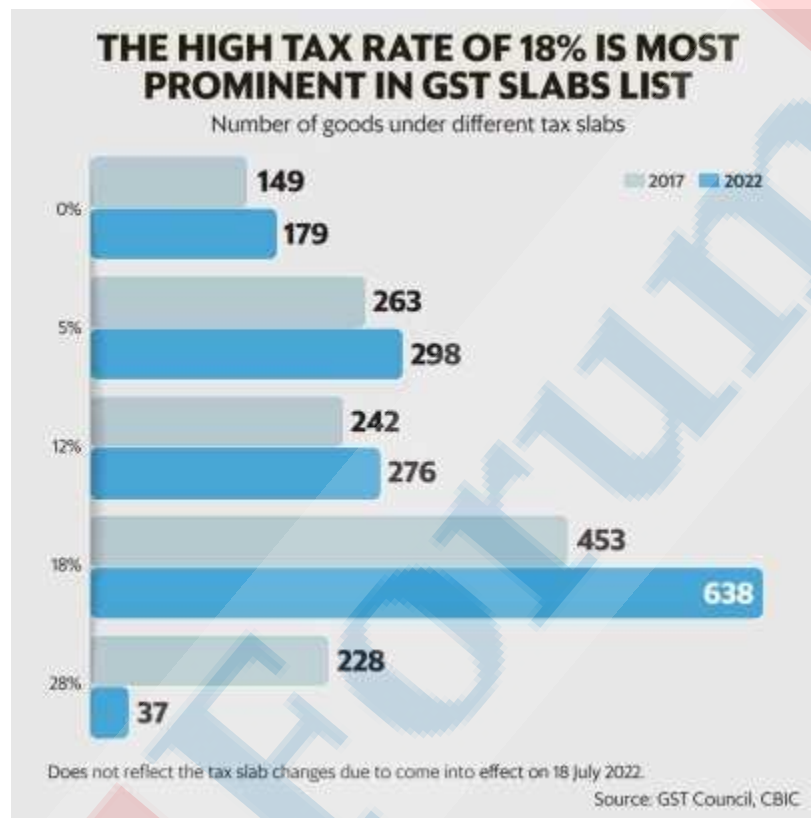Visit academy.forumias.com for our mentor based courses.
Forum IAS

Compliance is also facilitated by: **(a)** Input credit availment linked to uploading of supply invoices; **(b)** Introduction of e-invoice for those with an annual turnover of more than Rs 20 lakh; **(c)** Filing of e-way bills by transporters for consignment worth more than Rs 50,000.

The GST-to-GDP ratio went up from 5.8% in 2020-21 to 6.4% in 2021-22, reflecting progressively improving compliance.

Center-State Relations: Since its inception, all but once decision of GST council have been through unanimous consensus. This shows an improvement in Co-operative Federalism in India.
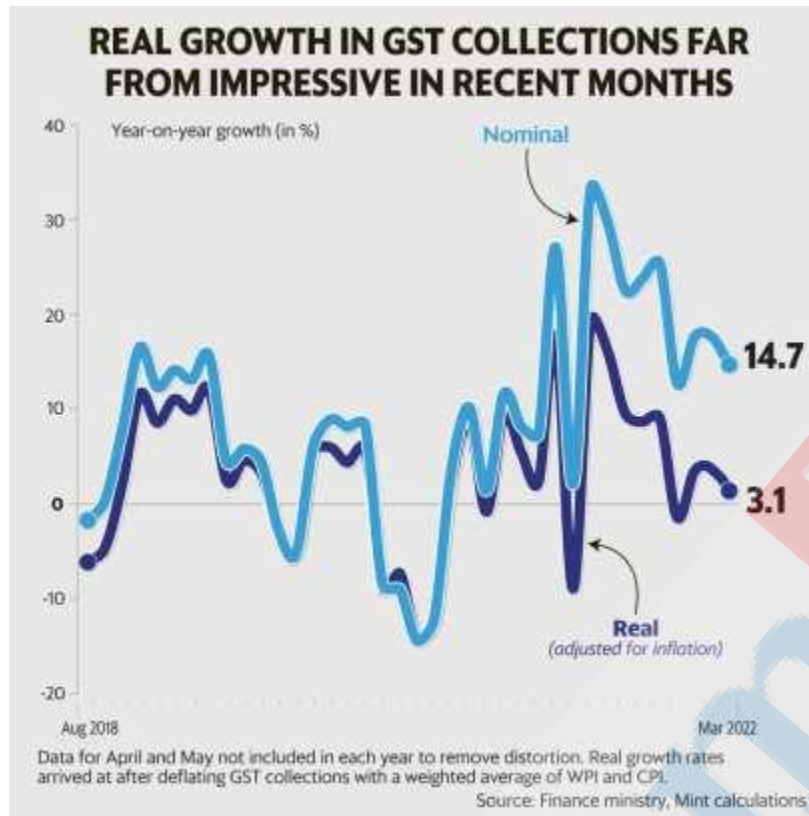
What are the challenges associated with GST?

Multiple Tax Rates: Unlike many other economies which have implemented this tax regime, India has multiple tax rates. This hampers the progress of a single indirect tax rate for all the goods and services in the country. Most of the items fall in the high tax category of 18%. This acts as regressive, as it impacts the poorer section of the society.

THE HIGH TAX RATE OF 18% IS MOST PROMINENT IN GST SLABS LIST
Number of goods under different tax slabs

Tax slab	2017	2022
0%	149	179
5%	263	298
12%	242	276
18%	453	638
28%	228	37

Does not reflect the tax slab changes due to come into effect on 18 July 2022.
Source: GST Council, CBIC

Source: Mint

Further, **current inflationary concerns** have derailed the plans to tweak rates and GST slabs. The consumer price index-based inflation rate remained over 6% for the fifth month in a row and stood at 7.04% in May.

Inflation and Revenue Collections: Some economists argue that the current rise in GST collections is due to high inflation. The growth rate of GST collections in real terms (adjusted for inflation) is much lower e.g., the Year-on-Year growth rate in GST Collections in March 2022 was 14.7% in nominal terms, but only 3.7% in real terms (adjusted for inflation).
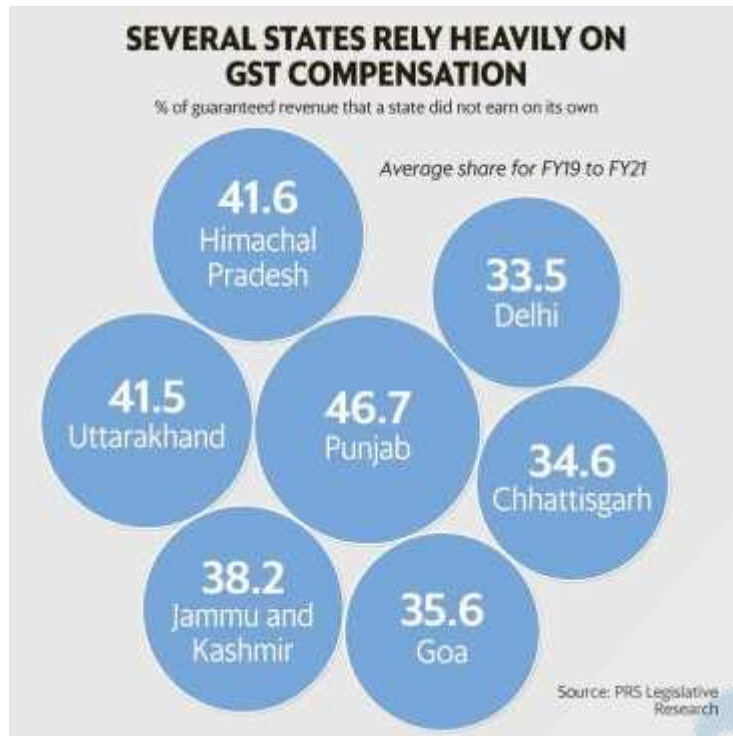
Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
Forum IAS

Source: Mint

Hardships for Taxpayers: There is unwarranted and excessive issuance of show cause notices for reconciliations of financial numbers, grant of registration, etc. that creates severe hardships for the taxpayers.

Lack of Coverage: With petrol, diesel, ATF outside GST, a large part of the economy is still not covered by the indirect tax regime.

Compensation to States: The GST (Compensation to States) Act guaranteed full compensation to States for the first 5 years of the GST if their revenues (after the implementation of GST) fall below 14% annual growth. A lot of States have been dependent upon the compensation. Since the clause is coming to an end, many States are demanding an extension. However, the Union Government appears to be reluctant. Moreover, the Union Government had **delayed GST compensation to the States** from 2019-20 when the economy started slowing down. It was paid in May 2022 after much delay.
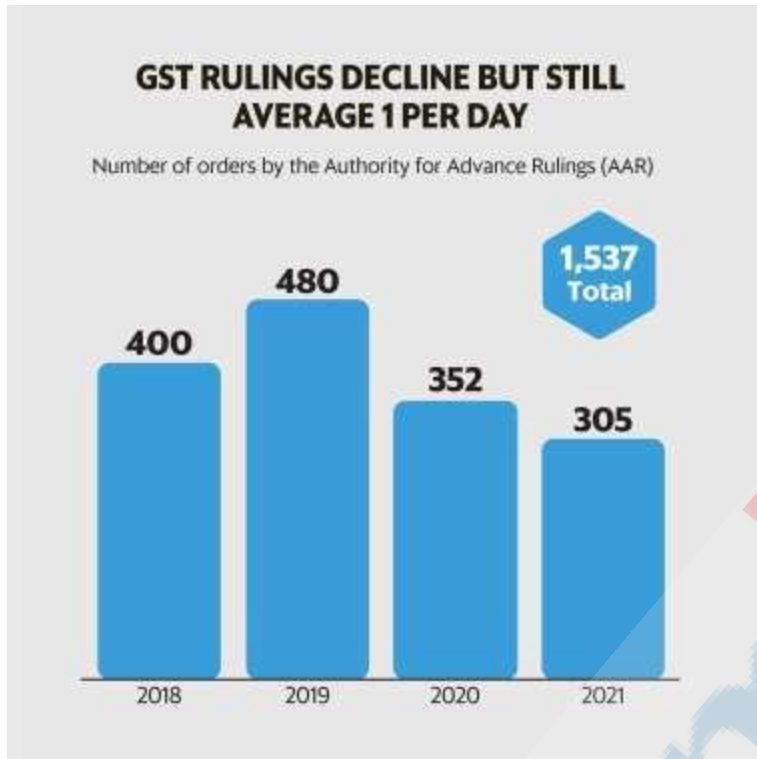
Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
Forum IAS

Source: Mint

Conflicting orders by AAR: The state-level Authorities for Advance Rulings (AARs) have given conflicting rulings in various cases on the nature of goods, which determine the tax slab they fall under. These relate to food items such as 'papad', fryums and other areas such as setting up a solar power plant, intermediary services, and so on.

Source: Mint

Additionally, although the number of disputes have shown a falling trend, the absolute number of rulings by AAR continue to remain high.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.

Forum IAS

GST RULINGS DECLINE BUT STILL AVERAGE 1 PER DAY

Number of orders by the Authority for Advance Rulings (AAR)

1,537 Total

400 — 2018
480 — 2019
352 — 2020
305 — 2021

Source: Mint

Bogus or No receipts: Despite coming out with e-way bills and e-invoicing, genuine receipts are not being given in every segment of the economy. For instance, retailers of fast moving consumer goods (FMCG), and chemists buy their stocks from super stockists who, in turn, buy from distributors appointed by the companies concerned. Though these distributors are tracked by e-invoicing and e-way bills, in many cases, the super stockists sell the products to stockists who do not keep records and do not give receipts.

Technical glitches: Frequent technical glitches have led to, first, the suspension of forms GSTR 2 (a purchase return) and GSTR 3 (an input-output return), and then, their scrapping altogether. Technical glitches were so rampant that the launch of the e-way bills had to be suspended in February 2018 because the system could not bear the load. Unfortunately, the glitches crop up even now.

National Anti-profiteering Authority (NAA): The NAA was set up in December, 2017 to ensure that GST rate reductions were passed on by firms to consumers and there was no profiteering. But right from the outset, the process of imposing penalties on companies was criticised for the alleged lack of a proper methodology to ascertain profiteering. As of May, there are close to 400 cases pending with it.

What lies ahead?

First, the Governments can **consider bringing petroleum and electricity** under GST ambit that will help prevent cascading and ensure further uniformity.

Second, Most states have sought an extension to the compensation mechanism and a final decision is likely to be taken at the next GST Council meeting in Madurai in the first week of August.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
Forum IAS

Third, with emerging technology, there is emergence of newer asset classes like **the virtual digital assets (VDA)** or cryptocurrency. Hence, there is a need for clarity on whether they would be classified as supply of 'goods' or 'services' and what would be the tax rate on them.

Fourth, the Government can consider setting up of **Central authority to resolve conflicting AAR judgements** across states. It can also consider doing away with anti-profiteering provisions freeing businesses to set prices. The Chief Economic Advisor has advised setting up a complaint-redressal mechanism (a GST Tribunal).

Fifth, some checks can also be incorporated on system generated GST notices, so as to avoid any unnecessary harassment of taxpayers.

Sixth, the GST system has a rich database. The data can be analysed to provide useful insights about the health of the economy. It can provide information about trends in economic activity like (consumption patterns) or the level of the formalization of the economy. It can also help understand which areas or districts are thriving or lagging behind. The **data-driven insights** can help **prescribe appropriate policy interventions**.

Conclusion

While the GST administration has moved forward with great efficiency, it is still a long way to go to achieve the full potential of GST and make it a true 'good and simple tax'.

Source: **Business Standard**, **Mint**, **Mint**, **Indian Express**

Issues in the Working of Anti-Defection Law – Explained, pointwise

Introduction

There has been a political turmoil in the State of Maharashtra over the last few days. The incumbent Chief Minister of Maharashtra had resigned on June 29, and the new Chief Minister was sworn-in on June 30. The new Government has to pass the floor test very soon. These political developments have brought the Anti-Defection Law into limelight once again. The law was enacted to eliminate political defections by the legislators. However, on numerous occasions the law has proved to be ineffective in curbing defections. Political experts are calling for amending the law to address the shortcomings.

What are the conditions for disqualification of a Legislator under the Constitution?

Article 102/191 of the Constitution of India lays down the grounds under which a Member of Parliament/Member of Legislative Assembly may be disqualified from being a member of the house.

The first part of Article 102 elaborates several instances when such a disqualification may be done: **(a)** If the person holds any undeclared office-for-profit under the Government; **(b)** If he is declared to be of unsound mind by a competent court; **(c)** If he is an undischarged insolvent etc.; **(d)** Voluntarily acquires the citizenship of a foreign State; **(e)** Disqualified by or under any law made by Parliament.

The Second part of Article 102 (and 191) gives authority to the **Tenth Schedule** of the Constitution to disqualify any member. It is this Tenth Schedule that is popularly known as the anti-defection law.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
Forum IAS

What is Anti-Defection Law?

The Tenth Schedule of the Constitution, commonly known as the Anti-Defection Law, was introduced in 1985 by **the 52nd Constitutional Amendment.**

'Defection' has been defined as, "To abandon a position or association, often to join an opposing group".

The anti-defection law was enacted to ensure that a party member **does not violate the mandate of the party**. In case he does so, he will lose his membership of the House. The law applies to both Parliament and State Assemblies.

It provides for the Presiding Officer of the legislature to disqualify any defector on a petition by another member. **Grounds for Disqualification**: **(a)** A member voluntarily giving up membership of the party on whose symbol he got elected; **(b)** A member violating a direction (whip) issued by his party to vote in a particular way or to abstain from voting; **(c)** A member who is independently elected joins any party; **(d)** Any nominated member joins any political party after the end of 6 months.

It also states that anyone disqualified under the Tenth Schedule would also be automatically disqualified from a ministerial post.

Exceptions: Under Paragraph 4 of the Tenth Schedule, disqualification on account of defection will not apply in case of a **merger of one party with another**. A valid merger occurs when **two-thirds of the party's total elected strength** agrees to the merger. Paragraph 3, which allowed the **use of a split (1/3rd members) to avoid disqualification** for defection, was **deleted by the Constitution (91st Amendment) Act**, **2003**.

> **Paragraph 4(2) of the Tenth Schedule: Exception Clause**
> For the purposes of sub-paragraph (1) of this paragraph, **the merger of the original political party** of a member of a House shall be deemed to have taken place **if, and only if, not less than two-thirds of the members of the legislature party concerned have agreed to such merger**.

What is the significance of Anti-Defection Law in Parliamentary Democracy?

It is important to keep a **check on corruption/horse trading in parliament**, thus curbing the popular phenomenon of "*Aaya Ram Gaya Ram*" in the Indian polity of the 1960s. It prevents shifting of party allegiance by the members, which **provides stability to the government.**

It also **promotes party discipline** by ensuring that the elected candidates remain loyal to the party.

What are the issues in the functioning of the Anti-Defection Law?

Ambiguity over Merger Clause: The confusion is about the use of terms 'Political Party' and 'Legislature Party'. It is not clear whether political parties should merge amongst themselves before the merger of elected members (Legislature Party) of two distinct parties.

> **Note**: A "legislature party" means the group consisting of all elected members of a House for the time being belonging to the political party. "Original political party" means the political party to which a member belongs

The merger envisaged in Paragraph 4 of the Tenth Schedule is a two-step process. Under this, one political party first merges with another, and then the legislators accept the merger. However, the second sub-paragraph (of Paragraph 4) says that a party shall be **"deemed" to**

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
Forum IAS

have merged with another party if not less than 2/3rd of the members of the legislature party concerned have agreed to such merger.

The ambiguity is that whether the merger of the Legislature Party would deemed to be the merger of the Political party as well. Legal experts from the Vidhi Center of Legal Policy argue that the clause seems to be **creating a "legal fiction"** so as to indicate that **a merger of 2/3rd members of a legislature party can be deemed to be a merger of political parties**. Even if there is no actual merger of the original political party with another party.

Partisan Role of Presiding Officer: The Speaker/Chairperson of the House is the key authority to take decisions on the disqualification issue. It is often seen that when the aggrieved party moves for disqualification, Speakers choose not to act, thus formalizing the defection.

No time limit to decide on disqualification: The Speaker/Chairperson is expected to give a prompt decision on disqualification under the Tenth Schedule; however no strict time limit has been prescribed.

In Manipur, for instance, 7 MLAs of one party had joined another party shortly after the 2017 Assembly election. One of the defecting member became a Minister as well. However, the Speaker **did not act on petitions to disqualify the Minister for over two years**. In 2020, the Supreme court used its extraordinary powers and removed the Minister concerned, from the Cabinet and barred him from entering the Assembly.

Defection through Resignation: In 2019, some members submitted resignation letters to escape disqualification proceedings. The Supreme Court ultimately ruled that the Speaker has the authority to verify if a resignation is voluntary and genuine, but it is constitutionally impermissible for the Speaker to take into account extraneous factors while considering the resignation. In other words, once it is clear that a member is resigning out of free will, the Speaker is bound to accept it.

Freedom of Speech of Legislators: One of the condition for disqualification is violation of whip issued by the Political Party to vote in a particular manner. Critics argue that this greatly limits the ability of a member to exercise her free opinion on the floor of the House on certain proposed legislations

Judgments Related to the Anti-Defection Law

- *Kihoto Hollohan vs Zachillhu (1992)*: The Supreme Court held that judicial review cannot be available prior to the making of a decision by the Speaker nor at an interlocutory stage of the proceeding.

- *Ravi S. Naik vs Union of India (1994)*: The Supreme Court had said "an inference can be drawn from the conduct of a member that he has voluntarily given up the membership of the party to which he belongs".

- *Nabam Rebia vs Deputy Speaker (2016)*: The Supreme Court said that the Speaker shall not decide the disqualification cases till the no-confidence motion against him is disposed of.

- *Girish Chodankar vs The Speaker, Goa State Legislative Assembly (2021)*: The Bombay High Court held that the merger of two-thirds of Members of the Legislative Assembly is deemed to be the merger of the original party. (*An Appeal has been filed in the Supreme Court*).

Created by | ForumIAS©

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.

Forum IAS

Why are there calls to scrap the Anti-Defection Law?

First, the law has **failed to curb defections in recent years** and lacks any deterrence effect on legislators. Further, re-election in by polls shows public's acceptance of defecting legislators.

Second, the **criticisms leveled against the exemption given to splits in political parties** – that it facilitated defection by groups – applies equally to mergers. The present law forbids individual defections but facilitates group defections.

Third, the MPs or MLAs are supposed to act as per party's command and not by their own judgement. This **undermines representative democracy** as they are unable to put forward the demands of people.

Fourth, the **scope of defection is very wide** as it is applicable on every legislation (violation of whip). It is also **applicable to members of the Rajya Sabha and Legislative Councils** which don't have a say in the stability of the government.

What should be the approach going forward?

First, the Supreme Court needs to adjudicate whether an actual merger of Political Parties is a condition precedent for the merger of Legislature Parties (i.e., the should the merger of Legislature Parties be deemed as merger of Political Parties).

Second, the **Speaker/Chairperson should give decisions within 3 months** as advised by the Supreme Court. Further, **an independent tribunal** can be created in the long run to decide cases under the Tenth schedule. This would effectively reduce partisan role played by the Speaker.

Third, the **Law Commission** in 1999 and the **National Commission to Review the Working of the Constitution** (NCRWC) in 2002 had recommended to **delete the clause related to merger** (Paragraph 4, Exception to Disqualification). Parliament should consider, debate and decide on the recommendations.

Fourth, the **Dinesh Goswami Committee** Report recommended that disqualification of a member should only be attracted in the event a member violates a whip on matters related to **Motion of Vote of Confidence**, a **No-confidence Motion**, **Money Bill** or a **Motion of Vote of Thanks to the President's address**.

Conclusion

As defections continue unabated and Speakers refrain from acting on these developments based on their political loyalties, there is a strong case to reform the anti-defection law. Redefining the merger clause, shifting the adjudicatory power from the Speaker to some other credible authority and even dispensing wholly with the law are measures that jurists have suggested. Additionally the Parliament must re-consider the clause related to the whip to ensure that the Right to Freedom of Speech of the Members of Legislature is not impacted.

Source: **The Hindu**, **The Hindu**, **The Hindu**

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
Forum IAS

[Yojana June Summary] Artificial Intelligence and Machine Learning – Explained, pointwise

Introduction

Industry 4.0 is set to usher an era of technologies that will completely alter the way of human interactions with the surroundings. Artificial Intelligence, Machine Learning, IoT, 5G, Augmented Reality, Big Data, Nanotechnology, Robotics, and 3D printing are transforming the operational, functional, and strategic landscape across various industries. In India, both private and public enterprises and the Union and State governments are investing in multiple AI use cases: from manufacturing to services. This shows that AI would be a critical catalyst for achieving robust economic growth in future. Hence focus must be on building an ecosystem which ensures affordability, accessibility and usage of AI by the masses.

What is Artificial Intelligence?

Artificial Intelligence (AI) is a way of making a computer, a computer-controlled robot, or software perform human-like tasks. The term was coined in 1956 by John McCarthy. It refers to the ability of machines to perform **cognitive tasks** like thinking, perceiving, learning, problem solving and decision making.

There are two subsets under the umbrella term AI: Machine learning and Deep learning

Machine Learning involves the use of algorithms to parse data and learn from it. This enables making a determination or prediction. Deep learning is a technique for implementing Machine Learning.
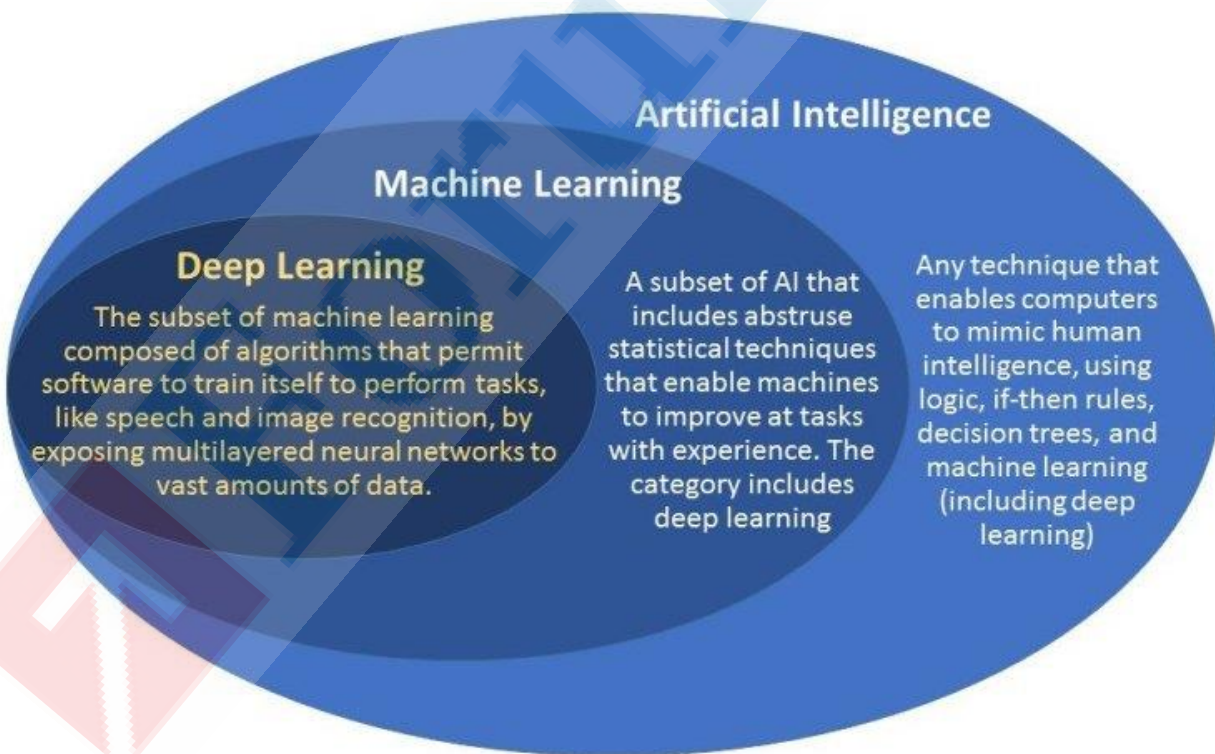
Source: IBM

What is the Scope of Applications of Artificial Intelligence?

Agriculture: Application of AI in agriculture can help in increasing crop yield by providing real-time advisory, early detection of pest attacks, prediction of crop prices, precision farming etc. e.g., Berlin-based agricultural tech start-up PEAT has developed a deep learning application called Plantix. It identifies **potential defects and nutrient deficiencies in soil**.

Healthcare: It can be used in diagnosis, treatment design, imaging diagnosis, early detections of disease outbreaks, robot assisted surgeries, virtual nurse assistants etc. e.g., Researchers at an Oxford hospital developed AI that can diagnose scans for heart disease and lung cancer.

Education: It can be used for developing tools for customized learning, interactive and intelligent tutoring systems, and predicting tools- for example predicting dropouts.

Urban planning: It can be used for optimizing infrastructure in cities, service delivery, crowd management, cyber security, public safety and water and waste management e.g., in Kerala, engineers have developed **sewer-cleaning robots** to put an end to manual scavenging.

Transportation: It can be used in developing AI-based traffic management systems including sensors, CCTV cameras, automatic number plate recognition cameras, speed detection cameras, and signalized pedestrian crossings.

Energy: AI can be used in energy system modelling, predictive analysis, demand and infrastructure management, renewable management, building energy efficient buildings, etc. e.g., a programme EWeLiNE developed in Germany can work as an early-warning system for grid-operators to assist them in calculating renewable-energy output over the next 48 hours using AI.
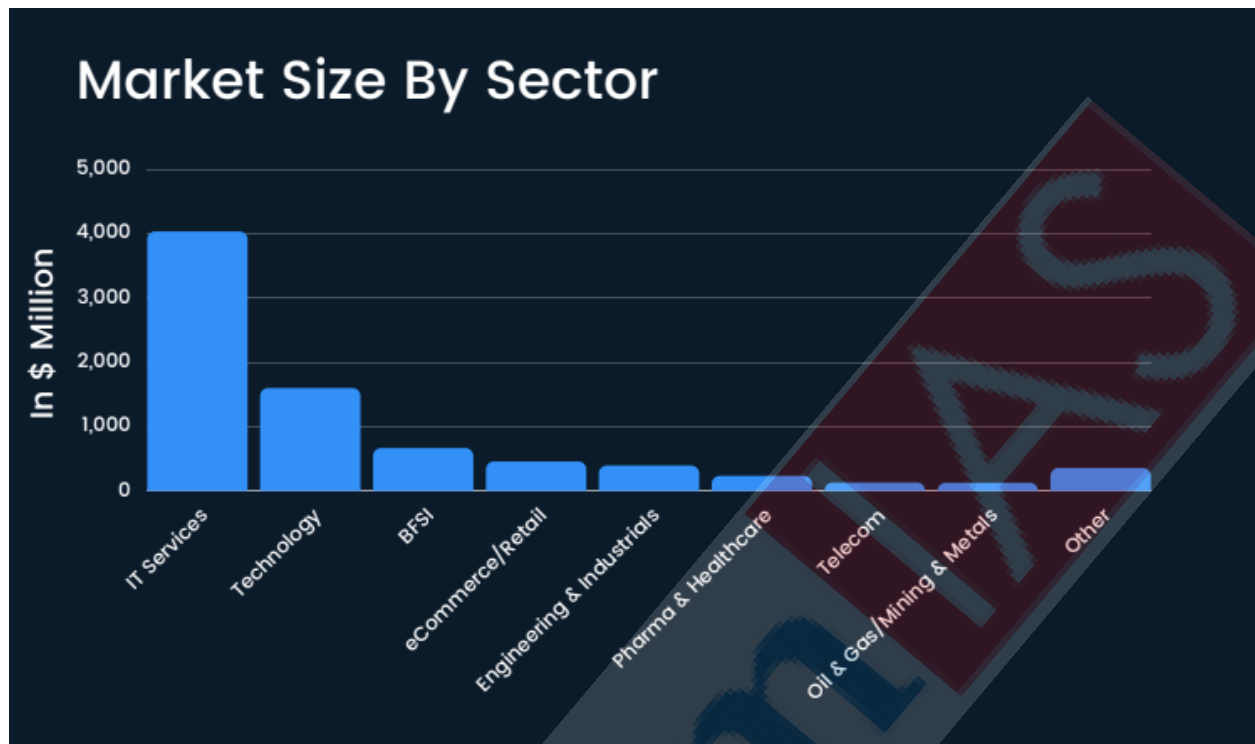
What is the current status of Artificial Intelligence?

India was **ranked 8th in the top 10 countries** by AI patent families ahead of Russia and France. AI-related patent applications grew tenfold from 2012 to 2018. India has over 1,300 Global Capability Centres (GCCs) and one in every five GCCs use AI across key business functions such as cybersecurity, customer services, supply chain, and operations management.

The Government expenditure on AI and Machine Learning has also steadily increased and is expected to reach USD 11,781.9 million in 2025.

As per the **State of Artificial Intelligence Report, 2021**, the Indian Artificial Intelligence market is valued at US$ 7.8 billion as of July – August 2021. This represents a 22% increase in market size over 2020.

There are close to 109,000 Artificial Intelligence personnel working in India across enterprises and sectors. This represents a 20% jump in personnel from last year.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
ForumIAS

Source: State of Artificial Intelligence in India Report, 2021

Why should India focus on Artificial Intelligence?

Economic Boost: According to NITI Aayog, Al has the potential to add US$ 1 trillion to the Indian economy by 2035.

Employment Generation: A report titled 'Al Enabled SaaS: The Next Frontier for Global SaaS Start-ups from India' highlighted that AI could generate over 9,00,000 white-collar jobs and 3.6 million indirect jobs by 2030.

Huge Generator of Data: India is the world's largest generator of democratic data. It is the data which is being generated and analysed under the democratic rule of governance. This wealth of data gives India an advantage in many fields but the real value of this vast mine of data can only be extracted using effective Al and machine learning.

Boosting Technological Prowess: India is one of the largest smartphone manufacturers in the world, it has a new semiconductor programme, and its drone and robotics industries are some of the most exciting parts of its economy. India is also building quantum computing capability and chip-making prowess. India is also a world-leading destination for Software as a Service (SaaS) companies, and the growing use of Al and associated technologies can only boost India's existing technological prowess.

Confidence shown by Investors: Most venture capital funding in India is now going to Al projects in Banking, Financial Services, and Insurance Sector (BFSI), e-commerce, healthcare, electronics and renewable energy startups. Nearly 200 Artificial Intelligence Start-ups in India are today innovating and creating AI-based solutions for various industries.

Success of Flagship Programs: It can complement Digital India Mission by helping in the big data analysis which is not possible without using AI. Similarly, 'Make in India' programme can

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
ForumIAS

be strengthened and help India in becoming a major manufacturing hub with AI-assisted technology.

What are the challenges associated with Artificial Intelligence?

First, a proper AI-based system requires a massive computational capacity, which means more data centers have to be created that requires **huge investment.**

Second, AI will **increase digital exclusion** in all spheres including the exclusion of societies and nations. Further, global Investment also likely to shift to countries where AI-related work is already established. Also, a report published in The Guardian highlighted how AI driven algorithms can be affected racial and gender stereotypes and thus lead to exclusionary decisions.

Third, there are fears that AI will result in **less demand for human resources**. It is not a good sign for India that has a huge proportion of young population. It will reduce desk jobs, such as accountants, financial traders, and middle managers.

Fourth, the most important concern with AI is the concern of **data privacy.** The AI algorithm will improve only with access to more data. It will lead to the constant utilization of our digital footprints with or without our knowledge. Scandals like **Cambridge Analytica** are an example of such a violation of privacy.

What steps have been taken by the Government towards Artificial Intelligence?

National Strategy for Artificial Intelligence: It was released by NITI Aayog in 2018. It lays out the roadmap for India to leverage the coming-of-age technologies to ensure inclusive growth and social development. It identifies 5 sectors for AI application to serve societal needs: Healthcare, Agriculture, Education, Smart cities and infrastructure and Smart mobility and transportation.

Responsible Al Approach Documents: It was published by NITI Aayog in collaboration with the World Economic Forum Centre for the next Al Industrial Revolution. The Documents seek to establish broad ethics and principles for the design, development, and deployment of Al in India.

Draft framework on the India Artificial Intelligence Stack: It has been released by the Department of Telecommunications and is focused on eliminating the barriers to AI deployment. It aims to enable an environment to exploit AI productively across all sectors and bring interoperability, among other things. The Stack is divided into 6 layers: 5 main horizontal layers and 1 vertical layer. Each layer caters to a specific purpose ranging from information gathering and storage to security and governance.

Incorporation of AI into governance: In Telangana, Al is helping authenticate pensioners and ensuring that payments go to pensioners who are alive thereby removing chances of graft. The Ministry of Corporate Affairs is using Al to simplify corporate filings, while the Centre for Artificial Intelligence and Robotics (CAIR) has been built as a special hub for AI-related work of the DRDO.

What more steps can be taken going ahead?
First, The **proposed AI stack should be put into implementation**. It will facilitate open API integration and build Al architecture from square one. It will also provide a balanced 'playground' for institutions to accelerate research and development in Al and ensure speedy adoption of Al across the value chain.

Second, The government should also focus on **integrating AI with other new age technologies** like Blockchain. This would **enable solutions to longstanding policy challenges** in domains like land transactions and medical record keeping.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
Forum IAS

Third, Countries have to develop **broad-based ethical principles, cultures, and codes of conduct** in utilizing AI-based systems. The principles not only include the "whole of society" approach but also include the "whole of world" approach, e.g., the UN Secretary-General's Roadmap on Digital Cooperation. This focuses on multi-stakeholder efforts on global cooperation. Similarly, UNESCO has also developed a global, comprehensive standard-setting draft Recommendation on the Ethics of Artificial Intelligence.

Fourth, India should also **pass the data protection bill** and appoint an **independent data regulator** in order to prevent violation of privacy using AI.

Conclusion

The Artificial Intelligence market in India will continue to be the primary growth driver of the Data Science domain and the broader IT industry over the next few years. Keeping this in mind, India should take proactive steps to unleash the potential of Artificial Intelligence.

Source: Yojana June 2022, **State of Artificial Intelligence in India**

Antimicrobial Resistance (AMR): Causes, Concerns and Remedies – Explained, pointwise

Introduction

COVID-19 exposed the vulnerabilities of health systems across the globe. It has taken away lives of more than 3 million people since January 2020. Experts believe that Antimicrobial Resistance (AMR) poses even a greater threat in the coming years. It is a looming public health crisis impacting every country globally with a disproportionate impact on lives and livelihood in low and middle-income countries. Moreover, just like COVID-19 pandemic, the impact of IMR will not be limited to a particular country and a region, global health system will be vulnerable. Combating AMR would thus require a concerted effort at the global level.

What is Antimicrobial Resistance (AMR)?

Antimicrobials are agents intended to kill or inhibit the growth of microbes. They include antibiotics, fungicides, antiviral agents and parasiticides. Disinfectants, antiseptics, other pharmaceuticals and natural products may also have antimicrobial properties.

AMR occurs when microbes such as bacteria, viruses, parasites and fungi become resistant to antimicrobial treatments to which they were previously susceptible. Superbugs are strains of micro-organisms that are resistant to most of the medications.

What are different kinds of Antimicrobial Resistance?

Natural (intrinsic, structural) resistance: This kind of resistance is caused by the structural characteristics of microbes and is not associated with the use of antimicrobials. It has no hereditary property.

Acquired resistance: Due to changes in the genetic characteristics of microbes, acquired resistance occurs as it is now unaffected by the previous antimicrobial. This kind of resistance occurs mainly due to structures of chromosomes or extrachromosomal such as plasmid, transposon, and others.

Cross resistance: Some microorganisms are resistant to a certain drug that acts with a similar mechanism as some other drugs. However, sometimes it can also be seen in completely unrelated

Created with love ❤ by ForumIAS- the knowledge network for civil services.

Visit academy.forumias.com for our mentor based courses.

Forum IAS

drug groups. This resistance is usually observed against antibiotics whose structures are similar. This may be the chromosomal or extrachromosomal origin.

Multi-drug resistance and pan-resistance: These are often bacteria resistant to the antibiotics used to treat them. This means that a particular drug is no longer able to kill or control the bacteria.

What is the current status of Antimicrobial Resistance?

A recent report from the **Global Research on AntiMicrobial resistance (GRAM) project found that in 2019,** an estimated 4.95 million people suffered from at least one drug-resistant infection and AMR directly caused 1.27 million deaths. AMR is one of **India's major public health problems**, directly contributing to about **30% of deaths** due to neonatal sepsis across India. These are due to multidrug-resistant (MDR) hospital-acquired infections in many cases.

Over 30% of the **COVID-19 deaths in India** could be attributed to our failure to treat the secondary bacterial infections caused by MDR pathogens with the appropriate antibiotics.

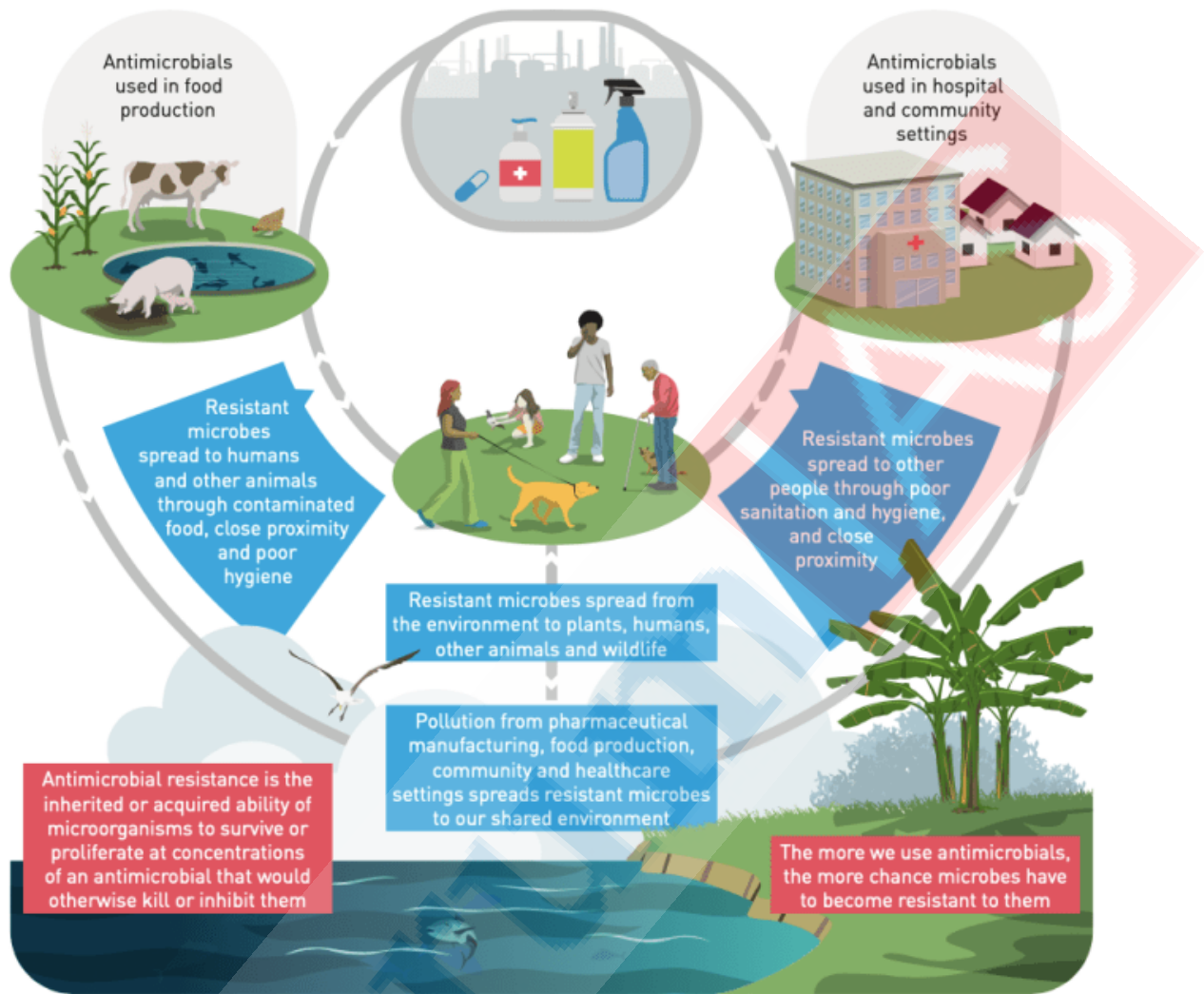## What are the reasons behind the growth of Antimicrobial Resistance?

Primary reasons

Misuse of antimicrobials in medicine: This happens when the proper course of medication is not done (e.g., course left incomplete mid-way) or the person indulges in self medication.

Inappropriate use in agriculture: Antibiotics are used to boost productivity of livestocks. Over-use leads to resistance in microbes.

Contamination around pharmaceutical manufacturing sites: The untreated waste releases large amounts of active antimicrobials into the environment.

Created with love ❤ by ForumIAS- the knowledge network for civil services.

Visit academy.forumias.com for our mentor based courses.

Forum IAS

How antimicrobial resistance can spread (adapted from Government of Australia 2017)

Source: UNEP

Secondary Reasons

No new antimicrobial developments: No new classes of antibiotics have made it to the market in the last three decades. This is a result of inadequate incentives for their development and production. A recent report from the non-profit PEW Trusts found that over 95% of antibiotics in development today are from small companies. The **exit of big pharma from antibiotic development** coupled with a lack of investment from venture capitalists to support the commercial viability of antibacterial agents has pushed AMR into a global health crisis.

Easily Availability: Antimicrobials are easily available as 'over the counter drugs' in many countries. This ease facilitates more consumption and development of AMR.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
Forum IAS

Summary of the major pollution sources affecting AMR in the environment
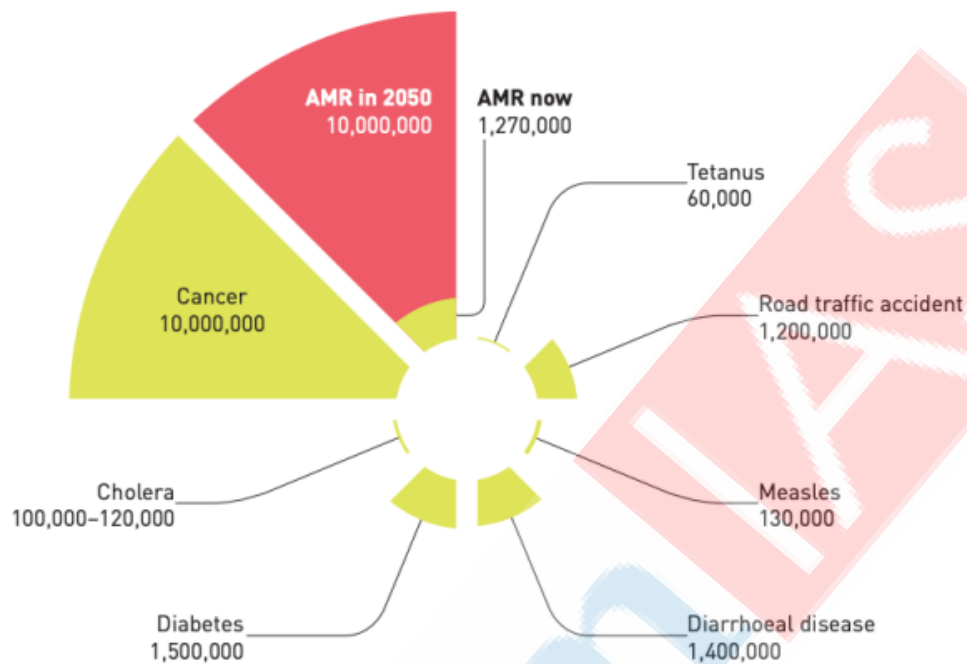
Major sources	Type and nature of potential environmental releases
Poor sanitation, sewage and waste effluent	• Preventable use of antimicrobials due to disease burden caused by poor WASH conditions • Lack of sanitation or poorly functioning sanitation or fragmented systems (e.g. open defaecation, poorly contained pit latrines, septic tanks and sewers) that contaminate water sources and spread AMR • Effluent from septic tanks and wastewater treatment plants • Faecal sludge and wastewater biosolids • Releases from unused drugs disposed of in toilets, bins or waste dumps • Leaching from open waste dumps • Urban runoff
Effluent and waste from pharmaceutical manufacturing	• High concentrations of antimicrobials in untreated effluent • Residual antimicrobials in solid wastes discharged from pharmaceutical fermentation processes • Resistant microbes in effluent if biological treatment is applied
Effluent and waste from healthcare facilities	• Antimicrobial products and residues in hospital solid wastes • Resistant microbes (including those with more abundant and diverse ARGs) and antimicrobial residues (particularly antimicrobial compounds of last resort) in hospital wastewater/effluent
Use of antimicrobials and manure in crop production	• Fungicides, herbicides, heavy metals and antibiotics used in the production of food, feed and raw materials • Untreated manure and wastewater that may contain pharmaceutical residues, ARGs and resistant microbes intentionally applied to soil and crops • Inappropriate disposal of unused antimicrobials (e.g. fungicides)
Releases, effluent and waste in animal production	• Manure and effluent from aquatic and terrestrial animal production that may contain pharmaceutical residues, ARGs and resistant microbes • Application of antibiotics and parasiticides in aquaculture that go directly into the environment • Improper disposal of unused drugs

Source: UNEP

What are the challenges posed by spread of Antimicrobial Resistance?

Threat to the health care system: Antimicrobials prevent infections post a routine surgery or cancer treatment. Their ineffectiveness would impair the modern health system. The problem is more grave for low- and middle-income countries (LMICs) of Asia and Africa where cheap antimicrobials have significantly reduced the mortality rates.

Loss of Human Lives: It is responsible for upto 7 lakh deaths a year. E.coli and MRSA (MethicillinResistant Staphylococcus Aureus) are among the drug-resistant bacteria that led to most deaths. It is estimated that 10 million annual deaths would be caused by it post 2050.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
Forum IAS

Predicted mortality from AMR compared to common causes of death today (adapted from O'Neill 2016)

Source: UNEP

Economic Brunt: Abundant capital would be required to manage the AMR crisis in future. As per an estimate it may cost up to US$ 100 trillion by 2050.

Possibility of Next Pandemic: Scientists are worried that the next global pandemic might be caused by a superbug e.g., in 2021 researchers found a superbug (C. Auris) on remote sandy beaches of Andaman Islands that was multi-drug resistant. C Auris when enters the human body causes severe bloodstream infections, illness and can lead to sepsis.

What steps have been taken towards controlling Antimicrobial Resistance?

Domestic

Banning usage in Agriculture: The Government of India **passed an order banning the use of streptomycin and tetracycline in agriculture** and the growth promotional use of colistin in poultry farming.

National programme on AMR containment: It was launched during 12th FYP in 2012-17. Under this programme, AMR Surveillance Network has been strengthened by establishing labs in State Medical Colleges. 30 sites in 24 states have been included in this network till 30th March 2021.

Delhi Declaration on AMR: An inter-ministerial consensus was signed by the ministers of the concerned ministries pledging their support in AMR containment.

Red Line campaign: To prevent irrational use of prescription-only antibiotics and create awareness on the dangers of taking antibiotics without being prescribed.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
ForumIAS

Global

Small companies are getting early-stage funding from **public-private partnerships like CARB-X** (the Combating Antibiotic Resistance Bacteria Biopharmaceutical Accelerator). It has provided more than $360 million in funding for 92 antibacterial projects over the past five years.

The U.S. Congress enacted the **Generating Antibiotic Incentives Now Act (GAIN Act) of 2012**. It provides benefits to manufacturers of Qualified Infectious Disease Products (QIDPs) including five years of additional non-patent exclusivity.

The WHO launched **the Global Action Plan (GAP) on AMR** in 2015. It outlines five objectives: **(a)** Improve awareness and understanding of antimicrobial resistance through effective communication, education and training; **(b)** Strengthen the knowledge and evidence base through surveillance and research; **(c)** Reduce the incidence of infection through effective sanitation, hygiene and infection prevention measures; **(d)** Optimize the use of antimicrobial medicines in human and animal health; **(e)** Develop the economic case for sustainable investment in new medicines, diagnostic tools, vaccines and other interventions.

What further steps can be taken going ahead?

First, the **environmental governance**, **planning** and **regulatory frameworks** must be enhanced. Ministries of Environment and environmental agencies must be included in developing and implementing all **National Action Plans** (NAPs). Specific actions could include developing legislation, codes of good practice and policy guidance to support action to reduce and minimize environmental releases of AMR relevant pollutants.

Second, baseline **information on the antibiotic type**, the extent of usage, tracking agricultural practices that promote resistance needs to be generated. This will aid in better decision making and improve follow up actions.

Third, the **surveillance**, **reporting** and **monitoring systems** must be improved.

Fourth, a novel approach, such as **'One Health'**, is required to better understand the environmental dimensions of AMR and take science-based decisions and actions. It is a holistic approach that links the health of humans with our shared environment. This includes domestic and wild animals, plants, and the wider environment to achieve better public health outcomes.

Fifth, there is a need for robust investment in research and development of new antibiotics, rapid and affordable diagnostics, strengthening infection control etc. to swiftly tackle the AMR crisis. In this regard **support can be taken from AMR Action Fund**. It aims to invest more than $1 billion to address the current funding gaps in the development of new antibiotics.

Sixth, There must be appropriate and judicious use of antimicrobial drugs. The learning experience from existing programmes can be shared globally: **(a) Peru's efforts on patient education** to reduce unnecessary antibiotic prescriptions; **(b)** EU-supported **VALUE-Dx programme** that has increased the use of point-of-care diagnostics. This has resulted in prudent drug intake.

Conclusion

The development of resistance to antimicrobials is a major public health problem all over the world. It makes even minor infections tough to treat, causing severe illnesses and deaths. Hence a clarion call to end this menace must be taken at local, national and global levels that would eventually help in **attainment of SDG 3** i.e ensuring good health and well being for all.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
ForumIAS

Source: **The Hindu**, **Economic Times**, **UNEP: Environmental Dimensions of AMR**

India's Engagement with Taliban – Explained, pointwise

Introduction

After a strategic retreat from Kabul following the Taliban takeover in August 2021, India has re-established its diplomatic presence in Afghanistan. India has deployed a team in its embassy in Kabul, 10 months after it pulled out its officials from the mission following the Taliban's capture of power. The current state of affairs is far from being business as usual. However, India is on the path for enhancing engagement with the new regime in Afghanistan. The engagement will be full of challenges, but with a well-planned and long-term strategy it has the potency of securing many of India's strategic interests in Afghanistan and the region.

What has been India's Approach towards Taliban?

India had **refused to recognise the Taliban regime of 1996-2001**. India had at that time supported the 'Northern Alliance' in fighting the Taliban in Afghanistan. The alliance was a united military front that came to formation in late 1996 after the Islamic Emirate of Afghanistan (Taliban) took over Kabul. It fought a war with the Taliban in 2001. This ended the Taliban's rule over Afghanistan.

India has long held the position of **dealing only with the elected government** in Kabul. India supports an **Afghan-led**, **Afghan-owned** and **Afghan-controlled peace process**. Due to this, India pulled out its officials from its embassy following the Taliban's capture of power in August 2021.

India was the one of the first countries to immediately ban all Afghans traveling to India, including students and patients with a valid Indian visa. However, India has been showing flexibility in its earlier rigid policy of engagement with Taliban considering the changing geopolitical landscape.

How has India sustained its engagement after the takeover by Taliban?

Even after the closure of the consulates and embassy, India continued to express concerns about the humanitarian crisis in Afghanistan.

It built regional consensus about the threat of terrorism, voiced its support for an inclusive government, and **provided aid and assistance to the people of Afghanistan**. Much of this is in sync with the **Agreement on Strategic Partnership** (ASP) that India had signed in October 2011.

However, India chose to abstain from the UN Security Council's calling on the Taliban to open girl schools. It continues to remain silent about the worsening situation in Afghanistan.

India is one of the most visible actor in Afghanistan in humanitarian support post Taliban takeover. India has supplied 20,000 metric tonnes of wheat, 13 tonnes of medicines, winter clothing, 500,000 doses of COVID-19 vaccines to Afghanistan, as well as 1 million doses of Covid-19 vaccines for Afghan refugees in Iran.

Read More: Aiding Afghanistan

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.

ForumIAS

Recently, India sent a small technical team to Kabul in June 2022, to deal with the humanitarian crisis following the earthquake in Paktika and Khost provinces as a first responder.

What is the need to engage with the Taliban?

Security: A stable Afghanistan is crucial for regional and domestic security of India. With Afghanistan becoming a centre of radical ideology and violence, such a development would affect Pakistan and inevitably reach India. Engangement is desired to prevent Afghanistan from becoming another safe haven for anti-India terrorist groups, and also check Pakistan's deepening influence in Kabul.

The Taliban's victory realised two important ideological and strategic goals of militant Islamists and their Pakistani patron: **(a)** Establishing a "pure Islamic Government" in the Heart of Asia; **(b)** Securing Pakistan's "Strategic Depth". The two concepts are necessary pre-conditions for attaining another long-held vision of Islamists.

Connectivity: The most important role of Afghanistan is always considered as **India's gateway to Central Asia**. It implies continental outreach. For instance, connectivity with Afghanistan and further with Central Asia have been primarily the reasons for India's engagement with Iran to develop Chabahar port.

Strengthening regional foothold: Increasing strategic engagements with Afghanistan is beneficial for strengthening a foothold in the region. For example, India's relations with Iran at present are dominated by oil. Diversification of engagements would strengthen India's relations with Iran and other countries.

Energy Security: To address its energy needs and to sustain its economic growth, pipelines from Iran and Central Asia would be extremely important. India sees Afghanistan as an essential component of the TAPI (Turkmenistan, Afghanistan, Pakistan,India) pipeline.

Trade: In case of trade, Afghanistan can help India export its products to Europe, gaining foreign exchange. The railway line from Chabahar to Zahedan in Afghanistan envisages to connect New Delhi with Iran, Afghanistan, Central Asia and Europe.

Diplomatic Outreach by Taliban: The Taliban have also tried to reach out to India. Indian Officials had first met Taliban's Political Head in Doha (Qatar) in August 2021 at the request of Taliban. In the 1990s, the Taliban had excessive reliance on Pakistan for international recognition. However, circumstances are now different, Pakistan's economy is in shambles and its diplomatic space has contracted considerably. India's economy and international standing has improved appreciably since 1990s. Taliban realizes that it has to reach out to all regional powers, especially India, to get international recognition for the Islamic Emirate of Afghanistan.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
Forum IAS

5 Pillars of India's Development Partnership with Afghanistan

Humanitarian Assistance
- Indira Gandhi Institute of Child Health: 400-bed hospital for Children.
- Supply of Wheat, Medicines, COVID-19 Vaccines and other essential items.

Infrastructure
- 218 Km Road from Zaranj to Delaram for movement of goods from Iran.
- Salma Dam on River on Hari River with 42 MW capacity.

Connectivity
- Chabahar port in Iran and Connectivity with Afghanistan and Central Asia.
- Direct Air Freight Corridor between India and Afghanistan, established in 2017.

Economic Development
- Private Investments in Afghanistan like India-Afghanistan Trade and Investment Show.
- 116 'High Impact Community Development Projects' in 31 Provinces of Afghanistan.

Capacity Building
- Training and Development programmes for Afghans.
- Support to Students, Defense Personnel among others.

Created by | ForumIAS©

India had considerable presence in Afghanistan before Taliban's takeover.

What does the change in India's stance signify?

First, there seems to be a definite realization that the **Taliban regime is there to stay** and no amount of pressure building will dislodge it from power at least in the near-medium term. There are indications of the development of some opposition to the Taliban in the Panjshir valley. However, there is also no indication of a popular countrywide upsurge which could push them out.

Second, there seems to be some convergence in the policy and strategic circles that **engagement, not complete detachment,** could be the key to **securing India's vital strategic interests in Afghanistan**. This needs to be done when the Taliban regime is still isolated internationally and therefore amenable to India's presence.

The complexity of circumstances in Afghanistan leaves very limited options, as summed by the US Officials: **Engage**, **Isolate**, or **Oppose**. The US officials say they are focusing on the first two options. India's approach appears to be similar.

Third, it shows that India is **unwilling to repeat the past mistake of 1996,** when New Delhi shut its embassy for 5 years, reducing Afghanistan to a strategic and intelligence black hole.

Fourth, it will give **India an opportunity to exploit the divisions** within the Taliban to win over the moderates and dilute the agenda of the hardliners.

Fifth, India understood that its **absence was working to the advantage of countries** who did not wish it to return and were using the space to restart proxy warfare.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
ForumIAS

What are the challenges in engaging with the Taliban?

Lack of Legitimacy: Taliban still doesn't command legitimacy of the majority population. It is controlling them by sheer use of force which may give rise to another civil war and bring instability in the region.

Human Rights Violations: The Taliban have excluded all non-Taliban Pashtuns from public space as is shown by the house detention of former President Hamid Karzai. There are also systematic violations of the human rights of the non-Pashtun communities which amount to crime against humanity, and ethnic cleansing which borders on genocide.

Regressive Outlook: Taliban is a predominantly Pashtun men-only regime which has imposed harsh restrictions on women at home. Its orthodoxy may bring more misery for women in future and undermine gender equality.

Mistrust on Taliban: Though there are indications of a policy shift but still there has been a high degree of mistrust on Taliban since the Hijack of an Air India flight to Kandahar in 1999.

External State Influence: Pakistan and China will place numerous barriers to diminish the growing closeness of India and Taliban. Since August 15, 2021, Afghanistan has descended from a Pax Americana experiment to a "Pax Pakistana" ambition.

What lies ahead?

First, for now, the **'engagement' formula seems to work for both**. Engagement by India will enhance the profile of the former insurgents and may even be the mark of an ice-breaking event following which other countries will follow suit. On the other hand, it may also allow India to moderate the radical stance of the Taliban. For instance, the Taliban has followed up with two back-to-back statements on **strengthening its defense relationship with India**. It is also offering to welcome former members of the Afghan National Defense and Security Forces (ANDSF) trained in India back to their jobs.

Second, India needs to frame **a comprehensive long-term policy of engagement** with all the stakeholders to ensure that peace and stability return to Afghanistan. The people of Afghanistan and not the current regime needs to remain at the centre of its declared Afghan policy.

Third, the prospects for peace and stability in Afghanistan under a Pax Pakistana lordship are not feasible as Pakistan itself is overwhelmed by multiple internal and external challenges. Afghanistan **needs a strong UN mandate**, including a UN-led political transition process supported by a UN peacekeeping force. India can lend its support to such endeavors which are worthy of its character, ambition and Afghanistan's needs.

Conclusion

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

Source: **Indian Express**, **Indian Express**, **The Hindu**, **IDSA**, **ORF**

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
ForumIAS

Frequent Floods in Assam – Explained, pointwise

Introduction

Flood is an overflow of a large amount of water beyond its normal limits, especially over what is normally dry land. Recently, over 5.5 million people have been affected in 32 districts of Assam (out of 35) due to the devastating floods as per the Assam Disaster Management Authority. Occurrence of devastating floods in Assam is common. The State has witnessed the same on multiple occasions. In the last century, devastating floods occurred in 1934, 1950, 1954, 1955, 1966, 1988 and 2004.

Assam has vast network of rivers. The flood prone area of India stands at about 10.2% of the total area but the flood prone area of Assam is **39.58 %** of the area of the state. Hence, Assam has four times the flood prone area than national average. Further, Guwahati's topography is shaped like a bowl which makes it susceptible to waterlogging. The city has been uniquely shaped by three hills that accumulate water during the monsoon.

Considering this, Assam can strengthen embankments, dredge rivers, address river erosion and take wise policy decisions if it wants to effectively manage floods in the future. These measures were suggested by the Parliamentary Standing Committee on Water Resources in its report released in August last year.

What are the existing Flood Management Mechanisms in India?

In India, there is a **two tier system of flood management**:

State Level Mechanism : The State Level Mechanism includes the Water Resources Departments, State Technical Advisory Committee and Flood Control Board. In some States, the Irrigation Departments and Public Works Departments look after flood matters.

Union Government Mechanism: The Union Government has set up multiple organizations and various expert committees to enable the State Governments in addressing flood problems in a comprehensive manner.

Central Water Commission (CWC): It was set up for achieving the goal of furthering and promoting measures of flood control. It also focuses on conservation and utilization of water resources throughout the country in the areas of irrigation, hydropower generation, flood management and river conservation.

Brahmaputra Board: The Government of India set up the Brahmaputra Board under the Brahmaputra Board Act, 1980 (46 of 1980) under the then Ministry of Irrigation (now Ministry of *Jal Shakti*). The jurisdiction of the Board includes all NE States in the Brahmaputra and Barak Basin.

National Disaster Management Authority (NDMA): The aim of the NDMA is to prevent and mitigate disasters including floods. It focuses on undertaking a holistic, coordinated and prompt response to any disaster situation. The Government of India has set up a National Disaster Management Authority (NDMA) in 2005 under the Chairmanship of Hon'ble Prime Minister of India.

Created with love ❤ by ForumIAS- the knowledge network for civil services.

Visit academy.forumias.com for our mentor based courses.

Forum IAS

**What are the reasons behind the frequent floods in Assam?**

Natural

Intensified Monsoon: The Bay of Bengal has a major influence on the monsoon in Northeast India. This year there were two coupled ocean-atmosphere phenomena; La Nina in the Pacific Ocean and a Negative Dipole in the tropical Indian Ocean. The two phenomena combined to cause high rainfall in the Bay of Bengal. As a result, weeks before the usual monsoon season, rains had already drenched the basin.

Climate Change: The rise in global temperatures creates a warmer atmosphere. Warmer air can hold more moisture leading to intense bouts of rain and eventually flooding the region. Further, climate change is **intensifying the melting of glaciers** in the Himalayas that can enhance the magnitude of flooding in the northeast.

Topography: Assam is home to a vast network of rivers, including the Brahmaputra and Barak River. More than 50 tributaries feeding them. Assam also receives river water from neighbouring states like Arunachal Pradesh and Meghalaya. The flat topography and large water flow results in inundation of land.
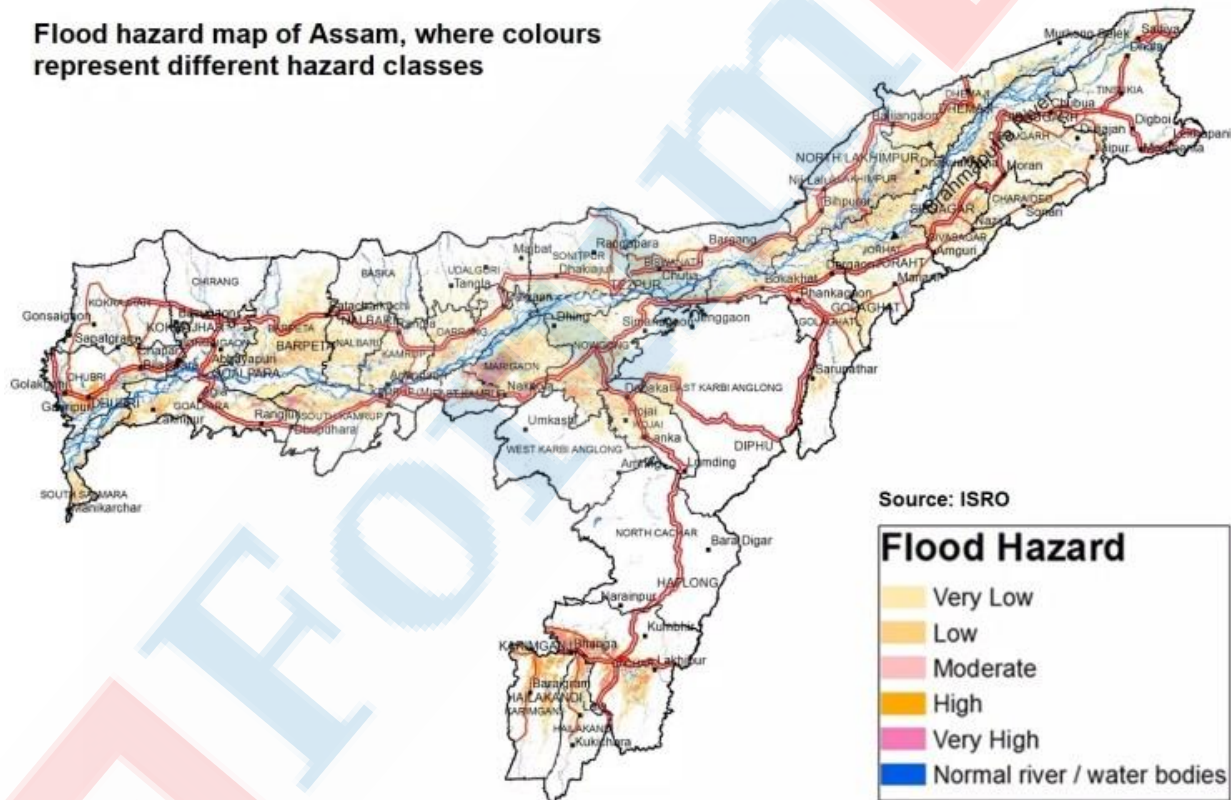
Source: waterresources.assam.gov.in

Volatile Nature of Brahmaputra: Brahmaputra River is braided and unstable in its entire reach in the Assam Valley except for a few places.The **instability of the river** is attributed to high sediment charge and steep slopes. The river also changes course frequently and it's virtually impossible to contain it within embankments. The width of the river Brahmaputra has increased up to 15 kilometres at some places due to bank erosion. It is estimated that annually nearly 8,000 hectares land is lost to erosion.

Created with love ❤ by ForumIAS- the knowledge network for civil services.

Visit academy.forumias.com for our mentor based courses.

Forum IAS

Earthquakes/Landslides: Assam and other parts of the North-eastern region are prone to frequent earthquakes which cause landslides.The landslides and earthquakes send in a lot of debris in the rivers causing the river bed to rise.

Anthropogenic

Dams: One of the key causes of floods in the Assam region is the unregulated release of water from dams situated uphill.

Unplanned expansion of the urban areas: From an estimated 11,000 people in 1901, Guwahati now is home to close to 1.1 million people. Rapid population growth has led to severe encroachments of the wetlands, low lying areas, hills and shrinkage of forest cover. Further a poor drainage system is also a key reason for water-logging in cities that eventually leads to flooding.

What are the adverse impacts of floods?

Loss of Life: The most devastating impact of floods is the loss of precious human lives. In the recent Assam Floods, the death toll has already reached 170.

Habitat Loss: In many parts of the State, both rural and urban, shoals of water drove people from their homes and forced many of them to seek shelter for their livestock. So far, 1.38 lakh houses have been totally or partially damaged.

Deters Food Security: In many places, people failed to save standing crops. Granaries were damaged and mud houses were filled with sand brought by the rivers in spate.
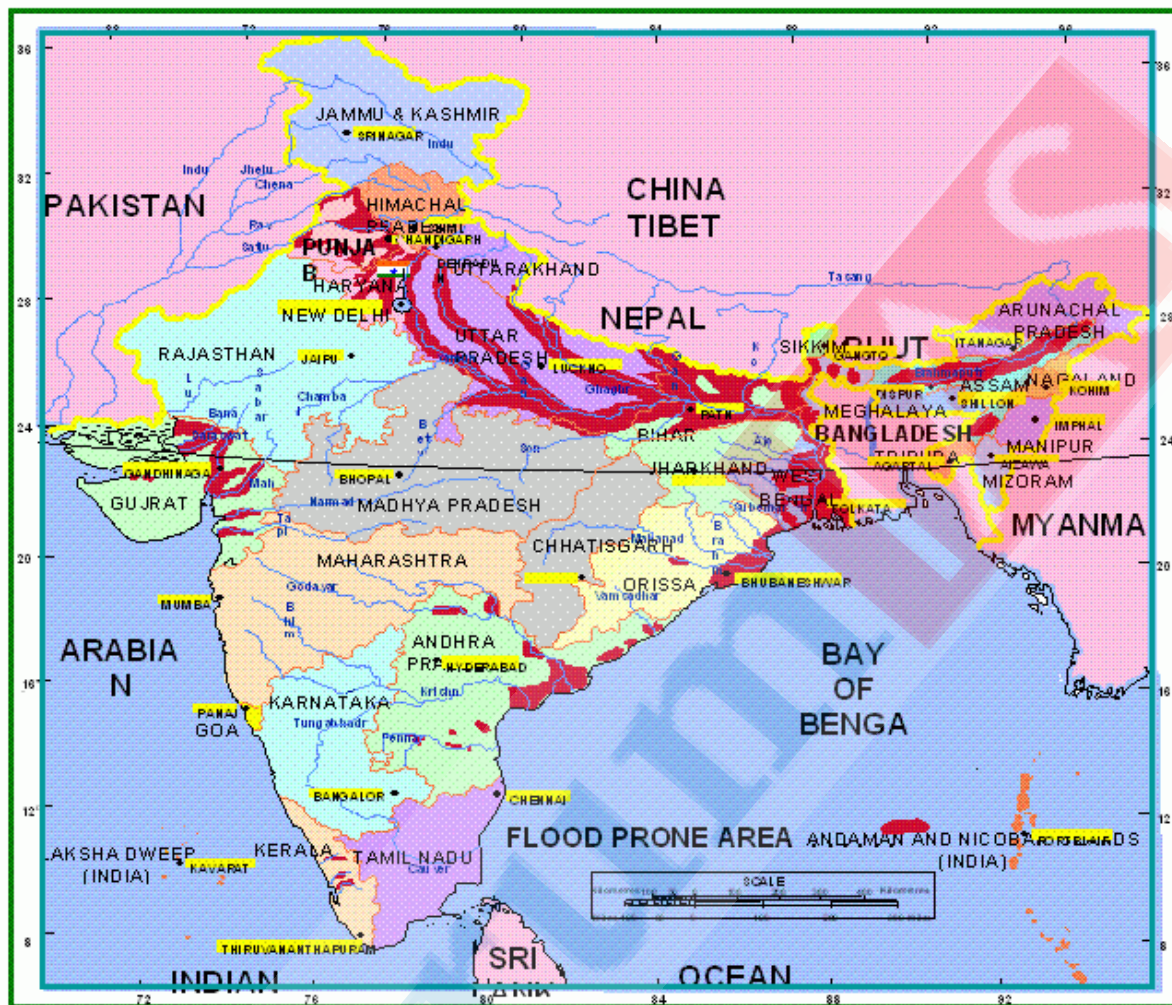
Economic Loss: Numerous critical infrastructure like buildings, power lines, communication lines etc.. get damaged due to flooding. Roads get blocked due to which people are unable to carry out their livelihood. Thus it brutally impacts the economy of a region.

Environmental Degradation: Not only humans but our pristine environment composed of a diverse variety of flora and fauna also faces the brunt of excessive flooding. Numerous animals die and trees get uprooted due to excessive flooding.

What are some positive impacts of Floods?

First, floods **generate a bounty of fish and rejuvenate flood-plain ecosystems** all along the Brahmaputra, including in the Kaziranga. This landscape has been shaped over millions of years with the help of an active monsoonal environment and mighty rivers that carry sediments weathered from the still-rising Himalaya.

Second, the annual floods are a **natural way to enrich the soils,** which have a propensity to get depleted.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
Forum IAS

Flood Prone Area Map of India. Source: National Flood Commission

What steps have been taken by the Government for flood management?

National Flood Commission (*Rashtriya Barh Ayog*): The Commission submitted its comprehensive report in March 1980. It contained a total of 207 recommendations covering the entire gamut of problems related to floods in the country.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
ForumIAS

Observations of the National Flood Commission (*Rashtriya Badh Aayog*)

- The increase in floods was due to **anthropogenic factors** such as deforestation, drainage congestion and badly planned development works.
- **Embankments** and reservoirs are **ineffective methods** of flood control. Their construction should be limited to areas where their **efficacy has been proven**.
- There has to be **consolidated efforts among the States and the Union Government** to take up research and policy initiatives to control floods.
- It recommended a **dynamic strategy** to cope with the changing nature of floods. The problem began with the **methods of estimating flood-prone areas** of the country.

Recommendations

- **Identification** of **flood affected areas**, carry out field surveys and indicate the area that can be given **protection against flood damage**, Separate reporting of flood damage for **(a)** Unprotected areas; **(b)** Protected areas and **(c)** Areas situated between the embankments.
- **Data collection** for providing information on their long term performance and their impact on various socio-economic factors.
- **Legislation** and enforcement by States to prevent unauthorized river bed cultivation and encroachments into drains etc.

Created by | ForumIAS©

R Rangachari Committee: It was set up by the Ministry of Water Resources, Government of India in October 2001 to review the implementation of recommendations of the National Flood Commission.

National Water Policy (1987/ 2002/2012): The Government of India has laid significant emphasis on the management of floods under the policy.

What are the flaws in the flood management in India?

The biggest shortcoming has been **lack of implementation** of the recommendations of the National Flood Commission. A report by the CAG in 2017 observed that flood-prone States had **not identified or demarcated affected areas** in spite of recommendations by multiple committees. Only two of the 17 audited States had verified RBA's assessment of flood-prone areas. The data were to be used for drawing maps of areas affected by floods. This had also not been implemented.

The National Water Policy of 2012, had specified **preparation of digital elevation models** and frequency-based Flood inundation maps. These have also not been prepared.

The Central Water Commission (CWC) had circulated a Model Bill for Flood Plain Zoning among States for enactment in 1975. Flood Plain Zoning demarcates zones or areas likely to be affected by floods of different magnitudes or frequencies the damage can be mitigated. The CAG report observed that **only 3 States (Manipur, Rajasthan and Uttarakhand) had enacted Flood Plain Zoning Acts**.

The CAG Report had observed that the damage to life and property in Uttarakhand (2013) and Chennai (2015) floods would have been much lesser, had the recommendations been implemented.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
ForumIAS

What are the recommendations of the Parliamentary Standing Committee on Water Resources?

Strengthen embankments along the rivers: Most flood protection structures in Assam are over 50-60 years old. These were constructed on the main stem of the Brahmaputra and its tributaries way back in the 1960s and have become weak now.

Dredging of Rivers: Dredging is the removal of sediments and debris from the bottom of lakes, rivers, harbours, and other water bodies. It is a routine necessity in waterways around the world because sedimentation—the natural process of sand and silt washing downstream—gradually fills channels and harbors.

Improve Alert and Forecasting: There is a need to set up modern weather stations in the upstream catchment of all dams in the North East and install sirens on river banks near dams. This would alert downstream populations in the event of floods.
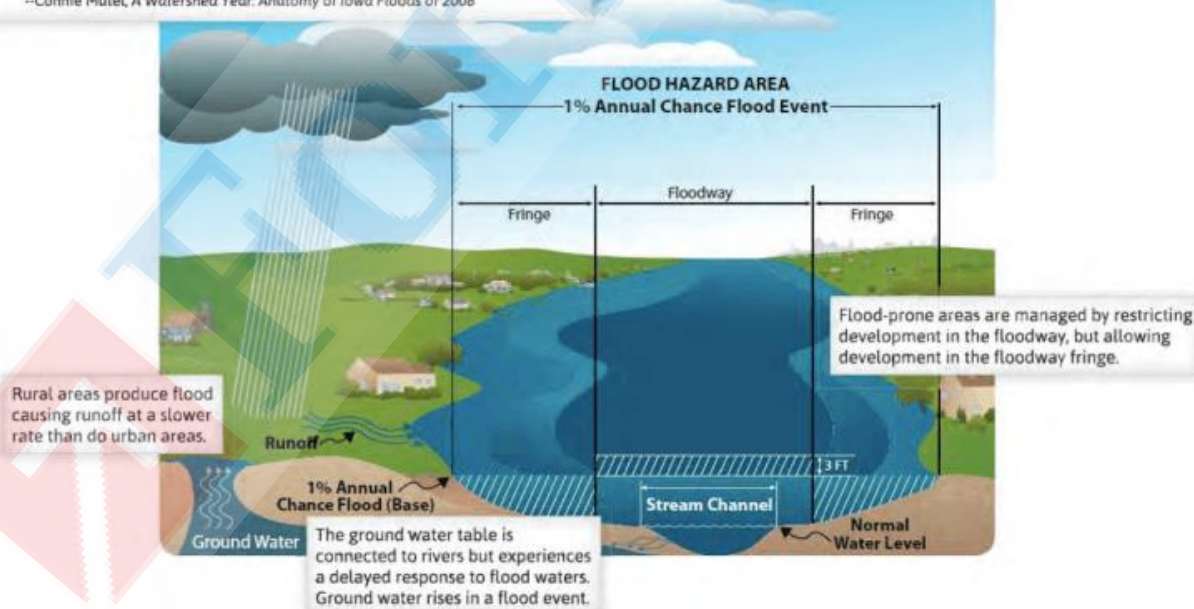
Inclusion of river erosion in an admissible list of calamities: The Government should consider inclusion of river erosion in the admissible list of calamities for availing assistance under the National Disaster Response Fund/State Disaster Response Fund.

Address Vacancies in the Brahmaputra Board: The Brahmaputra Board which has been functional since 1982 does not have enough manpower. The Report had asked the Board to fill up all vacant posts on a priority basis.

Enact Flood Zoning Bill: Major flood-prone states such as UP, Bihar, West Bengal, Assam, Odisha etc. have not taken the initiative to enact the Flood Plain Zoning Bill. The Law must be enacted to regulate activities in the floodplains. This will help mitigate the damage to life and property.

Source: Philadelphia.gov

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
Forum IAS

Set up River Basin Organizations: The report strongly recommended the setting up of River Basin Organizations or RBOs. These would effectively provide immediate, short-term and long-term solutions in addition to the overall development of the river basin.

Mitigation Measures: Measures such as Afforestation and rejuvenation of wetlands should be taken to mitigate the impact of floods.

Conclusion

Assam and numerous other States in India are going to face increased flooding in future, especially considering the rapid climate change. The recent floods are a wake up call to enact more robust policies for flood prevention and mitigation, prevention and response keeping in mind the spirit of **Sendai Framework on Disaster Risk Reduction**.

Source: **Indian Express**, **Down to Earth**, **Down to Earth**, **Down to Earth**

Regulation of Advertisements in India – Explained, pointwise

Introduction

The Central Consumer Protection Authority (CCPA) under the Department of Consumer Affairs has issued 'Guidelines for Prevention of Misleading Advertisements and Endorsements for Misleading Advertisements, 2022'. The Guidelines are a progressive step towards regulation of advertisements in India. They aim to curb misleading advertisements and protect the consumers. The guidelines seek to ensure that consumers are not fooled with unsubstantiated claims, exaggerated promises, misinformation and false claims.

About the CCPA and the Guidelines

The CCPA has been established under Section 10 of the Consumer Protection Act, 2019. Its functions include: **(a)** Regulating matters relating to violation of the rights of the consumers, unfair trade practices and false or misleading advertisements which are prejudicial to the interests of consumers; **(b)** To promote, protect and enforce the rights of consumers as a class.

The new guidelines related to advertisements have been notified in exercise of the powers conferred by **Section 18 of the Consumer Protection Act, 2019** to CCPA. The guidelines will be applicable to advertisements published on all platforms like print, television and online.

Misleading advertisement has already been defined under **Section 2(28) of the Consumer Protection Act, 2019**. It includes any advertisement with: **(a)** False description of a product or service; **(b)** False guarantees misleading the consumers; **(c)** Express representation constituting unfair trade practice; **(d)** Deliberately not revealing the essential information about the product.

What are the emerging trends in advertising?

Digital Media Marketing: The lockdowns and restricted movement increased the use of social media. The demand for content has also increased commensurately. As a result, social media users are paying more attention to posts regarding brand endorsements.

Surrogate Advertising: The banned product (like alcohol or tobacco) rather than being projected directly to consumers is veiled behind another product (like Music CDs or pan masala), either by having the same brand name or similar practices. The aim is to ensure that whenever there is a mention of that brand, people start associating or recalling it with its main product.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
Forum IAS

Bait Advertising: It is a deceptive and insincere offer whereby the advertiser does not intend to sell the advertised product or service at the **unusually low advertised price**. The intention is to increase traffic, then **switch the customer to a higher priced item** when the customer is about to make the buying decision or visits the store. This is often accomplished by inducing customers to buy higher priced models by disparaging the less-expensive product.

Online Gaming Advertising: There has been a substantial rise in online gaming and real money winning games in India, perhaps owing to the ease of accessibility to smart phones and the internet.

> **Read More**: Online gaming and its regulations in India – Explained, pointwise

Ambush Marketing: It is also called 'parasitic', 'guerrilla' or 'moment' marketing. It occurs when a brand exploits the goodwill of an event with the intent to unfairly piggyback or gain market benefits from that event, despite having no financial or official sponsorship or involvement. Recently, multiple brands were seen engaged in ambush marketing in relation to the Tokyo Olympics 2020 (2021) event.

What are the salient provisions of the new guidelines?

Non-misleading and valid advertisement: An advertisement can be considered non-misleading if it contains true and honest representation of goods. Genuine advertisements do not exaggerate the accuracy, scientific validity or practical usefulness or capability. In case of unintentional lapse, the advertisement may still be considered as valid if the advertiser has taken prompt action in letting the consumer know the deficiency.

Surrogate advertisement: The guidelines **completely disallow** any attempts to advertise products that are prohibited by law.

Advertisements Targeting Children: The guidelines forbid advertisements from exaggerating the features of a product or service in such a manner as to lead children to have unrealistic expectations. It also forbids any health or nutritional claims or benefits without being adequately and scientifically substantiated by a recognized body.

Further, advertisements targeting children shall not feature any personalities from the field of sports, music or cinema for products which require a health warning (for such advertisements) or cannot be purchased by children. The guidelines also require that advertisements including 'chips, carbonated beverages and such other snacks and drinks' **shall not be cast on channels exclusively meant for children**.

Disclaimer in Advertisements: Disclaimers in advertisements, in a way, limit the responsibility of the company. The guidelines stipulate that disclaimer **shall not attempt to hide material information** with respect to any claim made in such advertisements. The omission or absence is likely to make the advertisement deceptive. A disclaimer shall be in the **same language** as the claim made in the advertisement and the **font used in a disclaimer shall be the same** as that used in the claim.

Duty on Manufacturer: The guidelines also impose duties on the manufacturers, service providers and advertising agencies. They shouldn't claim and make comparisons in an advertisement which relate to matters of objectively ascertainable facts. Moreover, the advertisement must be framed to gain the trust of the consumers and not to "abuse the trust of consumers or exploit their lack of experience or knowledge".

Created with love ❤ by ForumIAS- the knowledge network for civil services.

Visit academy.forumias.com for our mentor based courses.

Forum IAS

Due Diligence by Endorsers: The guidelines state that the endorsements should reflect the genuine, reasonably current opinion of the endorser regarding their representation. Such endorsement must be based on **adequate information or experience with the goods or services and must not be deceptive**. Foreign professionals are barred from making endorsements in all circumstances where Indian professionals are barred.

Penalties: CCPA can impose penalty of up to INR 10 lakh on manufacturers, advertisers and endorsers for any misleading advertisements. For subsequent contraventions, CCPA may impose a penalty of up to INR 50 lakhs. The Authority can prohibit the endorser of a misleading advertisement from making any endorsement for up to 1 year and for subsequent contravention, prohibition can extend up to 3 years.

What are other rules/ laws/organizations associated with regulation of advertisements in India? **The Advertising Standards Council of India (ASCI)**: It was established as a self regulatory mechanism of ensuring ethical advertising practices. ASCI is a voluntary Self-regulation council. The members comprise Advertiser's, Media, Advertising Agencies and other Professional/Ancillary services connected with advertising practice. ASCI entertain and dispose of complaints based on its Code of Advertising Practice ("ASCI Code").

Regulation of Advertisements in India
Various Legal Provisions related to Advertising Regulations

Laws Governing Media
- The Press Council Act, 1978
- Cable Television Network Rules, 1994
- Code for Commercial Advertising on *Doordarshan* and All India Radio
- The Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021.

Laws Protecting Consumers
- Emblems and Names (Prevention of Improper Use) Act, 1950
- Young Persons (Harmful Publications) Act, 1956
- Companies Act, 1956
- Standards of Weight & Measures Act, 1976
- Indecent Representation of Women (Prohibition) Act, 1986
- Consumer Protection Act, 2019

Industry Specific Laws
- The Drugs and Cosmetics Act, 1940
- The Transplantation of Human Organs Act, 1994
- The Drugs and Magical Remedies (Objectionable Advertisements) Act, 1954
- The Prenatal Diagnostic Techniques (Regulation & Prevention of Misuse) Act, 1994
- Infant Milk Substitutes, Feeding Bottles and Infant Foods (Regulation of Production, Supply and Distribution) Act, 1992
- Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003.

Created by | ForumIAS©

What is the significance of the New Guidelines on Regulation of Advertisements?

First, the guidelines **provide better clarity** to the existing rules and provisions. It defines 'bait advertisement', 'surrogate advertisement' and clearly provides what constitutes as 'free claim advertisements'. Further, the enforcement issues in existing advertisement laws have been addressed by the guidelines in as much as it imposes severe penalties.

Second, it will help in **upholding and protecting the rights of consumers** like **right to be informed**, **right to choose** and **right to be safeguarded** against unsafe products and services. These rights are often violated by sellers through misleading advertisements.

Third, several **preemptive provisions** have been laid down on advertisements targeting children. This has been done keeping in view the **sensitivity and vulnerability of children** and the severe impact advertisements make on the younger minds.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.

Forum IAS

Fourth, the guidelines perform an essential function in bringing the Indian regulatory framework **at par with international norms and standards**. Further, the government is expected to come out with guidelines in consultation with industry representatives to curb fake reviews on e-commerce platforms.

Fifth, it gives a **framework for the industry stakeholders** to prevent misleading ads even by mistake.

What are the concerns associated with the Guidelines?

First, surrogate advertisements have been banned. However, there is ambiguity regarding brand extensions. A brand extension is **when a company uses one of its established brand names on a new product or new product category**. The Guidelines recognize advertisements of Brand extensions (provided they comply with other guidelines), there is no objective criteria prescribed to determine the validity/genuineness of such advertisements. This might have an impact on advertisement and thus sales of many branded products.

Second, in case of any ambiguity or dispute in interpretation, the decision of CCPA shall be final. This might lead to **increased litigation** and put further pressure on the Judiciary.

Third, the opinion is divided over the provisions related to celebrity endorsements vis-a-vis due diligence. Some experts believe, **celebrities lack technical knowledge to undertake due diligence**. Other critics argue that the **penalty (INR 10 Lakh) is too small for big celebrities** who charge crores of rupees for endorsements.

Fourth, a lot of claims made by advertisements are **unverifiable** (e.g., products may claim they make the child stronger, or taller). It is **difficult to define what is misleading**. The ambiguity might increase consumer complaints.

What lies ahead?

First, some provisions of the guidelines **are bound to face litigation in courts**. For instance, guidelines prohibit advertisements of chips, carbonated beverages and such other snacks on exclusive children channels. It remains to be seen whether it can survive a challenge under Article 14 and Article 19(1)(g) of the Indian Constitution. Many experts believe that it impinges upon the right of the channels such as Cartoon Network to earn revenue from such advertisements.

Second, the advertisers, too, must take a cue from the guidelines and **impose self-regulation** to comply with the same.

Third, while the guidelines must be hailed as a step in the right direction, there is a definite need to **ensure their implementation** in the spirit they have been drafted with. This will require strengthening of **consumer courts at District, State and National level** coupled with massive awareness campaigns on the lines of *Jago Grahak Jago*.

Conclusion

The latest guidelines aim to protect consumers' interest by bringing in more transparency and clarity in the way advertisements are being published. They will enable the consumers to make informed decisions based on facts rather than false narratives and exaggerations. The guidelines are pathbreaking because they fill significant consumer protection gaps while explicitly outlining advertiser duties.

Source: **The Hindu**, **The Hindu**, **Financial Express**, **PIB**, **FICCI**

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.

Forum IAS

Union Government's 1 Million Job Promise: Need and Challenges – Explained, pointwise

Introduction

India has been witnessing rising levels of inflation and unemployment since the onset of COVID-19 pandemic. The situation has been worsened by the ongoing Russia-Ukraine conflict. Many economists are saying that poor Indians are facing economic distress due combined impact of unemployment and inflation. To ease the situation, the Union Government has recently announced a plan to recruit 1 million (10 lakh) people in various Government Ministries and Departments over the next 1.5 years. While the decision to create 1 million jobs by the Government is being welcomed, the move has raised several concerns. There has been criticism of Government taking up the role as principal employer in the economy, instead of undertaking economic reforms to create more jobs in the economy.

What is the current situation of unemployment in India?

The leaked Periodic Labour Force Survey (PLFS) in 2018 revealed that India's unemployment rate was the highest (6.07%) in four decades.

The latest PLFS suggests that the numbers now are not so drastic, with the overall unemployment rate at 4.2% in 2020-21 compared to 4.8% in 2019-20.
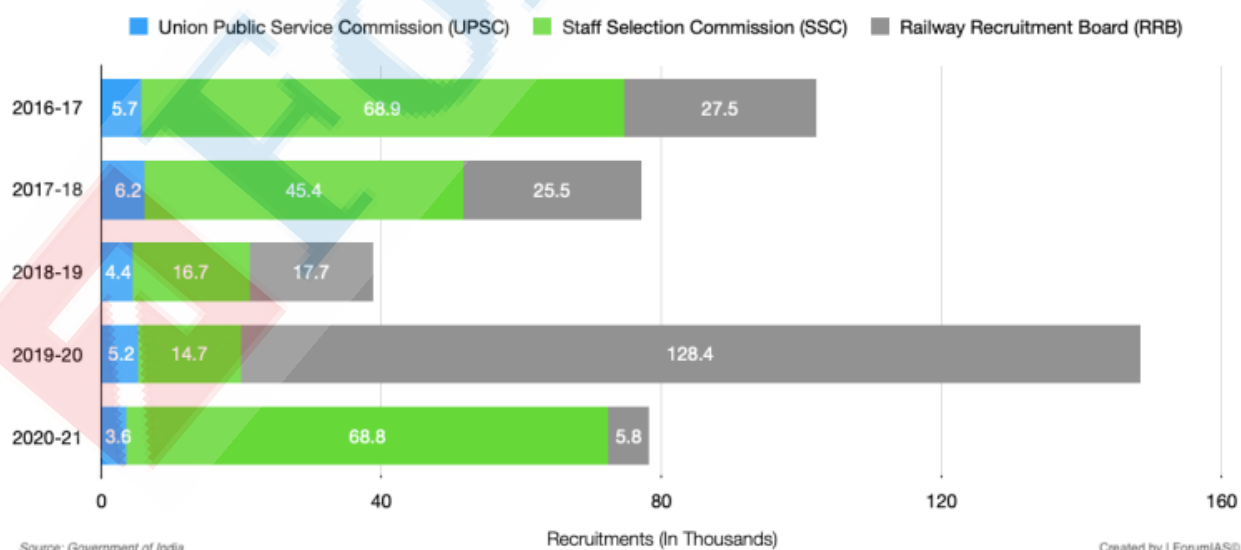
In terms of the more widely used statistic internationally, the current weekly status of unemployment, the figure of 7.5% for all persons in 2020-21 is still worrying.

What is the current status of recruitment by the Union Government?

According to the report of the 7th Pay Commission, the total sanctioned strength of the Union Government fell from 41.76 lakh in 1994 to 38.9 lakh in 2014.

In 2021, the strength of the Union Government stood at 34.5 lakh as per the Union budget. Moreover, between 2006 and 2014, the average recruitment in the Union Government was a little over one lakh each year.

Between 2017-18 and 2021-22, the Staff Selection Commission (SSC) and the Union Public Service Commission (UPSC) recruited only 1.74 lakh and 24,836 candidates.

Legend: ■ Union Public Service Commission (UPSC) ■ Staff Selection Commission (SSC) ■ Railway Recruitment Board (RRB)

Year	UPSC	SSC	RRB
2016-17	5.7	68.9	27.5
2017-18	6.2	45.4	25.5
2018-19	4.4	16.7	17.7
2019-20	5.2	14.7	128.4
2020-21	3.6	68.8	5.8

Source: Government of India

Recruitments (In Thousands)

Created by I ForumIAS©

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.

↗ Forum**IAS**

What is the rationale behind providing 1 million jobs?

Changing Structure of Indian Economy: The services sector has rapidly expanded. However, the sector tends to be less employment intensive. Moreover, most of the jobs require skilled workforce. The gig economy does employ the unskilled but fails to create enough jobs for the millions entering the labour force each year. In a similar way, India has not been able to create a robust labour intensive manufacturing sector that is able to absorb the low and semi-skilled sections of the labour force.

Accumulation of Vacancies: A significant number of posts in the government sector are already lying vacant which is impairing governance. The latest data showed that there were 8.86 lakh vacant jobs among all Union government civilian posts as of March 2020.

Demographic Dividend: India has the largest working force in the world. The demographic dividend window will last till 2040s. Finding productive employment for its youth is an imperative for India, else this dividend can easily be turned into a demographic disaster.

Mitigating the Impact of Pandemic: The pandemic led to large loss of livelihoods. Further, it led to a shift of employment into lower productive and unpaid jobs away from salaried employment. Wage rates have continued to remain lower for those employed in either salaried jobs or self-employed compared to the pre-pandemic period. Thus creation of jobs by the government will help in providing some relief.
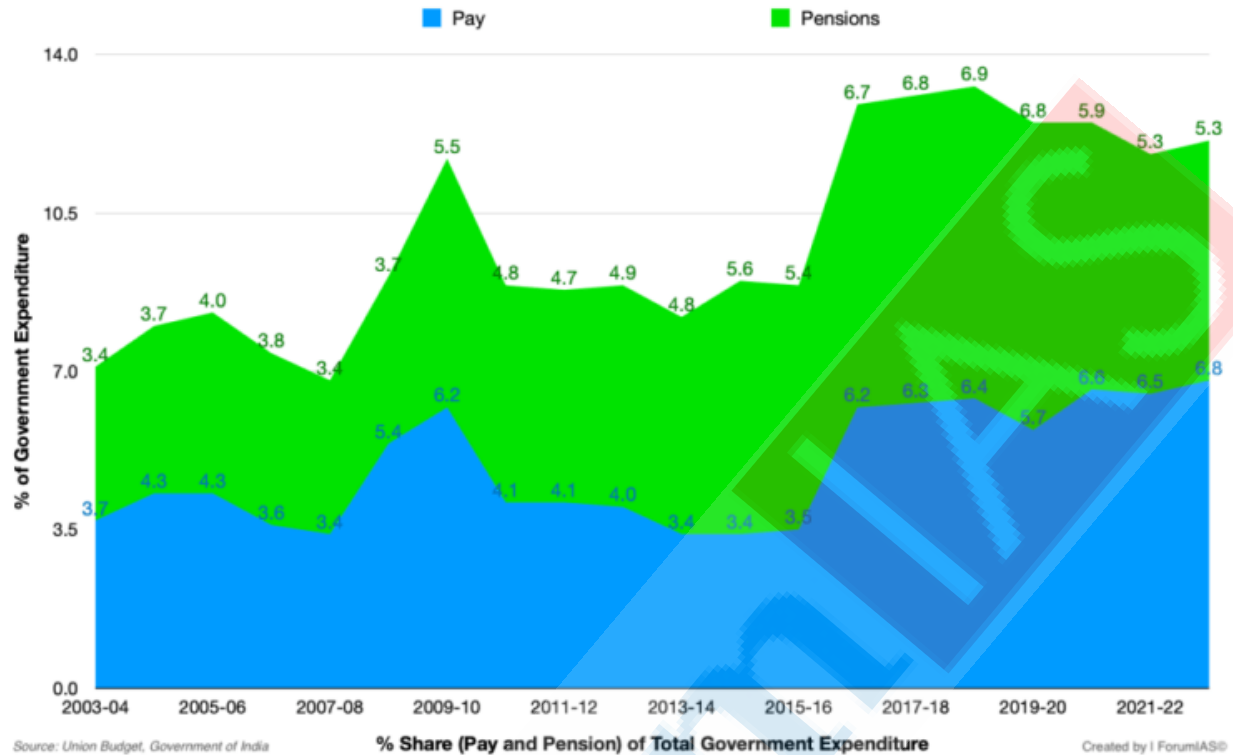
Global Uncertainties: The ongoing Russia-Ukraine conflict and a looming threat of global recession would reduce consumer demand and consequently poor economic activity. Unemployment is expected to get worse. In this scenario, the creation of 1 million jobs by the government would be beneficial in mitigating the impact.

What are the challenges associated with the 1 million jobs proposal?

Lack of Absorptive Capacity of Government: The recent recruitment data shows that government employment actually forms a small proportion of the formal labour force, and an even smaller part of the total labour force. Thus, having 1 million jobs in the Government will not address the problem of widespread unemployment.

Against the notion of Minimum Government Maximum Governance: This expansion in public sector jobs poses a challenge to the promise and goal of minimum government. Expansion of 1 million jobs may not be feasible especially in the era of digital technology and automation.

Budgetary Constraints: The real danger of this mega-recruitment drive is that capital expenditure may be curtailed to make way for higher salary budgets. A reduction in capital expenditure will in turn reduce creation of productive assets that would have generated much more employment.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
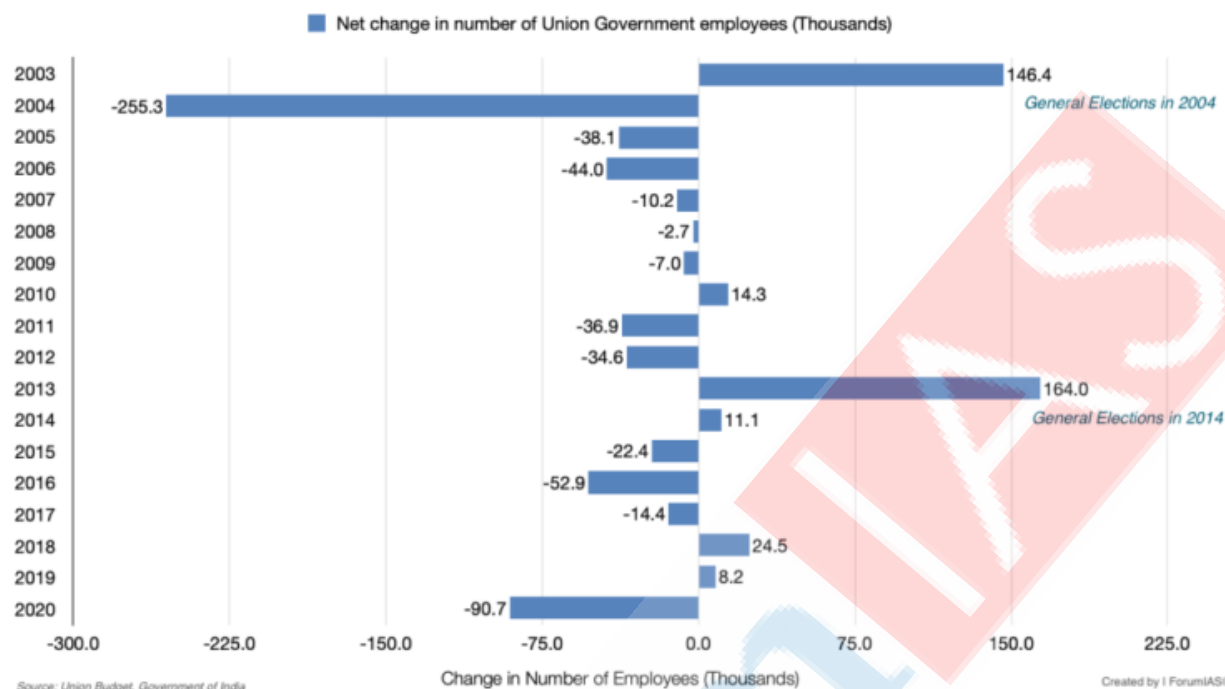**Forum IAS**

The combined expenses on Salaries and Pensions has increased from 7.1% of Government expenditure in 2003-04 to 12.1% in 2022-23 (Budget Estimate). This reduces space for more productive Capital Expenditure by Government.

Discouraging Past Performance: On many occasions the government has failed to deliver on its past performances. Further certain inefficiencies still exist in the recruitment process due to which government exams get delayed and the result lingers on for years due to court cases. Thus **wasting crucial years of India's youth**. The capacity of recruitment agencies (UPSC, SSC, RRB) may not be enough to recruit so many employees in the short timespan e.g., the three bodies recruited 4.44 lakh persons over a period of 5 years (Refer graph above). Further, a **National Recruitment Agency set up in 2020** was expected to subsume the role of multiple government recruiting agencies but is **not yet functional**.

Demand Supply Mismatch: While the target is to create 1 million jobs but demand is much more than that. With roughly 12 million individuals entering the working age population each year, around 6 million jobs need to be created each year, assuming a labour force participation rate of 0.5. Thus, the Government's 1 million jobs plan will have very little impact on wider unemployment in the economy.

Timed for Elections: Several critics have criticized the move as a populist measure focused on General Elections 2024. Past trends indicate that the strength of Union Government increases a year before General Elections. The strength is trimmed in the interim periods.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
ForumIAS

Net change in number of Union Government employees (Thousands)

Source: Union Budget, Government of India

Created by | ForumIAS©

Change in Number of Employees (Thousands)

What should be the approach going forward?

First, the Government should also focus on **expanding the social security net** apart from creating 1 million jobs. This includes enhancing days under MGNREGA, introducing an urban MGNREGA and taking a decision on Universal Basic Income.

Second, employment opportunities for those wanting to shift out of agriculture also need to be factored in. This requires creating jobs at a scale which only the private sector can do efficiently.

Third, the **private sector should be given greater support in form of subsidies and tax rebates**, especially the budding start-ups which have the potential to generate multiple jobs. Effective implementation of current schemes like MUDRA, Start-up India etc. could be a game changer in this regard. Further, the **commercial dispute redressal mechanisms need to be strengthened** in order to attract more investment into the industrial sector. Currently India has 163rd rank in enforcing contracts as per Ease of Doing Business reports.

Fourth, the Government must also focus on skilling and educating the youth as per the demand of the 21st century. They should be **encouraged to learn new age skills** like 5G technology, Big Data, Digital Marketing etc. that would enhance their probability of employment.

Fifth, the schools and colleges must enhance efforts on **inculcating an entrepreneurial mindset in the students**. This will ensure that students become job givers rather than job seekers.

Sixth, the **inefficiencies of government setup** (corruption, maladministration, red tapism etc.) must be addressed. This will ensure optimum utilization of resources and ensure creation of more jobs with minimum inputs. Further, the Government should **avoid sudden introduction of reforms and policies.** For instance, since 2017, the dual impact of demonetisation and the rushed introduction of Goods and Services Tax has caused many small and medium businesses to shut down.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.

ForumIAS

Seventh, the higher officials of recruitment agencies need to **maintain highest standards of efficiency and merit in the recruitment process** so that exams are conducted in a fair manner without delay.

Conclusion

The Union Government is at best a marginal source for employment generation and considering the scale of the challenge, this recruitment drive will not be enough. There is a need to acknowledge that enough jobs should be created by the private sector which should be the principal driver of employment generation.

Source: **Indian Express**, **The Hindu**, **The Hindu**, **Business Standard**, **Mint**

IPBES Report: Findings, Concerns and Suggestions – Explained, pointwise
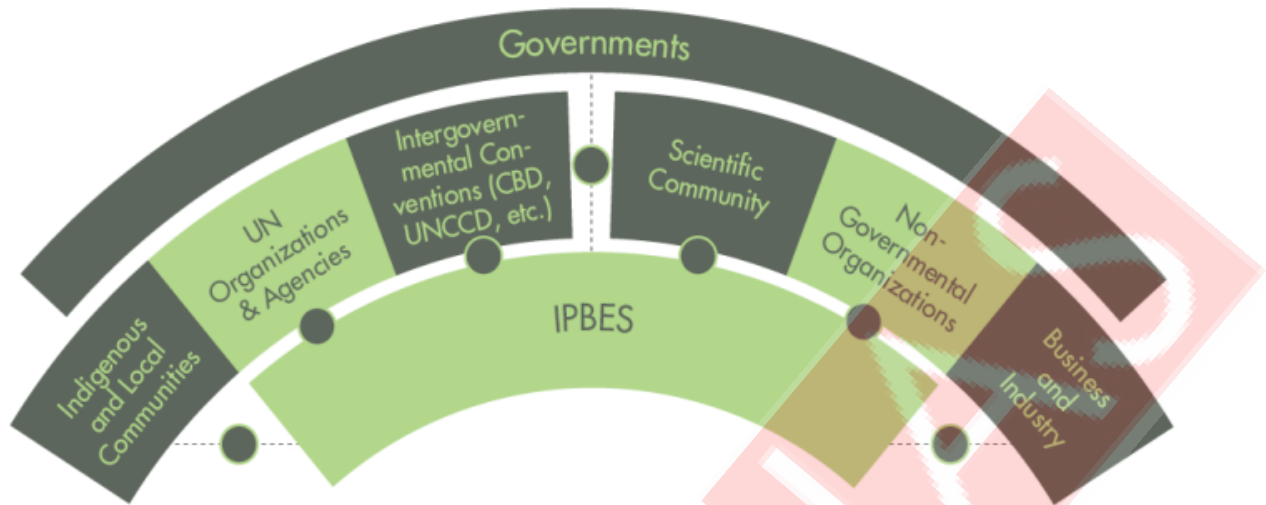
Introduction

The Convention on Biological Diversity defines 'sustainable use' as the use of components of biological diversity in a way and at a rate that does not lead to the long-term decline of biological diversity. This would help in maintaining its potential to meet the needs and aspirations of present and future generations. The recently released Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) Report offers insights, analysis and tools for **sustainable use of wild species**. The Report reminds the global community how much human beings are interdependent with all living beings and why it's important to conserve them. The report comes against the backdrop of the stark findings of the IPBES in May, 2019 that shows around 1 million animal and plant species are threatened with extinction.

What is IPBES?

The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) is an independent intergovernmental body. It aims to strengthen the science-policy interface for biodiversity and ecosystem services for the conservation and sustainable use of biodiversity, long-term human well-being and sustainable development.

It was established in Panama City, on 21 April 2012 by 94 countries. It is not a United Nations body. However, at the request of the IPBES Plenary and with the authorization of the UNEP Governing Council in 2013, the United Nations Environment Programme (UNEP) provides secretariat services to IPBES.

It currently has close to 140 member States. A large number of NGOs, organizations, conventions and civil society groupings also participate in the formal IPBES process as observers.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
Forum IAS

Source: IPBES

What does IPBES do?

The work of IPBES can be broadly grouped into four complementary areas:

Assessments: On specific themes (e.g. "Pollinators, Pollination and Food Production"); methodological issues (e.g. "Scenarios and Modelling); and at both the regional and global levels (e.g. "Global Assessment of Biodiversity and Ecosystem Services").

Policy Support: Identifying policy-relevant tools and methodologies, facilitating their use, and catalyzing their further development.

Building Capacity & Knowledge: Identifying and meeting the priority capacity, knowledge and data needs of our member States, experts and stakeholders.

Communications & Outreach: Ensuring the widest reach and impact of IPBES's work.

About the IPBES Report

The report identifies **five broad categories of 'practices'** in the use of wild species: Fishing; Gathering; Logging; Terrestrial Animal Harvesting (including hunting); and Non-extractive practices, such as observing. For each practice, it examines specific 'uses' such as for food and feed; materials; medicine, energy; recreation; ceremony; learning and decoration.

It provides a detailed analysis of the trends in each, over the past 20 years. It indicated the increasing use of wild species but added that its sustained use has been varied.

What are the Key Findings of the IPBES Assessment Report?

Dependence on Biodiversity
Around **70% of the world's poor are directly dependent on wild species**. 50,000 wild species of plants, animals, fungi and algae meet the needs of billions of people globally.One in five people rely on wild species for **income and food.**

Around 2.4 billion people worldwide rely on wood for cooking and 880 million, particularly in developing countries, log firewood or produce charcoal. **Logging for energy accounts for 50%**

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.

ForumIAS

of all wood consumed globally, and 90% of timber harvested in Africa. Even though the use of wood for fuel is declining in most regions, it is increasing in sub-Saharan Africa.

Certain species have cultural importance as they offer multiple benefits that define tangible and intangible features of **people's cultural heritage**.

The use of wild species is also a source of **culturally meaningful employment** for such communities and they have engaged in the trade of wild species and materials since millennia.

Threat to Biodiversity
The global rate of species extinction is already at least tens to hundreds of times higher than the average rate over the past 10 million years and is accelerating.

Around 12% of tree species in the wild and 1,341 wild mammal species globally are threatened by **unsustainable logging and hunting**. More than 25% of the world's forests are subject to industrial logging.

Unsustainable gathering is one of the main threats for several plant groups, notably cacti, cycads, and orchids as well as other plants.

Around 34% of marine wild fish stocks in the world are **overfished**. Further, Bycatch has led to a steep decline in the number of sharks and ray species since the 1970s.

Bycatch refers to incidental capture and mortality of non-target marine animals during fishing.

The report noted that indigenous people and local communities used local knowledge, practices and spirituality for the sustainable use of wild species. They **respected nature and only took what they needed**. This ensured that healthy populations of wild species were maintained.
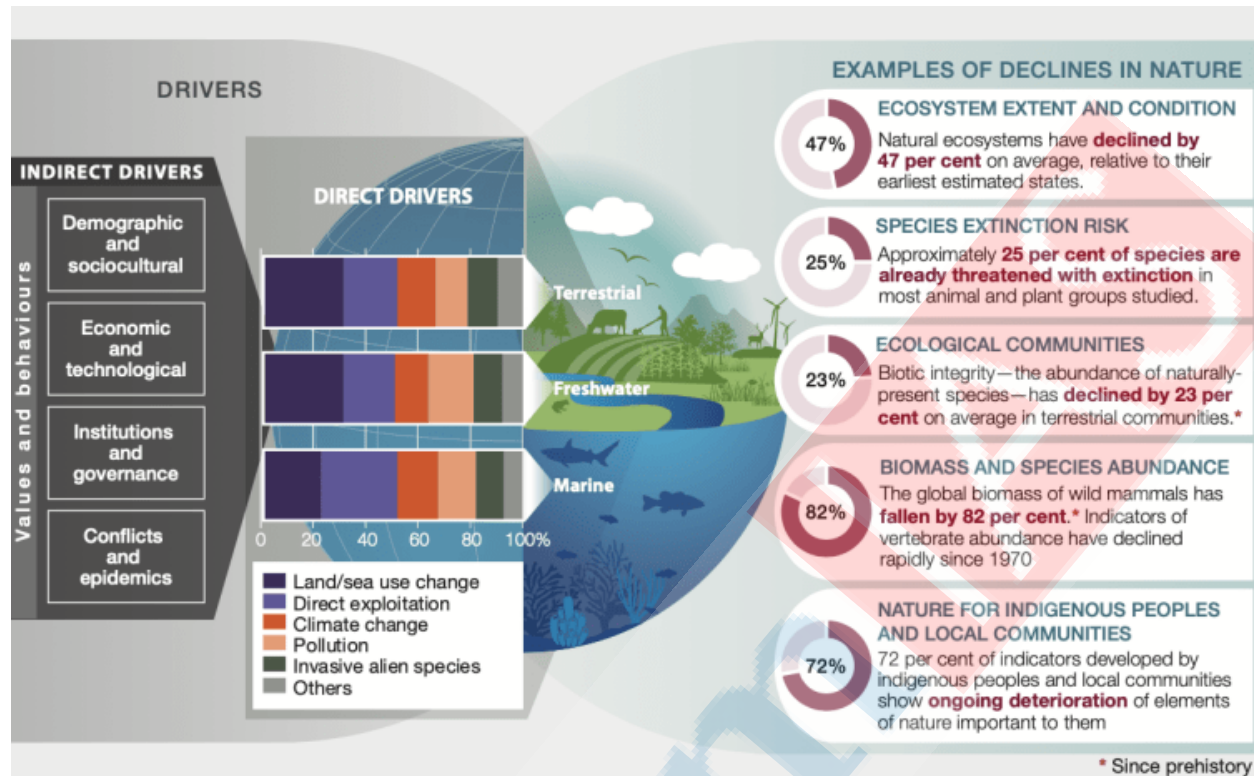
What are the reasons behind depletion of biodiversity?

First, overexploitation is the primary reason for the depletion of biodiversity. The rate of usage is much more than the replenishment rate that has pushed many species on the verge of extinction.

Second, it assessed that **changes in climate, sea and landscapes, pollution and invasive alien species** impact the abundance and distribution of wild species.

Third, trade in wild plants, algae and fungi for food, medicine, hygiene, energy and ornamental use is increasing. Further, the **illegal trade** in wild species, worth up to US$ 199 billion annually, accounts for the world's third largest class of illegal trade. Timber and fish make up the largest volumes and value of illegal trade in wild species.

Fourth, with **lack of alternatives**, people are often forced to further exploit wild species already at risk. For instance, due to lack of alternatives, still 2.4 billion people rely on fuelwood for cooking.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
Forum IAS

*Source: IPBES Report. **Drivers of Decline in Nature**. The direct drivers (**land-/sea-use change**; **direct exploitation of organisms**; **climate change**; **pollution**; and **invasive alien species**) result from an array of underlying societal causes. These causes can be demographic (e.g., human population dynamics), sociocultural (e.g., consumption patterns), economic (e.g., trade), technological, or relating to institutions, governance, conflicts and epidemics. They are called indirect drivers and are underpinned by societal values and behaviours. Land- and sea-use change and direct exploitation account for more than 50% of the global impact on land, in fresh water and in the sea.*

What steps have been taken to protect Biodiversity?

National

Wildlife Protection Act, 1972: It is an Act of the Parliament of India enacted for protection of plants and animal species. It has 6 schedules that provide varying degrees of protection to species.

Wildlife Crime Control Bureau (WCCB): It is a statutory multi-disciplinary body. It functions under the Ministry of Environment and Forests. Its responsibilities include combating organized wildlife crime in the country.

Global

IUCN Red List: It is a critical indicator of the health of the world's biodiversity. Far more than a list of species and their status, it is a powerful tool to inform and catalyze action for biodiversity conservation and policy change.

Convention on International Trade in Endangered Species (CITES): It is an international agreement between governments. CITES regulates international trade in specimens of species of

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
**Forum IAS**

wild fauna and flora based on a system of permits and certificates issued under certain conditions.

Sustainable Development Goals: Countries have adopted 17 goals that need to be achieved by 2030. Many of them like SDG 13 (climate action), SDG 14 (Life below water), SDG 15 (Life on land) etc.. focus on environment and species protection.

What are the Recommendations of the IPBES Report?

The Report observes that Nature can be conserved, restored and used sustainably while simultaneously meeting other global societal goals through urgent and concerted efforts **fostering transformative change**. The Sustainable Development Goals and the 2050 Vision for Biodiversity cannot be achieved without transformative change. Transformative change is facilitated by **innovative governance approaches** that incorporate **integrative**, **inclusive**, **informed** and **adaptive governance**.
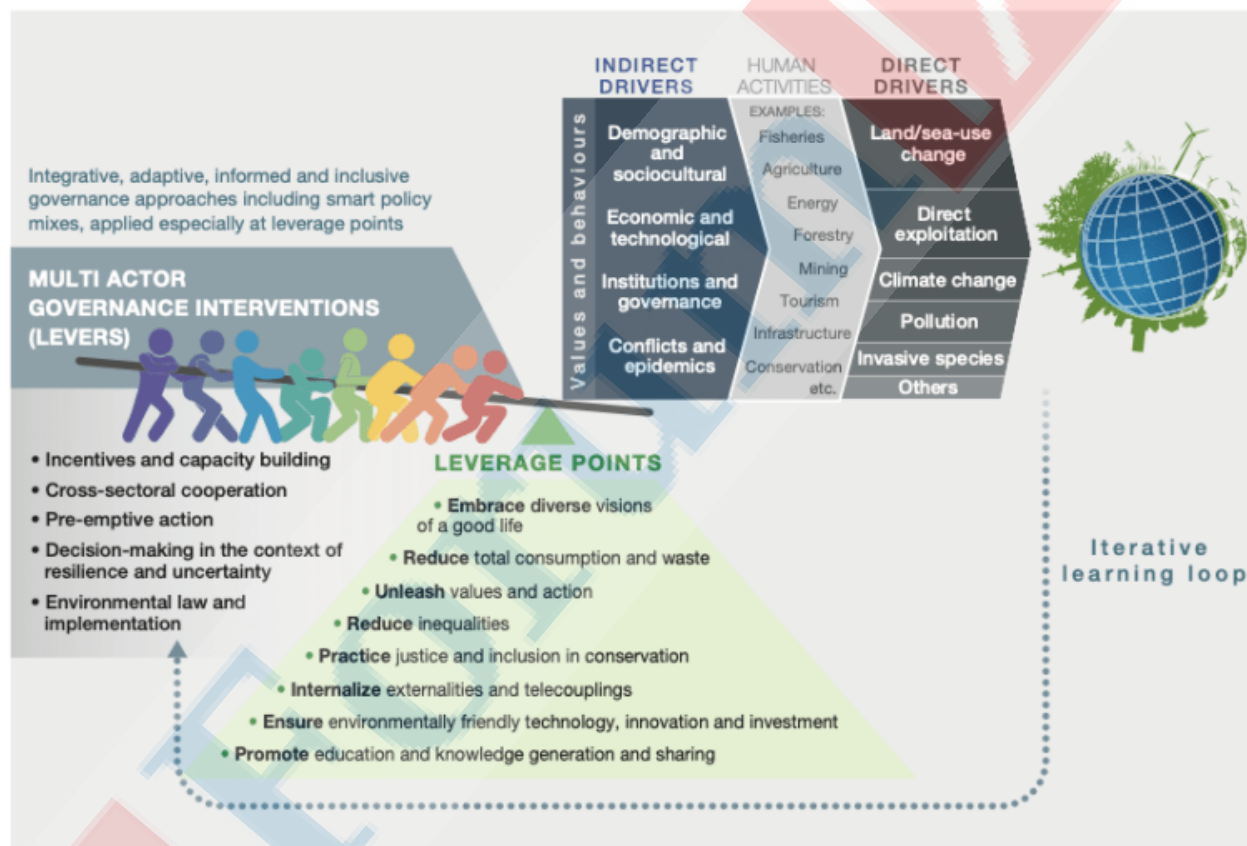
*Source: IPBES Report. Five main interventions ('levers') can generate transformative change by tackling the underlying drivers of the deterioration of nature: (1) **Incentives and Capacity-building**; (2) **Cross-Sectoral Cooperation**; (3) **Pre-emptive Action**; (4) **Decision-making in the context of Resilience and Uncertainty**; and (5) **Environmental Law and Implementation**.*

Feeding humanity and enhancing the conservation and sustainable use of nature are **complementary and closely interdependent goals**. Both can be advanced through **sustainable agriculture**, **aquaculture** and **livestock systems**, the **safeguarding of native species** and **habitats**, and **ecological restoration**.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
Forum IAS

The Report observes that **marine ecosystems and fisheries can be conserved through ecosystem-based approaches** to fisheries management, effective quotas, marine protected areas, protecting and managing key marine biodiversity areas and reducing run-off pollution into oceans. Urgent steps are necessary to prevent, deter and eliminate illegal and unregulated fishing.

The Report emphasises on **cost-effective nature-based solutions** for meeting the Sustainable Development Goals in cities. This is crucial for global sustainability. Increased use of **green infrastructure** can help to advance sustainable urban development. Sustainable solutions include retrofitting green and blue infrastructure, creating and maintaining green spaces and biodiversity-friendly water bodies, urban agriculture, vegetation cover in existing urban and peri-urban areas and new developments. Green infrastructure will help in flood protection, temperature regulation, cleaning of air and water, locally sourced food and health benefits etc.

The IPBES Report emphasises that **recognition of the knowledge, innovations, and practices of indigenous peoples and local communities** can help in conservation, restoration and **sustainable use of nature**. Ensuring their inclusion and **participation in environmental governance** will enhance their quality of life.

Source: IPBES Report. Traditional knowledge helps in conservation through measures like habitat management, wild species managements, restoration measures, preventing forest loss etc.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
Forum IAS

Finally, the Report calls for a **change in the global financial and economic systems** that have a narrow view of economic growth. Focus has to be on **reducing inequalities**, **overconsumption** and **waste** and **addressing environmental impacts**. It would entail a shift beyond standard economic indicators such as GDP to include those able to capture more holistic, long-term views of quality of life.

What should be the approach going ahead?

First, the local communities should be made **a key stakeholder in management of wildlife resources.** The Government should ensure that their traditional knowledge is judiciously used to ensure sustainable usage of wild species. In this regard, effective implementation of the Forests Rights Act, 2006 is a must.

Second, the Government must ensure that **environmental litigation** is strengthened by establishing more benches of National Green Tribunals across the country. This will promote environmental consciousness and encourage people to file complaints against the violators.

Conclusion

Addressing the causes of unsustainable use and, wherever possible, reversing these trends should be the priority of Governments at Local, National and International level. This will result in better outcomes for wild species and the people who depend on them thereby moving towards attainment of sustainable development.

Source: **Down to Earth**, **Down to Earth**, **Indian Express**, **The Times of India**, **IPBES**

UPI and Digital Payments in India – Explained, pointwise

Introduction

The Unified Payments Interface (UPI) is a convenient way of transferring funds from one bank account to another. It has gained huge popularity since its launch in 2016. The popularity is testified by its adoption from tiny roadside shops to large consumer brands. In May 2022, the UPI processed payments worth INR 10,41,520 Crore and **crossed INR 10 Lakh Crore threshold in monthly transactions for the first time since its launch**. More than 40% of all retail digital payments (non-cash and non-paper payments) in India happen through UPI now.

About the evolution of Digital Transactions in India

In 1996, Industrial Credit and Investment Corporation of India (ICICI) introduced online banking services in India, by using electronic banking at its branches. Later in 1999, banks such as HDFC, IndusInd, and Ci launched online banking facilities. The trend continued to grow with increasingly more banks launching net banking services in India. This marked the beginning of the digital transactions era in India – several new banks started offering services to users.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
ForumIAS

Types of Digital Payment Systems in India

- **Banking Card**: Banking Cards were launched by the Central Bank of India in 1980, in the form of the first credit card. MasterCard was introduced in 1988. In 1993, several PSU banks started issuing credit cards.
- **Unstructured Supplementary Service Data (USSD)**: It was launched in 2016. It is a mobile banking facility that enables users to use mobile banking without smartphones or an Internet connection.
- **_Aadhaar_ Enabled Payment Systems (AEPS)**: It is a bank-led model which allows online interoperable financial inclusion transactions at point-of-sale (PoS) through the business correspondent of any bank using the _Aadhaar_ authentication.
- **Mobile Wallet**: This is a virtual wallet that stores payment card information on a mobile device.
- **Internet Banking**: This is an online banking method that enables customers of a bank or financial institution to carry out transactions through a portal.
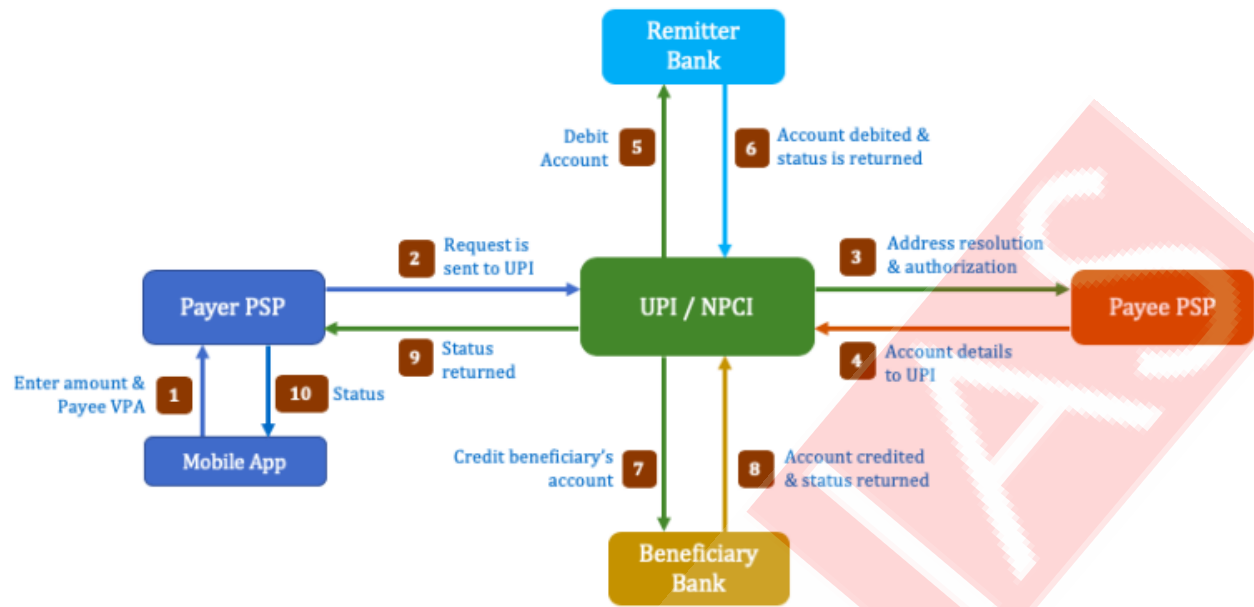
Created by | ForumIAS©

About UPI

The UPI was launched in 2016 and is operated by the National Payments Corporation of India (NPCI). It is a system that powers multiple bank accounts into a single mobile application. The NPCI was formed in 2009 as an initiative of the Reserve Bank of India (RBI) and the Indian Banks' Association (IBA) with the goal to create a robust payment and settlement infrastructure.

UPI operates on top of the Immediate Payment Service (IMPS) which was created by the NPCI for immediate fund transfers.

What is IMPS?
- Immediate Payment Service (IMPS) is a service provided by banks to ensure real-time interbank funds transfer. In NEFT, transactions are cleared in batches, but in IMPS transactions are cleared instantaneously. In IMPS, the funds transfer is thus, instantaneous.
- There is limit of INR 2 Lakh per transaction on IMPS. NEFT has no such limit.
- The IMPS facility can be accessed through multiple channels, such as mobile phone, ATM, the internet, and SMS.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
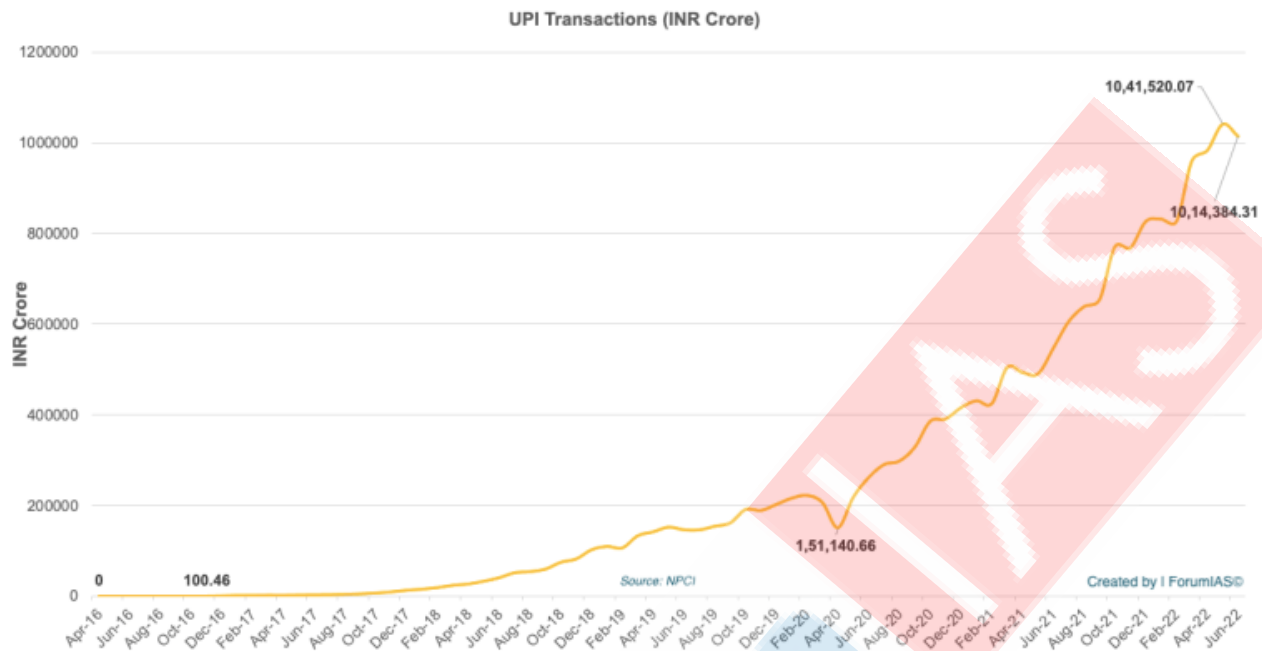
↗ ForumIAS

Working of the UPI

What is the current status of UPI and Digital Transactions?

'Prime Time For Real Time 2022' report states that India's real-time payments include the Immediate Payment Service (IMPS) and Unified Payments Interface (UPI). Both of them have seen increased usage in the last few years.

India accounted for the largest number of real-time transactions in 2021 (48.6 billion). The next highest transactions were in China (18 billion transactions). Thus, transactions in India were 2.7 times that of China. The magnitude is even more contrasting when compared with other countries e.g., the number of transactions in India were almost **seven times greater than the combined real-time payments volume of the world's leading economies**: the US, Canada, the UK, France and Germany (7.5 billion).

The report also forecasted that the share of all transactions occurring via real time instrument was expected to increase to 70.7% in 2026 from the present 31.3%.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.

⤢Forum IAS

UPI Transactions (INR Crore)

The number of banks that are live on UPI has increased from 21 in April 2016 to 330 in June 2021. The number of transactions has reached historic high of 5.96 billion in May 2022 before falling to 5.86 billion in June 2022.

Why are the reasons for wide adoption of UPI?

First, there is no Merchant Discount Rate (MDR) charges for merchants that are levied on card based transactions. This incentivizes merchants to accept UPI transcations.

Second, the UPI is convenient to use. The users only require a smartphone connected to the internet. Users prefer UPI instead of using devices like the Point-of-Sale card-swiping machines.

Third, the UPI is supported by a **robust ecosystem** which makes funds transfer seamless and efficient. This includes the presence of high-speed internet in many parts of the country, technologies that power a smartphone, cloud computing and modern software engineering technologies that fulfill a transaction in a few seconds.

Fourth, it offers a **significant degree of security** to avoid misuse. The security of a UPI transaction is tied to the user's authentication with the mobile phone. There is a mobile personal identification number (MPIN) for the UPI application and there is one more layer of security when the bank's online transaction PIN is to be keyed in as part of every UPI transaction. In case a mobile number is blocked due to theft, then the UPI transactions on that mobile number will also be halted.

Fifth, the **COVID-19 pandemic** significantly boosted digital transactions in wake of SMS (Sanitize, Mask and Social Distance) protocols and lockdowns. This also made UPI more popular with the masses.

What recent innovations have been done in UPI?

The NPCI has come up with multiple new innovations over the past few years: recurring payments for monthly bills, international payments, linking UPI to credit cards etc. Further it has introduced **123PAY** that allows people without smartphones to use UPI using missed calls.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.

ForumIAS

Introduction of Dynamic QR codes. It allows one-time payment by letting a merchant generate a QR (Quick Response) code that is valid for just that specific transaction and many more features. The dynamic QR code is a great boost to security and trust because there is no risk of someone tampering with a static QR code. A static QR code is widely prevalent.

What are the benefits associated with UPI?

First, widespread adoption of real-time payments helped Indian businesses and consumers save approximately US$ 12.6 billion in payment transaction cost. Digital payments **improve the cash flow** situation of the businesses as the payments are instantaneous. It helps increase the number of transactions and thus economic activity. It also **unlocked** US$ 16.4 billion or 0.56% of the **Indian Gross Domestic Product (GDP) output**.

Second, with digitalization, **the amount of black money in the market can be reduced** leading to greater compliance and more tax revenue.

Third, it **enhanced consumer faith in digital transactions** and encouraged them to shun the usage of cash.

Fourth, The UPI has had a **huge impact on the banks and the fintech industry**. It provides banks with a low-cost alternative to cash and helps them save on merchant onboarding costs.

The data acquired through digital transactions also enables banks to market other services, have a better understanding of the spending pattern, and serve consumers better. The **open architecture helps fintech firms to drive innovation** and develop newer products and unique services.

What are the challenges in further scaling-up UPI?

First, some experts fear it would be **difficult to sustain UPI in the long run** without levy of MDR to fund its infrastructure. Currently, neither customer nor merchant pays any extra price.

Second, although the use of cash has decreased since the advent of UPI, cash transactions are still significant. People **still prefer to use cash** due fear of tax terrorism and its greater acceptance as a mode of payment.

Third, still there is **not 100% penetration of internet and smartphones** amongst the population which makes it nearly impossible to do UPI transactions.

Fourth, there is a **lack of digital literacy** in masses due to which they are unable to use the UPI system. Further, **use of mainly english language** in UPI apps reduces their adoption.

What steps can be taken going ahead?

First, it is time to accelerate efforts and expand UPI's impact **beyond the top-tier metropolitan areas**, and replicate its success for the benefit of the entire country, especially rural areas.

Second, cost savings from the reduction in hassles and overheads for banks (by supporting UPI) can be used to bear the cost of operating UPI in the long run.

Third, initiatives like *Bharat* **Net project** (for internet connection) and **PMGDisha** (for digital literacy) should be implemented with full vigor and support.

Fourth, India **must share this technology with fellow countries** in order to earn additional forex and also to enhance its soft power across the globe. UPI has already been rolled out in UAE, Singapore and Nepal.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
⤤Forum IAS

In 2019, Google requested the U.S. Federal Reserve to develop a solution similar to India's UPI citing the thoughtful planning, design and implementation behind it. India can support the U.S in this regard.

Conclusion

India is the poster child for real-time payments and a shining example of how a coordinated, collective, nationwide effort can unlock huge economic and social potential. Keeping this in mind, the reach and acceptability of UPI need to be enhanced further to further unlock economic value.

Source: **The Hindu**, **Business Standard**, **Fortune India**, **Outlook**

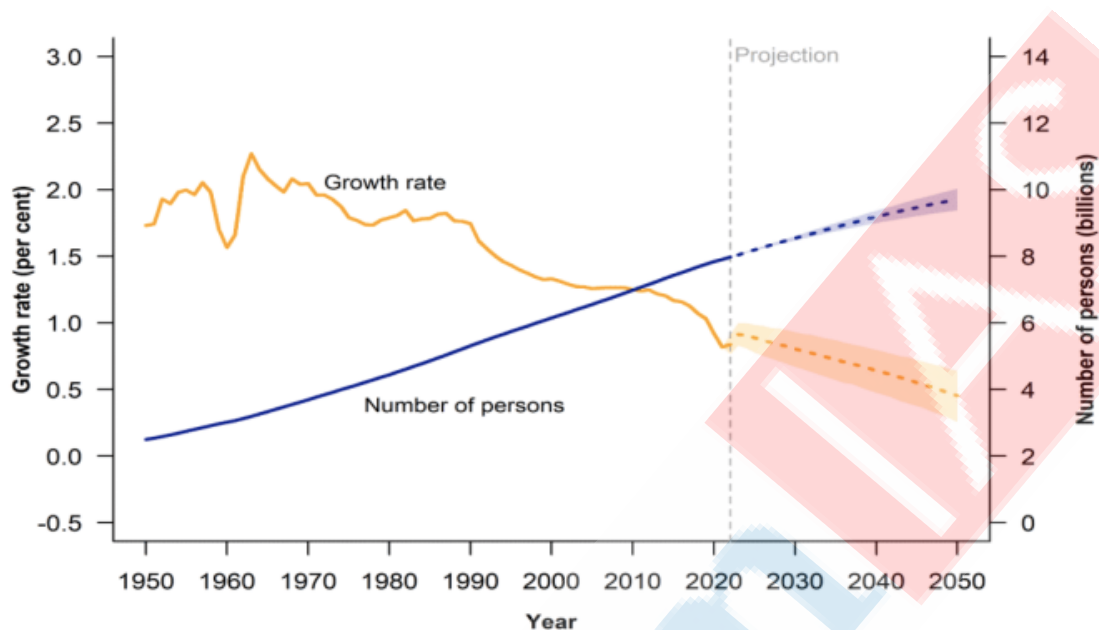## The UN World Population Prospects Report and Population Issues in India – Explained, pointwise

Introduction

The UN World Population Prospects Report 2022 is the 27th edition of the official United Nations population estimates and projections. The Report has presented population estimates from 1950 to the present for 237 countries or areas, underpinned by analyses of historical demographic trends. This latest assessment considers the results of 1,758 national population censuses conducted between 1950 and 2022, as well as information from vital registration systems and from 2,890 nationally representative sample surveys. The Report estimates that India is set to replace China as the country with highest population. This has brought issues related to population back into focus.

What are the Key Findings of the World Population Prospects Report?

World Population: The world's population continues to grow, but the pace of growth is slowing down. The global population is expected to grow to around 8.5 billion in 2030, 9.7 billion in 2050 and 10.4 billion in 2100. In 2020, **the global growth rate fell under 1% per year for the first time** since 1950.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
Forum IAS

Global population size and annual growth rate: estimates, 1950-2022, and medium scenario with 95 per cent prediction intervals, 2022-2050

Source: UN World Population Prospects Report, 2022. Since 1975 the world has been adding another billion people every 12 years. 7 billion milestone was passed in 2011 and 8 billion will be crossed in 2022. While the rate of absolute growth is similar to previous decades, the growth rate continues to fall. As global fertility rates continue to fall, this rate will continue to fall.

Regional Variation in Rates of population growth: More than half of the projected increase in global population up to 2050 will be concentrated in just eight countries. This includes the Democratic Republic of the Congo, Egypt, Ethiopia, India, Nigeria, Pakistan, the Philippines and the United Republic of Tanzania. The 46 least developed countries (LDCs) are among the world's fastest-growing.

Ageing Population: The population of older persons is increasing both in numbers and as a share of the total. The share of the global population aged 65 years or above is projected to rise from 10% in 2022 to 16% in 2050.

Working Age Population: A sustained drop in fertility has led to an increased concentration of the population at working ages (between 25 and 64 years).

International migration: For high-income countries between 2000 and 2020, the contribution of international migration to population growth (net inflow of 80.5 million) exceeded the balance of births over deaths (66.2 million). Over the next few decades, migration will be the sole driver of population growth in high-income countries. Migration could be driven by economic opportunities or security purposes.

Global life expectancy: It reached 72.8 years in 2019, an improvement of almost nine years since 1990. Further reductions in mortality are projected to result in an average global longevity of around 77.2 years in 2050. Yet in 2021, life expectancy for the least developed countries lagged seven years behind the global average.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.

Forum IAS

Findings Specific to India: India is projected to surpass China as the world's most populous country in 2023. At present, India's population is 1.412 billion compared to China's 1.426 billion.

Population, 1950 to 2099
Projections from 2022 onwards are based on the UN's medium-fertility scenario.
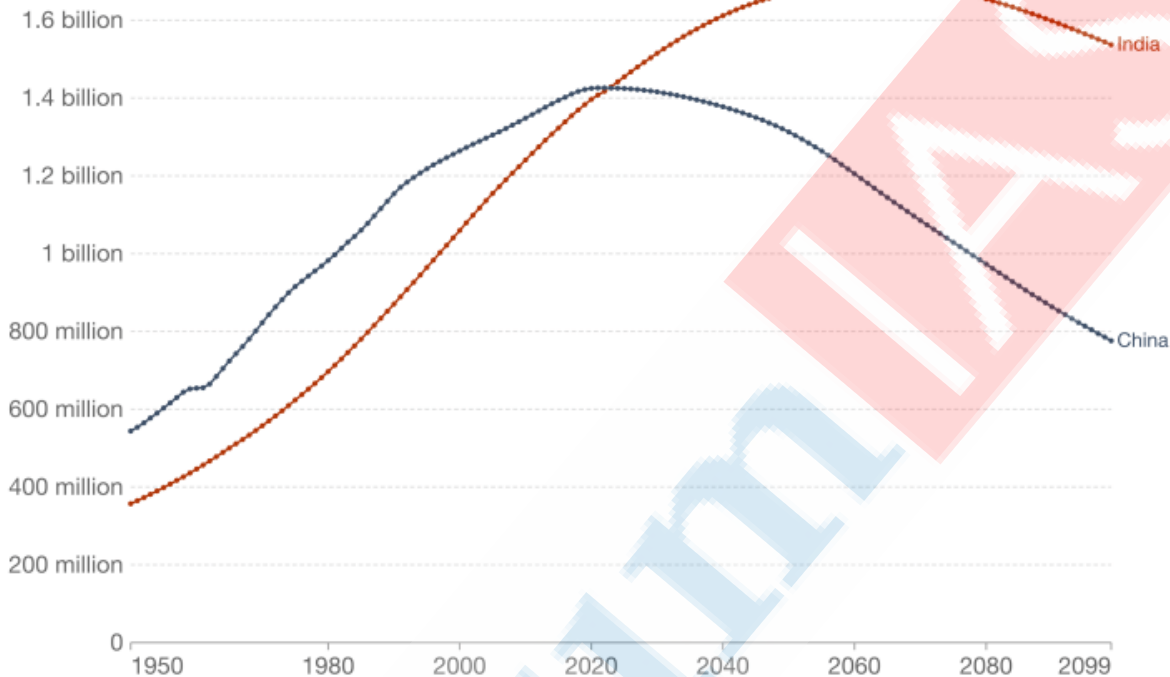
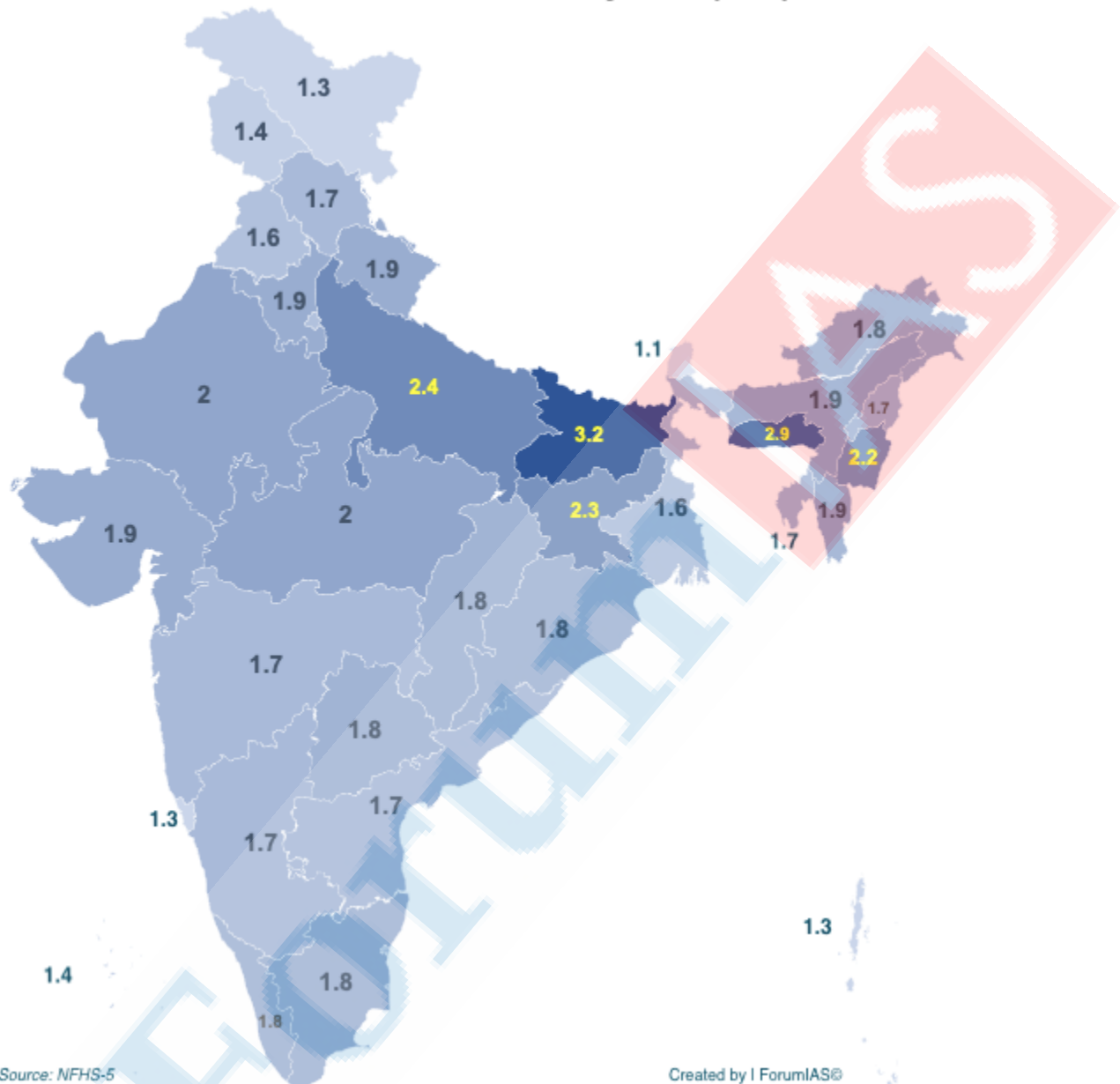Source: United Nations World Population Prospects (2022)

Source: Our World in Data.

What are the projected trends of India's Population?

The fertility rate in India has fallen substantially – from 5.7 births per woman in 1950 to just 2 births per woman today. As per **National Family Health Survey (NFHS) 5**, all states (except Mizoram) have seen **an increase in the use of family planning methods**. Goa (42%) and Bihar (32%) have seen the highest increase in the use of family planning methods.

Consequently, most states have seen **a decrease in the total fertility rate (TFR)**. However, some large States like Bihar (3.2) and UP (2.4) still have TFR much above the Replacement Rate. This is concerning as both States already have large population base. They'll be the driving force behind India's population rise in the coming decades. All other medium and large states in the survey (i.e., population above 1 crore) have a TFR below the replacement level rate of 2.1.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.

Forum IAS

State-wise Total Fertility Rate (TFR)

1.3
1.4
1.7
1.6
1.9
1.9
2
2.4
3.2
1.1
1.8
1.9   1.7
2.9
2.2
1.9
2   2.3   1.6   1.7
1.9
1.8
1.8
1.7
1.8
1.7
1.3
1.7
1.3
1.4   1.8
1.8

Source: NFHS-5   Created by I ForumIAS©

Due to a large proportion of younger population, India's population will continue to rise (**population momentum**) for the next 3 decades before stabilizing in the 2060s. India is projected to have a population of 1.688 billion in 2050, much ahead of China's 1.317 billion.

What are the opportunities created by a rising population?

First, a rise in the working age population creates an opportunity for accelerated economic growth per capita. This shift in the age distribution provides a time-bound opportunity for accelerated economic growth known as the **"demographic dividend"**.

Second, it helps in **creating a consumption driven economy** which is less dependent on exports for its survival. Such economy has the tendency to absorb global shocks in a relatively better way as seen in the case of India. The large domestic market is attractive to foreign

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
ForumIAS

investors. Consequently, it acts as a factor in attracting foreign investments in domestic economy.

Third, a rising population **opens up prospects of emmigration** to other countries which help in generation of additional forex reserves and also enhances a nation's soft power in foreign lands. For instance, a significant portion of remittances are sent by the Indian Diaspora in the U.S to their families living in India.

What are the adverse implications of the current population trend in India?

First, India's rising working-age population necessitates **creation of large livelihood opportunities**. In the absence of suitable employment opportunities, India's demographic dividend may turn into demographic disaster e.g., a report by PwC had estimated in 2019 that India would need to create 100 million (10 Crore) jobs between 2020-27. It will put pressure on India's economy to have productive capacity to create new jobs.

Second, India's **population is ageing** due to rising life expectancy. This has enhanced the share of elderly population e.g., the share of population aged greater than 60 years was 12.6% for Kerala and 10.4% for Tamil Nadu in 2011. This is projected to increase to 20.9% and 18.2% respectively by 2031. Higher proportion of the elderly translates into a greater expenditure on healthcare and social security schemes. This would put a **huge fiscal burden on the State exchequer and also reduce funds for creating capital assets.**

Third, a study has found that India might grow old before it becomes rich. This is because of failure to realize demographic dividend due to lower focus on education, lack of skilled manpower and lack of employment opportunities. China's Labour Force Participation Rate is ~70% compared to ~43% in India.

Fourth, there are **large inter-state disparities in population and growth rates**. Rising population in some States will force out-migration into States will lower population and more developed economies. This might give rise **social tensions** with insider vs outsider debate. States are already **reserving jobs for local population**. Moreover, ageing States will rely on outside migrants to maintain their economic growth.

Fifth, the freeze on Parliamentary Constituencies will end in 2026 (Re-adjustment according to 2031 Census). States with rising population will gain more seats at the expense of States that have controlled their population. This will further add to inter-State conflict.

Sixth, high population raises **anthropogenic footprint on earth**. It puts high pressure on resources and also reduces their replenishment. Large population has posed challenges to the achievement of the **UN's Sustainable Development Goals (SDGs)**.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
ForumIAS

National Population Policy, 2000

Objectives

- **Immediate**: Address the unmet needs for contraception, health care infrastructure, and health personnel, and to provide integrated service delivery for basic reproductive and child health care.
- **Medium-term**: To bring the TFR to replacement levels by 2010, through vigorous implementation of inter-sectoral operational strategies.
- **Long-term**: To achieve a stable population by 2045, at a level consistent with the requirements of sustainable economic growth, social development, and environmental protection.

Themes

- Decentralised Planning and Programme Implementation.
- Convergence of Service Delivery at Village Levels.
- Empowering Women for Improved Health and Nutrition.
- Child Health and Survival.
- Meeting the Unmet Needs for Family Welfare Services.
- Under-Served Population Groups (*Urban Slums, Tribal Communities, Adolescents, Increased Participation of Men in Planned Parenthood*).
- Contraceptive Technology and Research on Reproductive and Child Health.
- Information, Education, and Communication (IEC) and involvement of the NGOs.
- Providing for the Older Population.

Created by | ForumIAS©

How can the population rise be effectively managed?

Social Measures

Raising the Status of Women: Evidence shows that improvement in status of women through education and economic participation reduces TFR.

Raising Age of Marriage: Fertility depends on the age of marriage. So the minimum age of marriage should be raised to 21 years.

Spread of Education: It helps change the outlook of people. It raises awareness about importance of family planning and birth control methods. Educated women are health conscious and avoid frequent pregnancies and thus help in lowering birth rate.

Economic Measures

Development of Agriculture and Industry: If agriculture and industry are properly developed, a large number of people will get employment. When their income is increased they would improve their standard of living and adopt small family norms.

Urbanization: TFR in urban and rural areas is 1.6 and 2.1 respectively (NFHS-5). Migration and urbanization tends to lower the birth rate. Hence, more employment opportunities and urbanization will help in reducing population growth rate.

Other Measures

Raising awareness about family planning, birth control methods, access to contraceptive methods can help in controlling population. Some experts argue that the Government can incentivize adoption of birth control measures. Monetary incentives and other facilities like leave and promotion can be extended to the working class which adopts small family norms.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.

ForumIAS

Focus Areas for Population Policy

According to an expert working with **Population Foundation of India** (an NGO), the Population Policy should focus on:

- **Reducing disparities in access to family planning**: At present access to family planning is dependent upon **place of residence**, **age** and wealth quintile (or **social status**).
- Increasing the age of marriage.
- Improving **access to education** (including higher education) **to women** for their empowerment and curbing teen pregnancies.
- Improving awareness about family planning and **driving greater responsibility for men in birth control**.
- Improving healthcare for the elderly population.
- Stabilizing the fertility rate near replacement level so that India doesn't face the situation of China and Japan of supporting a very elderly population.
- India should focus on realizing the Demographic Dividend by improving access to **education**, **skilling** and creating **livelihood opportunities**.
- Migration and the associated concerns should also be an important consideration.

Created by | ForumIAS©

Should coercive methods be adopted to control population?

There are arguments for forcing people to adopt birth control measures. However, it is not advisable.

First, Kerala, Tamil Nadu and many other states have lowered the TFR and achieved a control over the birth rate without any coercive measures.

Second, coercive measures were adopted in the 1970s like forced sterilization, which had resulted in widespread disaffection against the Government.

Hence coercive population control measures may not achieve desired results and can cause unintended consequences.

Conclusion

To maximize the potential benefits of a favorable age distribution, India must invest in the further development of its human capital. There is a need to ensure access to health care and quality education at all ages and promote opportunities for productive employment and decent work.

Source: **Indian Express**, **The Times of India**, **Down to Earth** , **The UN**

[Kurukshetra July Summary] Equitable Water Resources Management – Explained, pointwise

Introduction

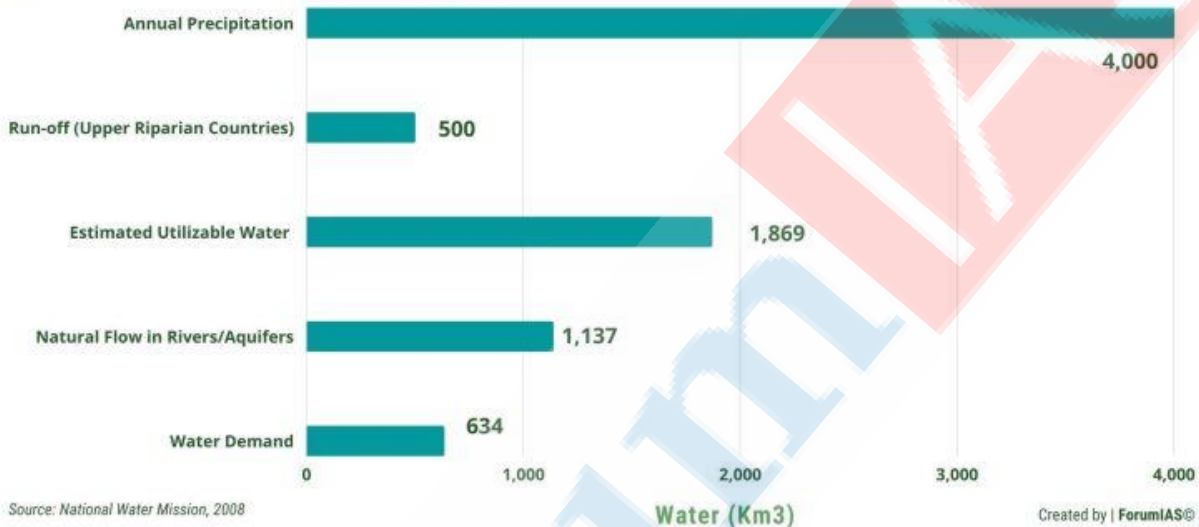India houses 18% of the world's population but only has 4% share in water resources of the earth. Though it has about 1999 Billion Cubic Meters (BCM) (or km3) of annual water availability, its distribution is grossly unequal across the river basins and thus leads to water-stress in many

Created with love ❤ by ForumIAS- the knowledge network for civil services.

Visit academy.forumias.com for our mentor based courses.

Forum IAS

regions in the country. According to NITI Ayog, a large number of Indians face high to extreme water stress. So, water has become a commodity as precious as gold in summers for people in India. While the Government of India is consistently working towards improving access to water, participation of local people and institutions is also the need of the hour. Equitable water resources management can ensure adequate amount of water availability for all.

Water Resources in India

Annual Precipitation in India is ~4,000 km3. Another 500 km3 is received as Run-off from Upper Riparian Countries. On an average, 1,869 km3 water remains available as natural run-off. Due to geological factors, only 1,137 km3 is utilizable.

Category	Water (Km3)
Annual Precipitation	4,000
Run-off (Upper Riparian Countries)	500
Estimated Utilizable Water	1,869
Natural Flow in Rivers/Aquifers	1,137
Water Demand	634

Source: National Water Mission, 2008

Water (Km3)

Created by | ForumIAS©

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
📈ForumIAS

Annual Natural Flow in Rivers and Aquifers

India's Annual Natural Flow in Rivers and Aquifers in 1137 km3.
Of this, 690 km3 is Surface water (60.7%) and 447 km3 is
Ground water (39.3%)

**Ground Water
39.3%**

**Surface Water
60.7%**

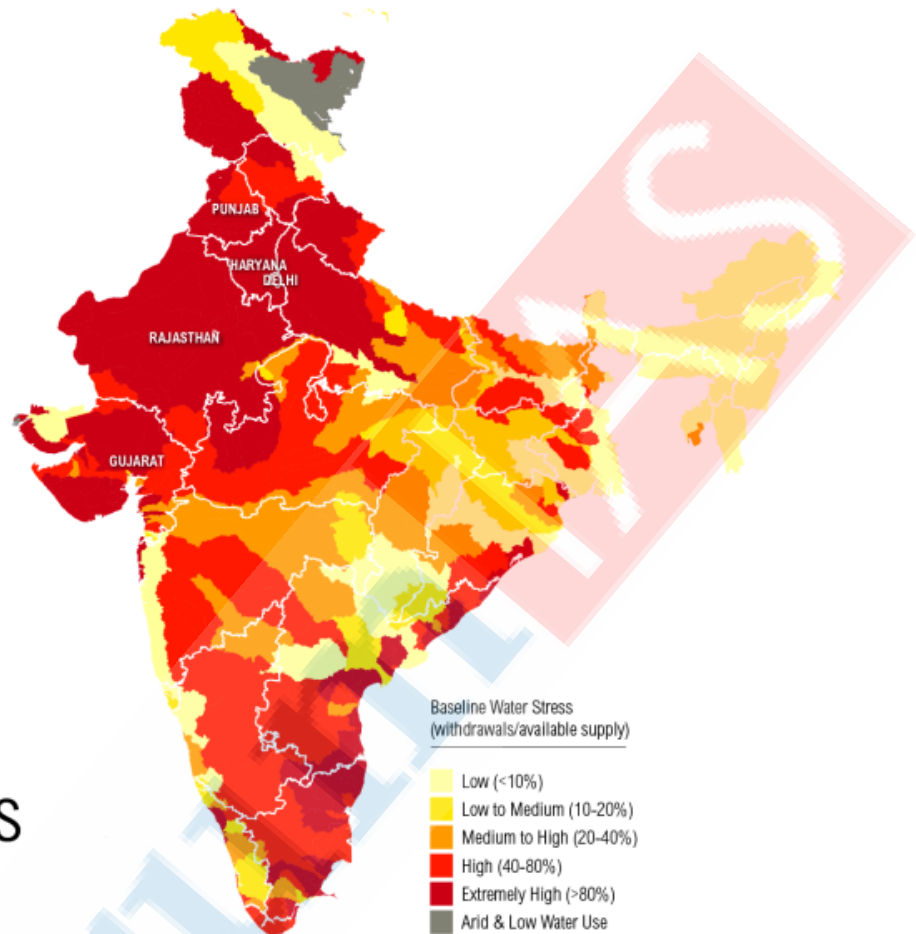Source: National Water Mission, 2008   Created by | **ForumIAS**©

What is the current status of water stress?

It is estimated that globally, 2.3 billion people live in water-stressed countries and about 2.0 billion people lack access to safe drinking water'.

In India, analysis done by the Central Ground Water Board on groundwater availability and utilization reveals that annual extraction is more than the annual recharge quantity in 16% of the total assessed area. It is 90-100% of annual recharge capacity in 4% of the assessed area.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
↗ Forum IAS

Source: World Resources Institute. Many regions of India fall in Extremely High Water Stress Areas (Withdrawal of water > 80% of available water supply in the Area). These include Southern Punjab, Haryana, Uttarakhand, Western UP, Rajasthan, Parts of Gujarat, Coastal Tamil Nadu and Andhra Pradesh. Most parts of East and North-east India fall in low stress zones.

What is the need for equitable water resources management?

Basic Human Right: The United Nations General Assembly (UNGA) resolution adopted in July 2010, explicitly recognises the **human right to water and sanitation**. According to the World Health Organisation (WHO), a person requires a minimum of 50 litres of water per day to meet the most basic needs. The water source has to be within 1 km of the home with collection time not exceeding 30 minutes.

Further, The Sustainable Development Goal (SDG) target 6.1 aims for universal and equitable access to safe and affordable drinking water for all by 2030.

Unequal Distribution of Water: India receives nearly 4000 billion cubic metres (BCM) of water through rainfall of which about 1999 BCM form available water in rivers, lakes, reservoirs,

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
ForumIAS

groundwater and glaciers. However the distribution of this quantity is not uniform across the country. Some river basins are acutely drought prone, some other basins are frequently devastated by floods.

For example, Brahmaputra and Barak basins, the most flood prone basins, which have an annual average water availability of 614 BCM drains its major share into Bay of Bengal. At the same time, basins like Cauvery and East Flowing Rivers (EFR) between Pennar and Kanyakumari are facing water deficiency.

Limited capacity of Alternatives: To address these spatial and temporal disparities, the available water should either be stored in reservoirs or be transferred from surplus basins to deficit ones. However, both these options aren't easily implementable owing to certain inherent limitations.

Issues with Reservoirs: They often take a long gestation period due to the time required to manage environmental aspects, resettlement and rehabilitation processes. Moreover, a significant quantity of the reservoir storage capacity is lost through siltation which reduces the effective potential of the projects.

Issues with Inter Basin Transfers: They often require consensus building between governments of riparian states, environmentalists and many other stakeholders. The amount of money and time invested in these projects is also huge. The first inter-linking project of Ken-Betwa began 40 years after the National Perspective Plan was presented in 1980.

What are the reasons behind deteriorating water resources?

Overuse in Agriculture: The Green Revolution helped India become self reliant in food grain production but it also triggered the water crisis. For instance, farmers in Punjab switched to water intensive paddy cultivation, and things have gone downhill ever since. Over consumption of water in the agriculture sector is mainly due to the **conveyance loss during distribution** through canals, **flood irrigation** of farm fields and cultivation of crops **without regard to the agro-climatic conditions**. The increased groundwater extraction may even lead to salt water intrusion in coastal aquifers which is a permanent damage to the water quality.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
Forum IAS

Sectoral Water-Use in India

In India, agriculture uses ~90% of available water. In contrast, agriculture use is ~65% in China, ~40% in the US and ~30% in Russia.

Domestic **Industrial**
7% **2%**

Agriculture
91%

Source: FAO Aquastat, Kurukshetra July 2022   Created by | **ForumIAS**©

Climate Change: It is driving more intense rainfall and flooding in certain areas, whereas certain other areas, generally further away from coasts, are facing intense droughts. IMD rainfall data for the period 1971-2020 shows that the long period average (LPA) of south west monsoon declined by 1 cm.

Lack of Awareness: There is general lack of awareness regarding the invaluable utility of water. Most people often use water more than their need, especially in places getting huge water subsidies by the government.
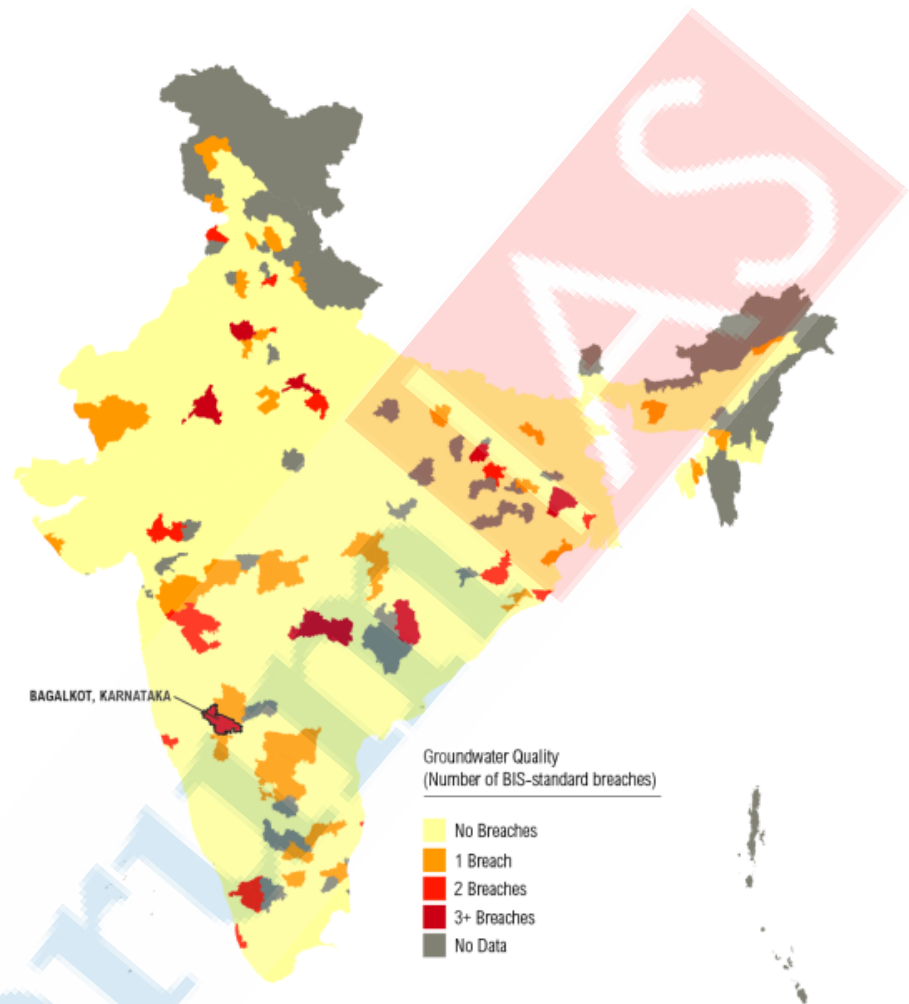
Encroachment: There is encroachment of water bodies to meet the **infrastructure needs of burgeoning populations**. Lakes and small ponds often get destroyed while making townships and industrial complexes.

What are the adverse consequences of water mismanagement?

Health Issues: Heavy chemicals like fluoride, chloride, nitrate are found in water and in some districts there were even traces of uranium. Kids have developed deformities due to water

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
Forum IAS

contamination. The hair of children has started greying prematurely and some have problems with their teeth and skin.

More than
100
MILLION
People Live
in Areas of
Poor Water
Quality

BAGALKOT, KARNATAKA

Groundwater Quality
(Number of BIS–standard breaches)

No Breaches
1 Breach
2 Breaches
3+ Breaches
No Data

www.indiawatertool.in

WORLD RESOURCES INSTITUTE

Source: World Resources Institute. The India Watertool (IWT) measures water quality (surface and groundwater) according to the Bureau of Indian Standards (BIS) limits. Among the IWT's 632 groundwater quality districts, only 59 (or 9%) are above BIS limits. Whenever a particular pollutant concentration exceeds BIS limits, drinking water is considered unsafe. The map indicate places where chlorine, fluoride, iron, arsenic, nitrate, and/or electrical conductivity exceed national standards. More than 130 million people live in districts where at least one pollutant exceeded national safety standards in 2011.

Economic Loss: Water is a critical component that is used in almost every economic activity directly or indirectly. Water scarcity, aggravated by climate change, could cost some regions **up to 6% of their GDP**, according to a World Bank report.

Greater Hardships of women: The household work is mainly managed by women. A shortage of water means they have to stand in long queues of water tankers or travel long distances to get

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.

Forum IAS

clean water for their families. A rural woman in Rajasthan walks over 2.5 kilometers to reach a water source, according to a report by the National Commission for Women. Since men in rural India have completely made women responsible for water management, this has led to **polygamy in one drought-prone village of Maharashtra**. This involves having more than one spouse to collect water. The arrangement is termed as '**water wives**'.

Biodiversity Loss: A reduction in the number of lakes or excessive discharge of pollutants in them are causing loss of pristine flora and fauna. Many plants and animals are now on the verge of extinction due to rising Biological Oxygen demand of water bodies.

Food Security: Polluted groundwater and erratic monsoon means greater hardships for carrying out agricultural activities. Lower the agri output, greater would be the threat to India's Food security.

Inter State Conflicts: Inter State river conflicts are going on Kaveri, Krishna, Godavari etc.. rivers. This would get amplified and new conflicts may emerge in future.

What steps have been taken by the government towards water resources management?

***Jal Jeevan* Mission (JJM)**: It aims to ensure Functional Household Tap Connections (FHTC) to all rural households by 2024. It has at present achieved about 51 percent coverage.

***Pradhan Mantri Krishi Sinchayee Yojana* (PMKSY)**: Its 'Per Drop More Crop' component focuses on improving water use efficiency at farm level through micro-irrigation and better on-farm water management practices to optimize the use of available water resources.

National Water Awards: Best practices for water conservation and enhancing water use efficiency are rewarded through the institution of `National Water Awards'.

State Level interventions: Ban on early sowing of paddy by Haryana and Punjab; '*Jai Hi Jeevan Hai*' Scheme by Haryana to incentivise growing of less water intensive crops; and mandatory use of drip irrigation for sugarcane cultivation by Maharashtra Government are steps towards ensuring sustainable water use in agriculture.

> **Read More**: Water Crisis in India – Explained, pointwise

What more steps can be taken going ahead?

First, there is a need to **adopt and promote efficient irrigation methods like micro-irrigation**. It can reduce water and energy demand as well as enhance productivity of crops. Currently only 14.5 million hectares are covered under micro-irrigation of which 6.7 million hectares were added in the last 7 years as a result of the huge push offered under the PMKSY-Per Drop More Crop scheme.

Second, India needs a paradigm shift from its cultivation **from rice and sugarcane to millets** which are nutritious and water-efficient. The UN General Assembly has adopted the idea proposed by the Government of India to declare 2023 as the international Year of Millets.

Third, there is a need for **technology infusion** in water resources management. This could be in the form of automation of canal operation, real-time assessment of irrigation requirement with the help of Artificial Intelligence (AI), automated leak detection in drinking water pipelines, cost-effective wastewater treatment and zero-liquid discharge power plants.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
Forum IAS

Fourth, as recommended by the 15th finance commission, States must create their long term drought mitigation plans. Further, the Union Government must link State grants with their performance in water conservation and management.

Fifth, there should be **a proactive introspection from farmers and civil society organizations** on how the subsidized power and less priced water leads to inefficient use of the precious and scarce natural resource. The price recovery should be such that it makes the system self-sufficient to meet its regular operation and maintenance expenses. Civic sense should prevail among citizens. The more the water is wasted, misused or overused; lesser is the availability for the under-privileged sections.

Sixth, developed countries should be **willing to share funds and technology with developing countries** in the spirit of UNGA resolution 2010. It calls upon international co-operation to help countries, particularly developing countries, to provide safe, clean, accessible, and affordable drinking water and sanitation for all.

Conclusion

Water Resources Management is essential to address the acute water crisis, which is expected to get worse with climate change. The water use principles should uphold the spirit of inclusiveness and ensure that "No one is left behind" as envisaged in the Sustainable Development Goals (SDGs). Efforts must be made on a war footing keeping in mind that 'Jal hi Jeevan hai' i.e Water is Life.

Source: Kurukshetra July 2022, **World Resources Institute**

Privatization of Banks: Benefits and Concerns – Explained, pointwise

Introduction

A report by National Council of Applied Economic Research (NCAER) has recommended that the Union Government should privatize all Public Sector Banks (PSBs), except the State Bank of India (SBI). The Report further states that the Government ownership hinders the ability of the RBI to regulate the sector. The recommendation of complete privatization of banks has led to sharp reactions from the critics. According to them complete exit of the Government will give rise to systemic risks in the financial sector. The Union Government is aggressively pursuing the exercise of disinvestment. For the ongoing fiscal year FY22, the Government has set a disinvestment target of Rs 1.75 lakh crore. The plan includes privatization of two public sector banks, public listing of the Life Insurance Corporation of India, Shipping Corporation of India, and many other PSUs.

About the Ownership Trend in Banking Sector in India

After the formation of Reserve Bank of India in 1935, to the period till Independence (1947), there were 900 bank failures in India. From 1947 to 1969, 665 banks failed. The depositors of all these banks lost their deposited money. The Government nationalized 14 major banks in 1969. After this 36 banks failed but these were rescued by merging them with other government banks. This included even bigger banks like Global Trust Bank. 6 more banks were nationalized in 1980.

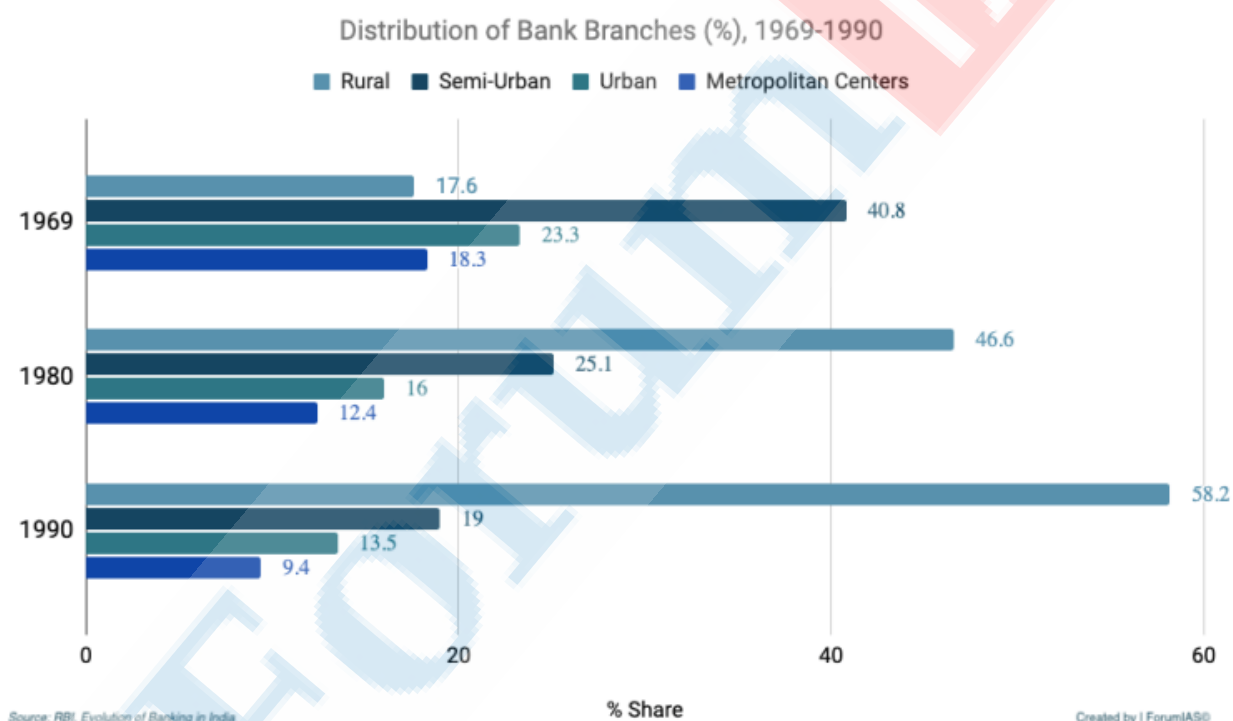However, since the liberalization of the economy in 1991, the discourse on bank onwership has changed significantly. Guidelines for setting up private banks were established in 1993 and the ICICI Bank was set up in 1994. Since then the Private Banks have expanded their footprint.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.

Forum IAS

Simultaneously, the approach of the Government has been to reduce its presence in the Banking Sector and reduce the number of Public Sector Banks. In 2019, after a massive consolidation exercise, the number of PSBs reduced from 28 to 12.

During the Union Budget 2020-21 presentation, the Government announced a new policy for strategic disinvestment of public sector enterprises. This policy provides a clear roadmap for disinvestment in all non-strategic and strategic sectors. The Banking Sector falls under the strategic sector. The Government announced privatisation of two PSBs as a part of its disinvestment plan.

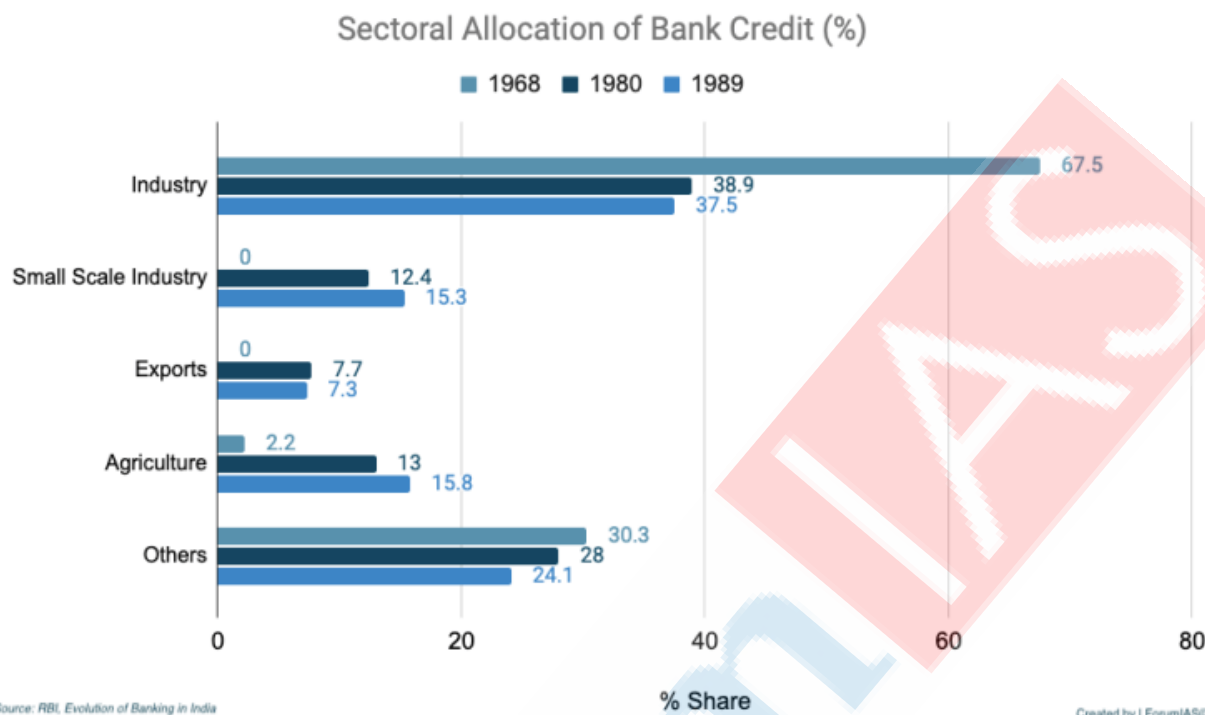**What have been the benefits of nationalization of banks?**

The nationalization of private banks in 1969 resulted in the penetration of banking sector in the rural areas of India. Private Banks were reluctant to open branches in rural India due to low profitability. However, nationalized banks followed the mandate of the Government and helped in financial inclusion.

Distribution of Bank Branches (%), 1969-1990

■ Rural ■ Semi-Urban ■ Urban ■ Metropolitan Centers

Year	Rural	Semi-Urban	Urban	Metropolitan Centers
1969	17.6	40.8	23.3	18.3
1980	46.6	25.1	16	12.4
1990	58.2	19	13.5	9.4

Source: RBI, Evolution of Banking in India   Created by | ForumIAS®

% Share

The Share of Bank Branches in rural areas increased from <18% in 1969 to ~60% by 1990. This shift happened due to several initiatives by Public Sector Banks like the Lead Bank Scheme launched by the RBI in 1969.

Only after nationalization of banks could small borrowers get credit and there was a **shift from class banking to mass banking**.

Banks were used to bring about **a revolution in agriculture** and to carry out activities related to it.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.

⁊ Forum IAS

Sectoral Allocation of Bank Credit (%)

■ 1968 ■ 1980 ■ 1989

Source: RBI, Evolution of Banking in India   % Share   Created by I ForumIAS©

The Sectoral allocation of Bank Credit underwent a change after nationalization of banks. The Share of Agriculture improved from 2.2% in 1968 to 16% in 1989. The share of credit to Industry decreased from 67.5% in 1968 to 37.5% in 1989. This shift happened due to expansion of rural branches and Priority Sector Lending norms.

The proliferation of branches created job opportunities for large section of educated youth. It also benefitted local rural economies.

There was an **increased public confidence in the banking system**. The growth rate of saving bank deposits witnessed a rapid rise post 1969.

42 crore ordinary people have opened bank accounts as a result of the immense contribution of state-owned banks in **opening Jan Dhan Yojana accounts**.

What are the arguments in favour of Privatization of Banks (NCAER Report)?

First, **private banks** have emerged as a **credible alternative to PSBs** with substantial market share. PSBs have lost ground to private banks, both in terms of deposits and advances of loans. Since 2014-15, almost the entire growth of the banking sector is attributable to the private banks and the SBI.

Second, Government ownership hinders the ability of the Reserve Bank of India (RBI) to regulate the sector.

At present **PSBs are under the dual control** of the RBI and the Department of Financial Services of the Ministry of Finance. The RBI handles the governance side of the PSBs under the RBI Act, 1934. The Department of Financial Services maintains the regulation of PSBs under the Banking Regulation Act, 1949. Thus, RBI does not have the powers to revoke a banking license, shut down a bank, or penalize the board of directors for their faults. Privatization will provide the powers to RBI to control them effectively.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
Forum IAS

Third, barring SBI, most **other PSBs have lagged behind private banks in all the major indicators of performance** during the last decade. These PSBs have attained lower returns on assets and equity than their private sector counterparts. The non-performing assets (NPA) of PSBs remain elevated as compared to private banks even as the government infused US$ 65.67 billion into PSBs between 2010-11 and 2020-21 to help them tide over the bad loan crisis.

The market valuation of PSBs, excluding SBI, remains 'hugely' below the funds infused in such banks as of May 31, 2022.

Fourth, the **under-performance of PSBs has persisted despite a number of policy initiatives** aimed at bolstering their performance during this period. These initiatives include: **(a) Recapitalisation** of PSUs; **(b)** Constitution of the **Bank Board Bureau** to streamline and professionalize hiring and governance practices; **(c) Prompt corrective action plans**; **(d) Consolidation** through mergers.

Fifth, the steady erosion in the relative market value of PSBs is indicative of **a lack of trust among private investors** in the ability of PSBs to meaningfully improve their performance.

Sixth, the **current fiscal position of the Union Government is not strong enough** to provide huge sums for recapitalization and keep on sustaining sick PSBs.

Seventh, the privatization of banks will have a positive impact on the economy by **bringing stability at the macroeconomic level.** Privatization of a few loss-making PSBs will ensure that market discipline forces them to rectify their strategy, and this will have a ripple effect on other PSBs.

The pandemic has led to the severe decline in the economic curve of the nation and has made a negative impact on banks as a whole, which makes it imperative to take all possible steps to revive the banking sector.

Methods to Privatize Banks

3 options before the Government to undertake privatization of banks

Amendment to the Bank Nationalization Act

- The law requires that government has to hold 50 percent plus in PSU banks,
- The Government can drop this clause by amending the Bank Nationalization Act.

Bringing Banks Under Companies Act

- The Government can repeal the Bank Nationalisation Act and bring banks under the Companies Act.
- This could be more reformist because, under the Companies Act, boards have more power.

Holding Company

- The Government can create a holding company under which all the PSU banks would be owed.
- Privatized Banks will have most freedom under this approach.

Created by | ForumIAS©

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.

📈 Forum**IAS**

What are the challenges in Privatization of Banks?

First, as per the stated policy of the Reserve Bank of India, **banks cannot be run by industrial houses**. However, excluding the industrial houses, there are no entities that have the required financial capability to take over any of the government banks.

Second, private banks have a long history of failures, as noted above (>1500 banks failed between 1935-1969). Recently, the RBI had to come to the **rescue of Lakshmi Vilas Bank and YES Bank** by pumping of capital by other entities to save these banks. Bank failures and lack of Government intervention will increase the risk in the banking system.

Third, Banks owned by the sovereign government provide more **comfort level to depositors**. Expansion of private sector in banking will reduce consumer confidence in the sector.

Fourth, **Private banks operate** with the **sole aim of adding shareholder value**. In contrast, the **government banks** also try to **serve society** and ensure implementation of all government programmes for the social sector. Privatization might have a negative impact on financial inclusion, agriculture credit etc.

Fifth, bank **workers are opposed to privatization**. as they fear loss of jobs.

What should be the approach going ahead?

Recommendations of the NCAER report
The **two banks chosen for privatization** must be the ones with the highest returns on assets and equity, and the lowest NPAs in the last five years. It has recommended Indian Bank and Bank of Baroda as the two top choices for privatization. This would set an example for the success of future privatizations.

It also makes a case for **corporate ownership in banks with due diligence** as there is "scarcity" of potential large-scale investors in banks. The government must allow foreign investors, including foreign banks and domestic investors, as well as corporate houses to enter the auctions with due diligence

Any potential risk may be minimized by letting a consortium of corporations enter the bidding with the stake of any single corporation capped.

Recommendations of PJ Nayak Committee
Though the Government approved the Bank Board Bureau, the government has to provide enough support for proper functioning. The government can split the Chairman and Managing Director roles. Further, they should be allowed a fixed tenure of 3-5 years.

Recommendations of Narashimham committee
The Government can explore the concept of Narrow Banking. Under this weak PSBs will be allowed to place their funds only in the short term and risk-free assets. This will improve the performance of PSBs.

Other Measures
The Government must create strong recovery laws and take criminal action against wilful defaulters. The challenges in the Insolvency and Bankruptcy Code (IBC) must be addressed. This will provide a faster resolution process. In the meantime, the Government can explore alternate steps such as the concept of Bad Banks.

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.

ForumIAS

Conclusion

Privatizing all the PSBs and complete exit of the Government might have significant negative consequences. The Government must find ways to strengthen the governance of banking system and ensure safety of depositors' money. Complete exit may not be an option, for now.

Source: **Business Standard**, **The Hindu BusinessLine**, **Outlook**, **CNBC**

Created with love ❤ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.
ForumIAS