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7 PM COMPILATION

16th to 31st July, 2022

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Forest Conservation Rules, 2022: Provisions and Concerns – Explained, pointwise

Introduction

The Ministry of Environment, Forest and Climate Change (MoEFCC) has notified the Forest Conservation Rules, 2022 under the Forest Conservation Act. The Union Government has updated the rules in order to improve the efficiency of forest diversion and streamline the process. However many experts have criticized the new rules. They say that the new rules will let private developers cut down forests without ensuring the consent of the forest dwellers, a change that violates a provision of the Forest Rights Act, 2006.

What are the Forest Conservation Rules?

The Forest Conservation Rules deal with the implementation of the Forest Conservation Act (FCA), 1980. They prescribe the procedure to be followed for **diversion of forest land for non-forestry uses** such as road construction, highway development, railway lines, and mining.

The broad aims of the Forest Conservation Act are to **protect forest and wildlife**, act as a check on the State Governments' attempts to divert forest land for commercial projects and strive to **increase the area under forests.**

For **forest land beyond 5 hectares**, approval for diverting land must be given by the Union Government. This is through a specially constituted committee, called the **Forest Advisory Committee (FAC)**.

The Committee examines whether the user agency has made a convincing case for the upheaval of that specific parcel of land. It also examines whether users have a plan in place to ensure that the damage from felling of trees in that area and denuding the local landscape will be minimal. The Committee also ensures that diversion of land doesn't cause damage to wildlife habitat.

Once the FAC is convinced and approves (or rejects a proposal), it is forwarded to the concerned State Government where the land is located. The **State Government** then has to ensure that **provisions of the Forest Right Act, 2006** are duly complied.

The FAC approval also means that **the future users of the land must provide compensatory land for afforestation** as well as **pay the net present value** (ranging between ₹10-15 lakh per hectare.)

What are the provisions of the Forest Rights Act, 2006 with respect to diversion of forest land? The Forest Rights Act, 2006 requires the Governments to seek **free**, **prior**, and **informed consent of forest dwellers** before allowing a project on their traditional lands.

In 2009, the Environment Ministry passed an order mandating that proposals would not be entertained by the FAC unless there was a letter from the Union Government specifying that the **forest rights in the place had been 'settled'**.

Further, the order made it **mandatory to obtain written consent of the Gram Sabha for the diversion of forest**.

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Forest Rights Act: Consent of Communities

Vedanta's Mining Project in Odisha

- In 2013, the Supreme Court asked the Gram Sabha's consent on the Vedanta group's US$ 1.7 billion bauxite mining project in Odisha's Niyamgiri Hills.
- All 12 Gram Sabhas unanimously rejected mining in the hills.
- It affirmed the decision-making power of the village councils of Rayagada and Kalahandi under the Forest Rights Act.

Hydel Project in Himachal Pradesh

- In 2016, the National Green Tribunal (NGT) invoked the Forest Rights Act.
- It asked for consent of people of Lippa (Kinnaur, Himachal Pradesh) regarding the proposed Hydel Power Project.
- The project would have led to submergence of forestland and also caused heavy siltation in the river. The Gram Sabha did not approve the project.

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What are the provisions of the new Forest Conservation Rules?

The rules shift the responsibility of the Union government to take the consent of Adivasis (before the approval of a project) onto the State Governments. It means that the burden to ensure the rights of Scheduled Tribes to their traditional forestlands is now with the State Governments.

A project, once approved by the FAC, will then be passed on to the State authorities who will collect the compensatory fund and process it for final approval. The new rules **allow the Union Government to permit the clearing of a forest before consulting its inhabitants**.

The handover of the forest can be approved and the Union Government can collect payment for compensatory afforestation from the private developer even before the State Government ensures consent of the forest dwellers.

The rules make a provision for private parties to cultivate plantations and sell them as land to companies who need to meet compensatory afforestation targets.

How well has the Forest Conservation Act (FCA) been implemented so far?

A 2019 analysis by the Legal Initiative for Forests and Environment has found that the FAC generally **approves land for diversion without examining questions around consent** as it relies on the State Government to ensure that this is done.

In the first six months of 2019, out of the 240 proposals, 193 proposals were recommended, 40 proposals were deferred for later consideration and 7 were rejected.

Recommendation for 193 proposals meant 9,220.64 hectares of forest land were recommended for diversion for non-forestry purposes such as roads, railways, mining, irrigation, infrastructure and hydel power.

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What is the significance of new Forest Conservation Rules?

First, the latest version of the rules consolidates changes to the Act over the years from various Amendments and Judicial rulings. This will give **better clarity** to the implementing agencies and general public, thereby **preventing unnecessary diversion**.

Second, according to the Union Government, the new rules 'streamline' the process of approvals. It will allow parallel processing of the proposals and eliminate the redundant processes. This will ensure **speedier execution and prevent delays** in implementation of projects thereby preventing cost overruns and withdrawal of proposals.

Third, the new rules **expand the scope of compensatory afforestation lands** by allowing private parties to cultivate plantations and sell them as land to companies who need to meet compensatory afforestation targets. This will solve the problems of the States who are unable to find land within their jurisdiction for compensatory purposes.

What are the concerns associated with the new Rules?

First, there is a lack of clarity regarding what happens to **tribals and forest-dwelling communities** whose land would be taken away for developmental work. Further, the wording of new rules **implies that it is not mandatory to take the consent of Gram Sabha** before diversion of forest.

Second, the new rules allow the Union Government to permit the clearing of a forest before consulting its inhabitants. This is akin to **forced consent**, the inhabitants will have no choice but to accept. Once forest clearance has been granted, no claims will be recognised and settled.

Third, the rules are being criticized as a tool to promote ease of doing business for a chosen few but will **end the 'ease of living'** for the many forest dwellers.

Fourth, the new rules were **promulgated without any consultation and discussion** with the stakeholders. This includes the Parliamentary Standing Committee on Science and Technology, Environment, Forests and Climate Change, the environmental conservation groups or the representatives of tribal communities who will be impacted.

What lies ahead?

First, The Forest Conservation Rules 2022 are to be placed for approval before the Lok Sabha and the Rajya Sabha. This would give the Union Government a chance to explain its stance in detail as well as allow opposition leaders to put forward their grievances.

Second, the wildlife groups and human rights groups **must ensure that the government complies with all the environment laws and regulations**. They must come forward to give constructive feedback on the new forest conservation rules, 2022.

Third, going forward the Government should **imbibe the philosophy of 'One Health'** wherein decisions are taken by balancing the impact on humans, animals and overall environment.

Conclusion

The new Forest Conservation Rules should be reviewed after constructive debates and discussions with the concerned stakeholders. They must be tuned to reflect upon the indispensable significance of tribal and forest rights and the Government's duty to protect the same.

Source: **The Hindu**, **The Hindu**, **The New Indian Express**

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Progress on the Sustainable Development Goals – Explained, pointwise

Introduction

The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015. There are specific targets for each goal, along with indicators that are used to measure progress toward each target. The UN monitors the progress of the SDGs and publishes the findings in an annual report. The Report is made by the UN Department of Economic and Social Affairs in collaboration with the UN Statistical System. This year's (2022) report 'paints a particularly bleak picture' of the 2030 Agenda. The report shows 'how the agenda is being seriously jeopardized' by multiple intersecting crises, wiping out years of progress on the SDGs and pushing millions into hunger and poverty. The Report calls for an 'urgent action' if the SDGs are to be rescued and the 2030 deadline is to be met.

About the Sustainable Development Goals (SDGs)

The SDGs are a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. There are total 17 interlinked goals; interlinked because they recognize that action in one area will affect outcomes in others, and that development must balance social, economic and environmental sustainability.

They were adopted by an UN General Assembly Resolution in September 2015 (Agenda 2030). Through the resolution, the global leaders pledged to set the world on a new trajectory to deliver meaningful progress for people and the planet through domestic actions in the next 15 years.

Source: UNDP

The 17 Goals have 169 targets ranging from eradicating poverty and hunger, improving health and education, to providing basic services such as drinking water by 2030.

> **Read More**: SDG India Index and India's Sustainable development – Explained, pointwise

What are the key findings of the Sustainable Development Goals Report, 2022?
The Report observes that a series of global crises have hampered the progress on the SDGs.

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SDG 1 (No Poverty): Between 657 and 676 million people are currently projected to live in extreme poverty in 2022, compared to the pre-pandemic projection of 581 million.

SDG 2 (Zero Hunger): About 1 in 10 people are suffering from hunger worldwide, with 161 million additional people having slid into chronic hunger in 2020 alone.

SDG 3 (Good Health and Well being): The **COVID-19 pandemic** is threatening decades of progress in global health, decreasing global life expectancy and basic immunization coverage. The pandemic also increased the prevalence of anxiety and depression among people.

SDG 4 (Quality Education): 147 million children have missed over half of in-person instruction in 2020-2021, and 24 million learners may never return to school.

SDG 5 (Gender Equality): Women accounted for 39% of total employment in 2019 but 45% of global employment losses in 2020. Many women are increasingly burdened with unpaid care work. Domestic violence has also intensified.

SDG 6 (Clear Water and Sanitation): Meeting drinking water, sanitation, and hygiene targets by 2030 requires a 4-fold increase in the pace of progress.

SDG 7 (Affordable and Clean Energy): Progress on electrification has slowed, with 679 million projected to have no electricity access in 2030.

SDG 8 (Decent work and Economic Growth): 1 in 10 children are engaged in child labor worldwide – a total of 160 million in 2020.

SDG 9 (Industry, Innovation and Infrastructure): Global manufacturing has rebounded from the pandemic but least developed countries (LDCs) are left behind.

SDG 10 (Reduced Inequalities): The pandemic has intensified income inequalities between countries and people.

SDG 11 (Sustainable Cities and Communities): Leaving no one behind will require an intensified focus on 1 billion slum dwellers.

SDG 12 (Responsible Consumption and Production): 13.3% of the world's food is lost after harvesting and before reaching retail markets, and 17% of total food is wasted at the consumer level.

SDG 13 (Climate Action): Energy-related carbon dioxide (CO_2) emissions increased 6% in 2021 reaching their highest level ever, taking down gains due to the COVID-19.

SDG 14 (Life Below Water): In 2021, more than 17 million metric tons of plastic entered the ocean – a number projected to double or triple by 2040.

SDG 15 (Life on Land): The report found that 23 countries in Sub-Saharan Africa have also shown 'stagnant progress' under the goal. The proportion of forests fell from 31.9% of total land area in 2000 to 31.2% in 2020, representing a net loss of almost 100 million hectares.

SDG 16 (Peace, Justice and Strong Institutions): While global homicide rate declined 5.2% between 2015-2020, a quarter of the global population lives in conflict-affected countries.

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SDG 17 (Partnership for Goals): Net official direct assistance (ODA) reached a new high of USD 177.6 billion, largely due to COVID-19-related aid, but ODA for SDG data declined by more than 18% (2020).

(For more observations of the Report, refer graphics at the end of the article).

What are some areas of progress as per the SDG Report, 2022?

SDG 6: The proportion of the global population using safely managed drinking water services increased to 74% in 2020.

SDG 15: Many countries are sustainably managing their forests, protecting sites critical to biodiversity, and enacting national conservation legislation and policies.

SDG 17: There has been progress in implementing frameworks for the sustainable use of genetic resources and associated traditional knowledge, especially the Nagoya Protocol to the Convention on Biological Diversity. It provides a transparent legal framework for the implementation of fair and equitable sharing of benefits arising from the utilization of genetic resources.

What are the reasons behind poor performance on the SDGs?

The Sustainable Development Goals Report, 2022 attributes the poor progress to 3 major Cs – COVID-19, Climate Change and Conflicts. However, there are several other factors as well.

COVID-19: The pandemic put a severe brake on the progress. It pushed the countries to impose lockdowns that brought all progressive work towards SDG attainment to a standstill.

As per the SDG report 2022, more than 4 years of progress in alleviating poverty have been wiped out due to the pandemic, pushing 93 million more people worldwide into extreme poverty in 2020. Further, the global "excess deaths" directly and indirectly attributable to COVID-19 had reached 15 million by the end of 2021.

It also affected education and healthcare services for millions. Immunization, for example, has dropped for the first time in a decade even as deaths from malaria and TB have risen.

Climate Change: As per SDG 2022 report, global temperatures have been rising unabated. The world is facing a major climate catastrophe due to increased heatwaves, drought and apocalyptic wildfires and floods which are affecting billions of people around the globe. The associated losses and economic costs are impairing the capacity of the countries to work towards SDG attainment.

Geopolitical Conflicts: The Russia-Ukraine crisis has caused food, fuel and fertilizer prices to skyrocket. It also disturbed global trade supplies and caused the financial markets to tumble. Projected economic growth for 2022 was cut by 0.9% due to the Ukraine war and potential new waves of the pandemic.

It has added to the already worsening refugee crisis. As of May 2022, over 100 million people have been forcibly displaced from their homes (due to war and other conflicts).

Diversion of Land for Economic Activities: 10 million hectares of forest are destroyed every year, with almost 90% of global deforestation due to agricultural expansion. This includes crop-land expansion (49.6 percent) and livestock grazing (38.5 percent) thereby impeding attainment of Goal 15.

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Data Gaps: The Report also notes that despite some progress, serious data gaps exist in SDG monitoring. This includes data in terms of geographic coverage, timeliness and level of disaggregation.

This makes it difficult to fully comprehend the pace of progress towards the realization of the 2030 Agenda, differences across regions and who is being left behind. Less than half of the 193 countries have internationally comparable data available from 2015 or later for eight of the 17 SDGs. Further, only around 20 percent of countries have data for SDG 13 (climate action).

What can be done going ahead?

First, **addressing Climate Change** has become the most urgent requirement. All nations, and especially the developed countries, must fulfil their commitments under the Paris Agreement. Further, there is need to enhance the emission target cuts as well as improve the climate finance and technology sharing to help the developing countries.

In addition, the developed countries must come forward to support the developing nations in terms of **finance, technology and other key resources** in order for timely attainment of SDGs.

Second, innovative methods like **organic farming, vertical farming** etc. must be promoted for minimizing land degradation and diversion of forests for agriculture.

Third, efforts must be made to end armed conflicts and embark on a path of diplomacy and peace. For this, the Western and Eastren blocs must reach a compromise and end the miseries of the Ukrainian people.

Fourth, the experiences during the pandemic wherein use of ICT technologies was enhanced, can be used to augment data infrastructure. The National Statistical Organization should focus on deployment of new collaboration software, new equipment to staff, and new remote access tools such as virtual private network (VPN), Virtual Desktop and Mobile Office.

Conclusion

The Sustainable Development Goals Report outlines a three-step "road map for survival". First, end armed conflicts and embark on a path of diplomacy and peace. Second, adopt low-carbon, resilient, and inclusive development pathways. Third, comprehensively transform the international financial and debt architecture. It also calls for collective action to rescue the SDGs and deliver meaningful progress for people and planet by 2030. The window to achieve the SDGs by 2030 is narrowing down. Sustained and focus efforts are required from the national Governments to achieve the targets.

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Progress on the SDGs

SDG 1: No Poverty

- 4 Years of progress against poverty erased by COVID-19.
- Number of people in extreme poverty ~670 million (Pre-COVID projection 580 million).
- 8 million additional workers pushed to poverty.
- Disaster related deaths increased 6-fold in 2020.
- Impact of Ukraine crisis and inflation derailed progress.

Source: SDG Report, 2022

SDG 2: No Hunger

- Conflict, Climate Change and Inequalities undermine food security.
- Worldwide, 1 in 10 people suffering from hunger.
- 1 in 3 people lack access to food.
- 149.2 million children under 5 years suffer from stunting.
- Ukraine crisis caused food shortages for the poorest.

SDG 3: Good Health

- COVID-19 impacted 500 million people and led to 15 million deaths worldwide.
- Disrupted basic health services in 92% countries.
- Global life expectancy and immunization coverage fell.
- 22.7 million children missed basic vaccines in 2020.
- TB death rose for the first time since 2005.

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Progress on the SDGs

SDG 4: Quality Education

- COVID-19 has deepened Global Learning Crisis.
- Entrenched inequities in education have worsened.
- 147 million children missed in-person instructions.
- 24 million learners may never return to school.
- Globally, 50% primary schools lack access to computers and internet.

Source: SDG Report, 2022

SDG 5: Gender Equality

- Women accounted for 45% employment losses in 2020.
- At current pace, 40 years required for equal representation for women in national political leadership.
- 1 in 4 women subjected to intimate partner violence at least once in lifetime.
- 57% women making own decision on reproductive health.

SDG 6: Clean Water and Sanitation

- 85% of earth's wetlands lost in the last 300 years.
- 733+ million people live in countries with high and critical levels of water stress.
- At current rate, 1.6 billion people will lack safely managed drinking water, and 2.8 billion people will lack safe sanitation.
- Quality of water unknown for 3 billion people, as no monitoring.

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Progress on the SDGs

SDG 7: Clean Energy

- 733 million people without access to electricity.
- 679 million people to be without electricity in 2030 (projected).
- 2.4 billion people still use inefficient cooking systems.
- Financial flows to developing countries declining steadily.
- Share of Renewable Energy in final energy consumption is only 17% in 2019.

Source: SDG Report, 2022

SDG 8: Decent Work

- Global economic recovery hit by COVID-19 waves, inflation, supply chain disruption and labour market challenges.
- Global unemployment to remain above pre-COVID level till 2023.
- Ukraine crisis slowed down GDP per capita growth rate by 0.9 percentage points.
- Globally, 1 in 10 children engaged in child labour.

SDG 9: Industry and Infrastructure

- Global Manufacturing recovered from pandemic, but least developing countries left behind.
- High-technology industries more resilient in crisis.
- 1 in 3 manufacturing jobs negatively impacted by crisis.
- Small scale industries lack access to financial support.
- Passenger airline traffic still struggling.

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Progress on the SDGs

SDG 10: Reduce Inequalities

- COVID-19 has caused the first rise in between-country income inequality in a generation.
- 1 in 5 people have experienced discrimination on at least 1 ground prohibited under Human Rights Law.
- Global refugee numbers pushed to record high by Ukraine crisis.
- Number of refugees increased by 44% between 2015-21.

Source: SDG Report, 2022

SDG 11: Sustainable Cities

- 1 billion slum dwellers globally.
- Municipal solid waste (MSW) problems mounting. Globally, 82% MSW collected but only 55% managed in controlled facilities.
- 99% of world's urban population breathes polluted air.
- Countries with Local Disaster Risk Reduction Strategies increased from 51 in 2015 to 98 in 2021.

SDG 12: Responsible Consumption

- Unsustainable consumption and production pattern responsible for Triple Crisis: Climate Change, Biodiversity loss and Pollution.
- Reliance on natural resources increased 65% in 2000-19 period.
- 13.3% of world's food wasted between harvesting and retail market, 17% at consumer level.
- Globally, only 22.8% of e-waste is being collected.

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Progress on the SDGs

SDG 13: Climate Action

- Window to avoid climate catastrophe rapidly closing.
- Sea Level will rise by 30-60 cm by 2100.
- Drought estimated to displace 700 million people by 2030.
- Medium to large scale disasters will rise 40% from 2015 to 2030.
- Climate finance falls short of US$ 100 billion yearly, US$ 79.6 billion climate finance in 2019.

SDG 14: Life below water

- Ocean ecosystem endangered from plastic pollution, over-fishing, ocean warming, acidification and eutrophication.
- 17+ million tons of plastic waste entered ocean in 2021, estimated to double/triple by 2040.
- Increased acidification threatening marine life, limiting capacity to moderate climate change (absorb 25% emissions).

SDG 15: Life on Land

- 10 million hectares of forests destroyed every year.
- ~90% of global deforestation due to expansion of agriculture.
- ~40,000 species at risk of extinction over the coming decades.
- Only 50% of freshwater, terrestrial and mountain key biodiversity areas are protected.
- Biodiversity has been neglected in COVID-19 recovery spending.

Source: SDG Report, 2022

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Progress on the SDGs

SDG 16: Peace and Justice

- World is witnessing largest number of violent conflicts since 1946.
- 25% of global population lives in conflict affected countries.
- 100 million people forcibly displaced globally.
- 33% of world's population, mostly women fear walking alone at night in their neighbourhoods.
- Corruption is present in every region, ~17% businesses have received bribe requests from public officials.

Source: SDG Report, 2022

SDG 17: Partnerships for Goals

- Rising debt burdens threaten recovery of developing countries from impact of pandemic.
- Official Development Assistance (ODA) reached new high of US$ 178 billion due to COVID related aid.
- FDI rebounded to US$ 1.6 trillion in 2021, rising 64% from 2020.
- Remittances reached US$ 605 billion in 2021, rising 9% from 2020.
- Internet uptake accelerated during pandemic, 63% individuals used internet in 2021 (54% in 2010).

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Source: **Down to Earth**, **Down to Earth**, **The Times of India**, **UNEP**

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State Finances: Trends and Concerns – Explained, pointwise

Introduction

A prudent fiscal position is necessary for overall development of a State and its people. However many recent studies have pointed out the deteriorating fiscal position of many States in India. This situation is a result of multiple factors like the impact of COVID-19 on State finances, high revenue expenditure and the rising freebie culture. Therefore a judicious expenditure mechanism needs to be created along with other steps so as to ensure that the States' Fiscal Deficits do not reach unsustainable levels.

What is the current status of State Finances?

According to a recent RBI study, 10 states have a significantly high debt burden. These include Punjab, Rajasthan, Kerala, West Bengal, Bihar, Andhra Pradesh, Jharkhand, Madhya Pradesh, Uttar Pradesh and Haryana. These 10 states account for around half of the total expenditure by all State governments in India.

Among the 10 states, Andhra Pradesh, Bihar, Rajasthan and Punjab exceeded both debt and fiscal deficit targets for 2020-21 set by the 15th Finance Commission.

Further, Punjab's debt-GSDP ratio is projected to exceed 45% in 2026-27. Rajasthan, Kerala and West Bengal are projected to exceed the debt-GSDP ratio of 35% by 2026-27.

The cumulative debt of States has risen from 19.1% in 2018-19 to 25.1% in 2021-22.
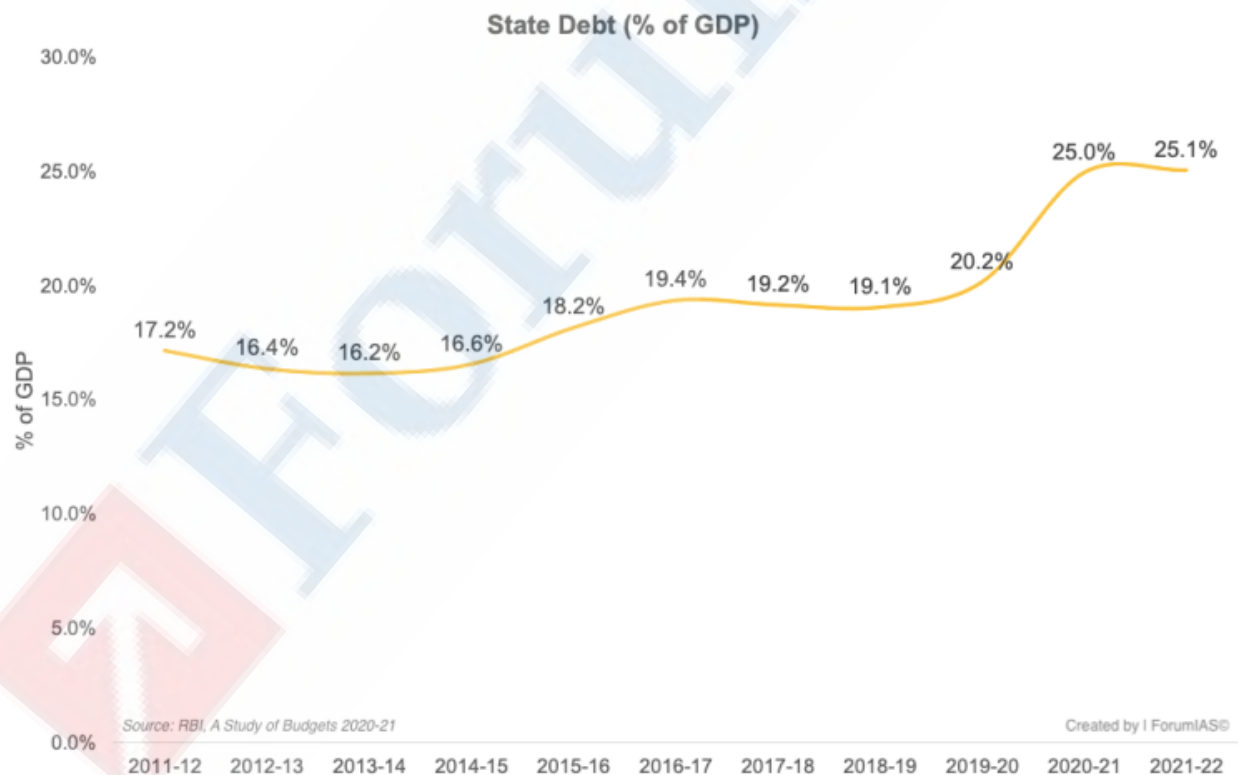
Source: RBI. The cumulative State Debt Levels have seen a big jump from 2019-20 onward, with debt levels rising from ~20% of GDP to 25%. Many States have debt level >30%.
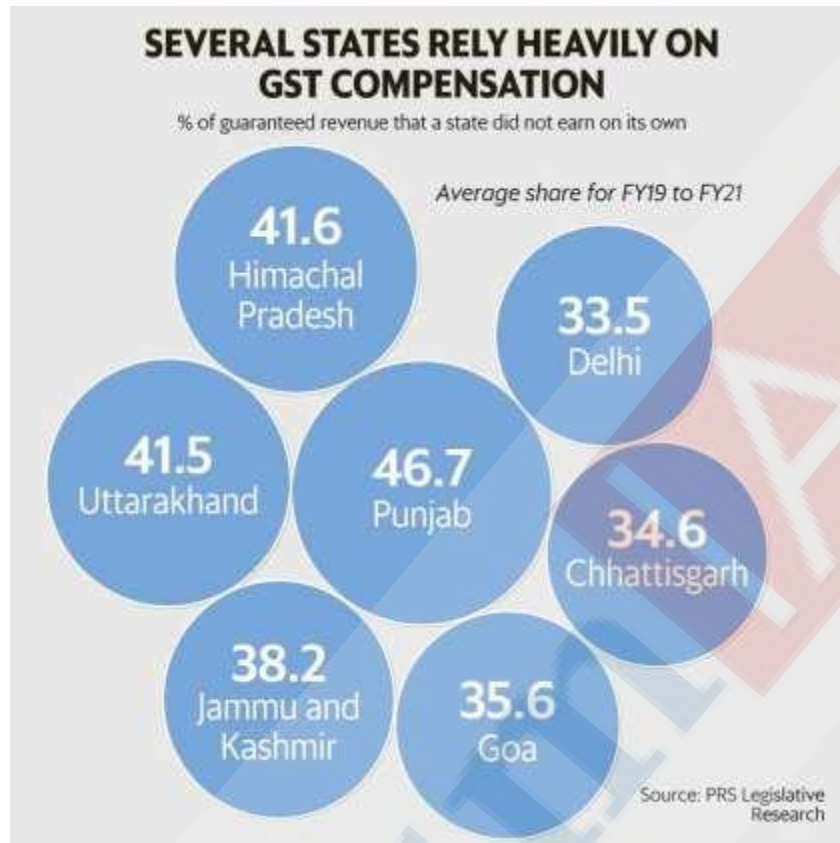
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What are the reasons for the fiscal deterioration in these States?

Impact of Pandemic: Before the pandemic, the average gross fiscal deficit (GFD) to gross domestic product (GDP) ratio was at 2.5%, though some States ran fiscal deficits above 3.5%. But the pandemic significantly affected government finances. During the pandemic State's revenues were hit. Despite that, States continuously provided medical care and supported the vulnerable sections of the population.
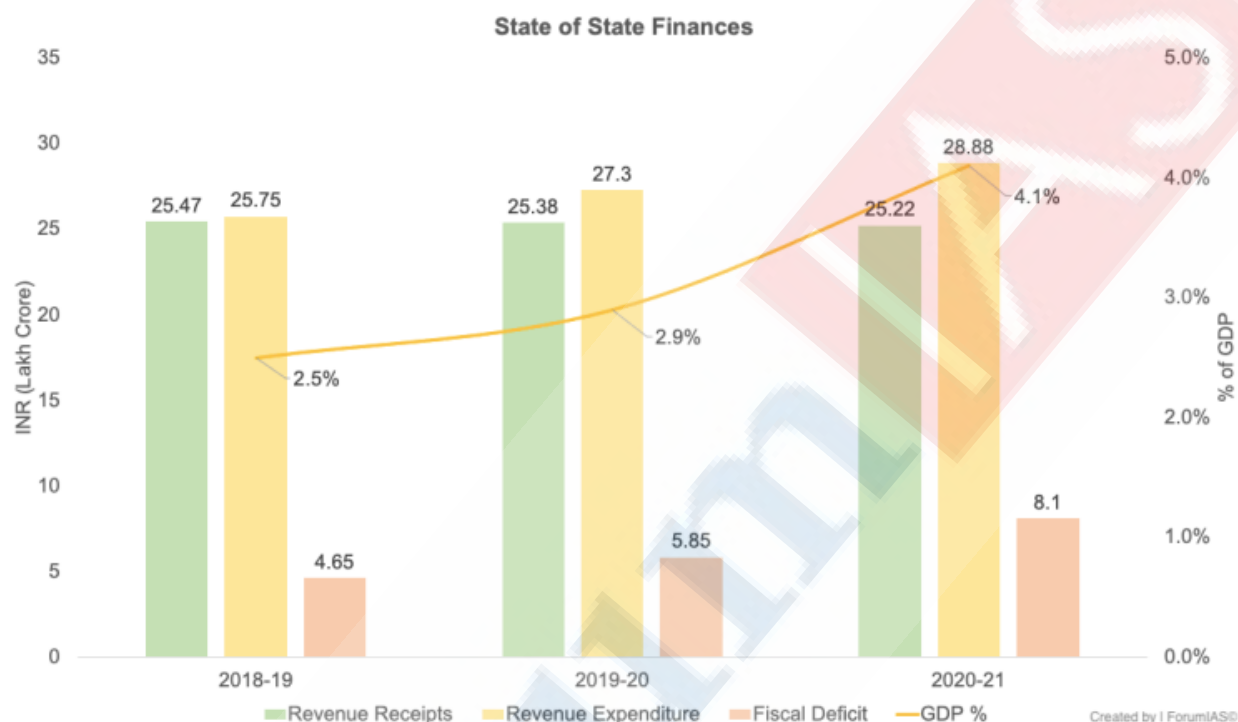
Source: CAG. Due to negative impact of COVID-19, the cumulative revenue receipts of all State Governments fell from INR 25.47 Lakh Crore (2018-19) to INR 25.22 Lakh Crore (2020-21). The Revenue Expenditure rose from INR 25.75 Lakh Crore to INR 28.88 Lakh Crore in the same period. The Fiscal Deficit jumped from 2.5% of the GDP to 4.1% of the GDP.

Declining Tax Revenue: The own tax revenue of some of these states like Madhya Pradesh, Punjab and Kerala has been declining over time making them fiscally more vulnerable. Moreover, the revenue might fall sharply if the GST compensation is stopped from July 2022 e.g., significant part of Punjab's guaranteed revenue was met using compensation (37% in 2018-19, 47% in 2019-20, and 56% in 2020-21).

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SEVERAL STATES RELY HEAVILY ON
GST COMPENSATION
% of guaranteed revenue that a state did not earn on its own

Average share for FY19 to FY21

41.6 Himachal Pradesh
33.5 Delhi
41.5 Uttarakhand
46.7 Punjab
34.6 Chhattisgarh
38.2 Jammu and Kashmir
35.6 Goa

Source: PRS Legislative Research

Source: Mint

High Revenue Expenditure: The share of revenue expenditure in total expenditure of these states varies in the range of 80-90%. This results in poor expenditure quality, as reflected in their high revenue spending to capital outlay ratios.

Significant Committed Expenditure: Committed expenditure like interest payments (on debt), pensions and administrative expenses accounts for a significant portion (over 35%) of the total revenue expenditure in some of these states. For some States, the interest payments exceed 20% of the Revenue Receipts of the Government like Haryana (23%), Punjab (21%), Tamil Nadu (21%). This constraints State finances.

High DISCOMs Losses: The combined losses of DISCOMs in the five most indebted states, viz Bihar, Kerala, Punjab, Rajasthan and West Bengal, constituted 24.7% of the total DISCOMs losses in 2019-20. While their combined long-term debt was 22.9% of the total DISCOM debt in 2019-20. The sudden jump in cumulative debt (refer figure above) from 16% to 18% between 2014-15 to 2015-16 was due to the States assuming DISCOMs' debts.
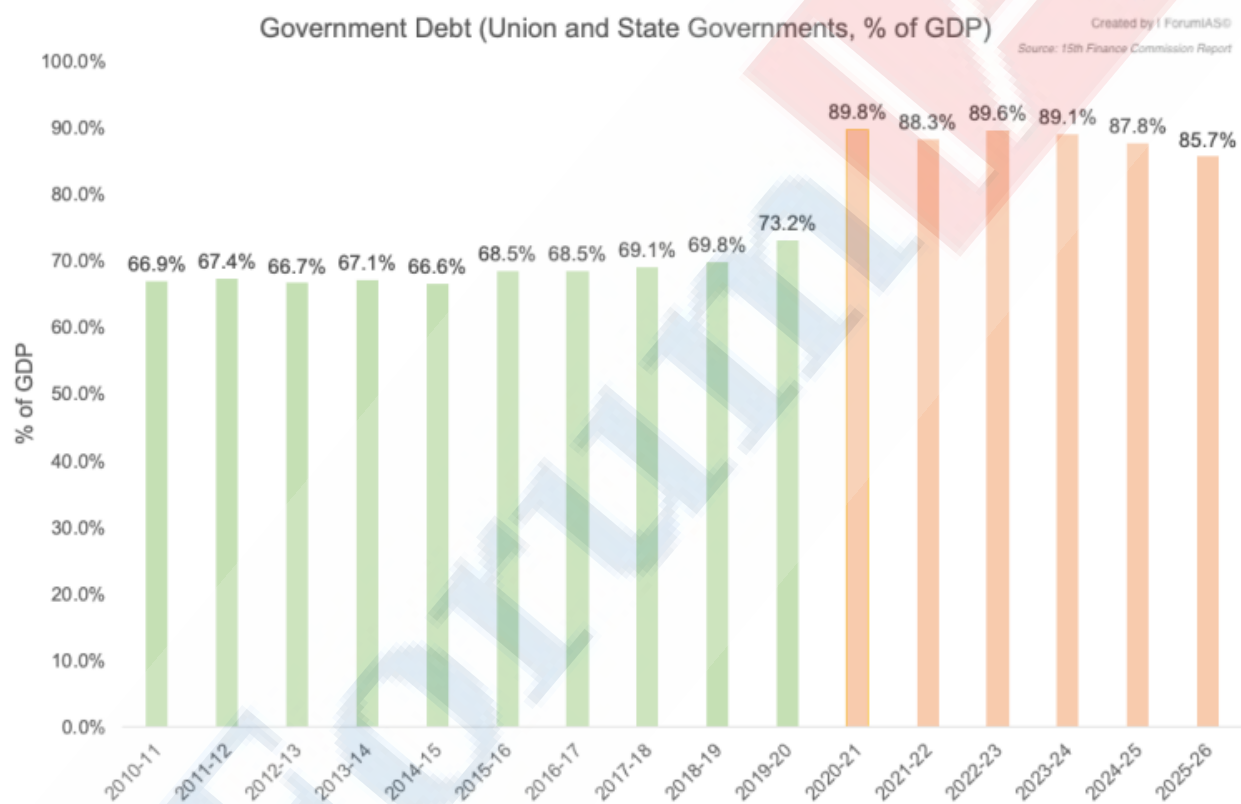
Freebie Culture: Political parties are outdoing each other promising free electricity and water, laptops, cycles etc. The freebies put a significant strain on the fiscal position of State governments and can't be easily taken back by succeeding governments.

Legal Loopholes: The current FRBM provisions mandate that the Governments disclose their contingent liabilities, but that disclosure is restricted to liabilities for which they have extended an explicit guarantee. In reality, the State governments resort to **extra-budgetary borrowings** to finance their populist measures. This debt is concealed to circumvent the FRBM targets. Further,

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there is **no comprehensive information in the public domain** to assess the size of this off-budget debt.

What are the risks highlighted by RBI to State Government Finances?

The RBI study has also underlined several risks to State government finances. The RBI projections suggest that most States would have a debt-GSDP ratio of over 30% by 2026-27. These risks are: **(a)** Growing preference for distribution; **(b)** Some States **reverting to the old pension scheme** is also a cause for concern; **(c)** The **guarantees extended to State-owned enterprises** and the mounting debt of power distribution companies; **(d)** According to estimates, **the off-budget borrowings of state governments have increased to about 4.5% of GDP**; **(e)** The **end of the compensation regime** under the goods and services tax would further weaken the fiscal position of the states.

Government Debt (Union and State Governments, % of GDP)

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Source: 15th Finance Commission Report

Year	% of GDP
2010-11	66.9%
2011-12	67.4%
2012-13	66.7%
2013-14	67.1%
2014-15	66.6%
2015-16	68.5%
2016-17	68.5%
2017-18	69.1%
2018-19	69.8%
2019-20	73.2%
2020-21	89.8%
2021-22	88.3%
2022-23	89.6%
2023-24	89.1%
2024-25	87.8%
2025-26	85.7%

The 15th Finance Commission projects the combined Union and State Government Debt levels to hover around 86-89% till 2025-26. Of this, State Debts will be in the range of ~30-31% on an average.

What are the implications of the poor state of State Finances?

The costs of fiscal profligacy can be huge. It can have an adverse impact on India's macroeconomic stability.

The more States spend on transfer payments, the less they have for spending on physical infrastructure and social infrastructure, which are vital to improve growth and generate jobs.

It will lead to the growth of debt burden which will eventually implode in future. There are discussions indicating that '*some States might go down the Sri Lankan way*' by entangling themselves in a debt trap.

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It may impair the fiscal position of the centre who may have to give concessionary credit to states and pay their external obligations.

What steps have already been taken for improving States' Finances?

As a first step, a system of performance budgeting was introduced to assess performance against set goals/objectives. However, this was not able to establish a clear one-to-one relationship between financial budgets and performance.

Outcome budgeting was introduced in 2006-07, which also recognized that outlays do not necessarily mean outcomes.

A framework was suggested by the RBI study in 2009. This study proposes **a "triple E framework"** to assess expenditure quality, which has constituents of expenditure adequacy, effectiveness and efficiency: **(a) Expenditure adequacy** is in terms of focusing on the government's primary role; **(b) Effectiveness** is about assessing performance; **(c) Efficiency** involves an assessment of the output-input ratio.

What recommendations have been given by RBI to improve State Finances?

In the near term, State governments must restrict their revenue expenses by cutting down expenditure on non-merit goods.

In the medium term, States need to put efforts towards stabilizing debt levels.

In the longer term, States need to increase the share of capital outlays in the total expenditure. This will help create long-term assets, generate revenue and boost operational efficiency.

Moreover, States also need to undertake **large-scale reforms in the power distribution sector** to reduce losses and make them financially sustainable and operationally efficient.

Alongside, State governments need to conduct fiscal risk analyses and stress test their debt profiles regularly to be able to put in place provisioning and other specific risk mitigation strategies.

What more can be done?

First, the FRBM Acts need to be amended. Its provisions should be expanded to cover all liabilities of the Government whether budget borrowing or off-budget borrowing, regardless of any guarantee.

Second, at present, the States are required to take the permission of Union Government when they borrow, under the Constitution. Therefore, the Union Government should not hesitate to impose conditionalities while giving permission. While doing so, the Government must act transparently and objectively.

Third, the Government should also focus on decreasing the magnitude of black economy. It erodes the fiscal pool of the Government and leads to suboptimal spending.

Fourth, in the longer run, eradication of unnecessary freebie culture requires an attitudinal change in the masses. Public should elect governments on the basis of performance and development outcomes, rather than doling out of freebies.

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Conclusion

Given that the general government debt has increased sharply, India needs an overall medium-term consolidation road map. An unsustainable level of debt in some of the large States would not only affect growth prospects, but could also pose risks to macroeconomic stability.

Syllabus: GS III, Government Budgeting

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

India-Africa Relationship – Explained, pointwise

Introduction

India-Africa Relationship has a long and rich history. India's freedom movement became an inspiration for African nationalists in their desire for independence from colonialism. India shares close and friendly relationship with many African countries that are built on mutual trust and confidence. Leveraging this, countries have managed to collaborate on various fields like trade, education, skill, health etc. In present times, both India and Africa desire a mutually beneficial relationship through greater trade and investment partnerships. The ongoing 17th Confederation of Indian Industry-Exim Bank Conclave on the India-Africa Growth Partnership offers an opportunity to take the relationship to next level. However, this would require overcoming the challenges between them and harnessing each other's strength.

What is the history of India-Africa Relationship?

India has a long history of partnership with Africa. The solidarity and political affinity goes back to the early 1920s when both regions were fighting against colonial rule and oppression. India's freedom movement had an internationalist outlook; many Indian nationalists viewed the struggle for independence as part of the worldwide movement against imperialism.

After India gained independence, it became a leading voice in support of African decolonisation at the United Nations. Independent India, though extremely poor, strived to share its limited resources with African countries under the banner of South-South cooperation.

In 1964, India launched the Indian Technical and Economic Cooperation (ITEC) programme to provide technical assistance through human resource development to other developing countries. African countries became the greatest beneficiaries of it.

What is the current status of India-Africa Relationship?

Economic: According to the Confederation of Indian Industry, in 2020-21, India's exports to and imports from Africa stood at US$ 27.7 billion and US$ 28.2 billion respectively. Top 5 markets for Indian exports in Africa are South Africa, Nigeria, Egypt, Kenya and Togo. India's top importers are South Africa, Nigeria, Egypt, Angola and Guinea.

India's top three exports to Africa are mineral fuels and oils (processed petroleum products), pharmaceutical products and vehicles. Mineral fuels and oils, (essentially crude oil) and pearls, precious or semi-precious stones are the top imports accounting for over 77% of India's imports from Africa.

India's cumulative investments in Africa stand at US$ 70 billion. Lines of Credit (LoCs) worth US$ 12.26 billion have been extended to African countries that significantly impacted the

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development. For instance, India's irrigation project in Senegal led to a six-fold increase in rice production.

THE AVERAGE COMPOSITION OF INDIA'S INVESTMENT IN AFRICA BY SECTOR, 2017-2019

India's investment in Africa has accelerated in recent decades and has been heavily concentrated in certain industries. For example, transport, storage, and communication services account for just under half of that investment (44 percent). Manufacturing and financial, insurance, and business services roughly account for another third (35 percent).

TRANSPORT, STORAGE & COMMUNICATION SERVICE 44%

MANUFACTURING 15%

AGRICULTURE & MINING 8%

COMMUNITY, SOCIAL & PERSONAL SERVICES 5%

FINANCIAL, INSURANCE & BUSINESS SERVICES 20%

WHOLESALE, RETAIL TRADE, RESTAURANTS & HOTELS 4%

OTHERS 3%

SOURCE: Reserve Bank of India. (2021). Foreign Direct Investment data. Reserve Bank of India.

Source: Brookings Institution

Social: In 2017, under the Indian Council for Cultural Relations (ICCR), ~50,000 scholarships had been granted to African students over 5 years. The Indian Technical and Economic Cooperation (ITEC) program is assisting Africa in giving people opportunities to learn new skills and acquire knowledge through training programs.

Security: Many African nations are members of the IORA (Indian Ocean Rim Association) that aims to strengthen maritime safety and security of the Indian Ocean. Similarly, the first-ever India Africa Defence Ministers Conclave (IADMC) was held in Lucknow, Uttar Pradesh in conjunction with DefExpo in 2020.
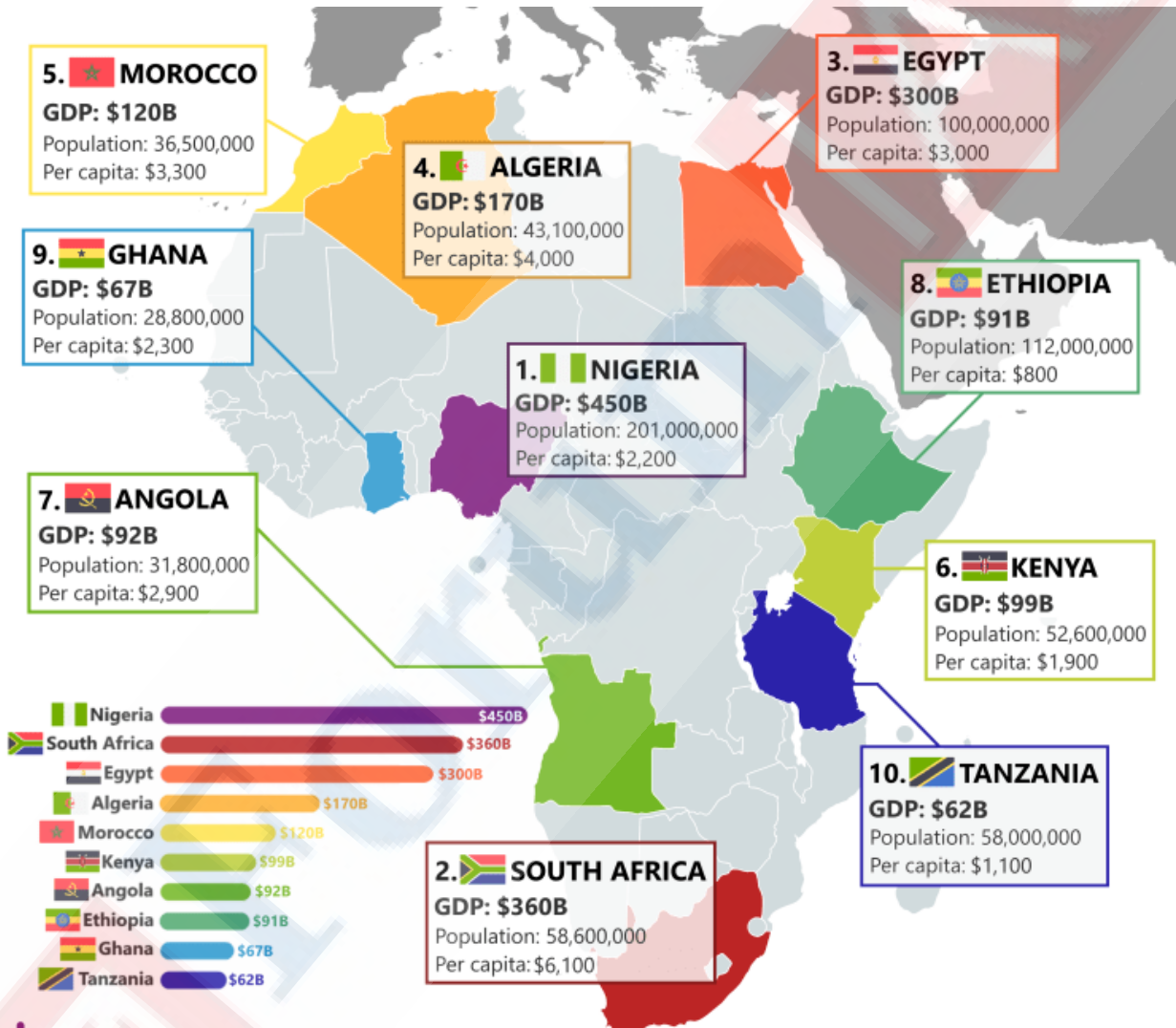
Digital Cooperation: The **Pan African e-Network**, launched in 2009, was a groundbreaking initiative to extend Indian expertise in IT to provide better healthcare and education facilities in 53 African countries. The second phase of this programme, **e-*VidyaBharti* and e-*ArogyaBharti*** (e-VBAB), was started in 2018. It aims to provide free tele-education to 4,000 African students each year for five years and medical education for 1000 African doctors, paramedical staff, and nurses.

International Cooperation: India and Africa have often held common positions at various global platforms and worked together to guard the interests of other developing countries. They have moved joint proposals, such as the Agricultural Framework Proposal and Protection of Geographical Indications, at the World Trade Organization (WTO) and World Intellectual Property Organization (WIPO).

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What is the significance of India-Africa Relationship?

Huge Economic Potential: The African Continental Free Trade Area (AfCFTA) provides a wide scope to create the largest free trade area in the world by geography and an opportunity to lift 30 million people out of extreme poverty. It can help promote India-Africa bilateral trade and investment under AfCFTA.

There are opportunities in services trade with Africa in the fields of Information Technology (IT), Mobile payment solutions, banking, and financial services. India's success in manufacturing vaccines and pharmaceuticals, and advances in telemedicine, can open up new opportunities in the pharmaceuticals and the healthcare sector.

5. MOROCCO
GDP: $120B
Population: 36,500,000
Per capita: $3,300

4. ALGERIA
GDP: $170B
Population: 43,100,000
Per capita: $4,000

3. EGYPT
GDP: $300B
Population: 100,000,000
Per capita: $3,000

9. GHANA
GDP: $67B
Population: 28,800,000
Per capita: $2,300

8. ETHIOPIA
GDP: $91B
Population: 112,000,000
Per capita: $800

1. NIGERIA
GDP: $450B
Population: 201,000,000
Per capita: $2,200

7. ANGOLA
GDP: $92B
Population: 31,800,000
Per capita: $2,900

6. KENYA
GDP: $99B
Population: 52,600,000
Per capita: $1,900

10. TANZANIA
GDP: $62B
Population: 58,000,000
Per capita: $1,100

2. SOUTH AFRICA
GDP: $360B
Population: 58,600,000
Per capita: $6,100

Country	GDP
Nigeria	$450B
South Africa	$360B
Egypt	$300B
Algeria	$170B
Morocco	$120B
Kenya	$99B
Angola	$92B
Ethiopia	$91B
Ghana	$67B
Tanzania	$62B

10 largest economies in Africa

Source: International Monetary Fund, 2019
United Nations, 2019 population

Top 10 Economies in Africa, 2019 estimates

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Infrastructure Development in the African Continent: India has the world's third-largest start-up ecosystem. Thus, it could count on its strengths to fortify the digital infrastructure in Africa, thereby contributing to the achievement of the continent's Agenda 2063.

The AfCFTA seeks to facilitate international supply chains for food, pharmaceuticals, and various other essential products. India can help in building important infrastructure for cross-border supply chains. It will help Indian industries to operate efficiently in Africa.

Soft Power: India commands a significant degree of soft power across the continent. It is amplified by the presence of Indian Diaspora in countries like Mauritius. This helps in building trust between the nations and effective implementation of joint projects. Women consist of 90% of Africa's labor force in the informal sector, engaged mainly in education, healthcare, and tertiary services. India's efforts in these areas under AfCFTA would enhance its brand image across the continent.

Common Agendas: Most African nations are developing in nature just like India which creates a common understanding on multiple issues. India and Africa share common grounds on reformation of the UNSC, Climate change agreements, Trade Issues and WTO negotiations etc.

What are the challenges associated with India-Africa relationship?

Flaws in India's development strategy in Africa: Firstly, India is not actively pursuing any specific development goals. An assessment of India's development cooperation instruments (LoCs, grants, and capacity building projects like ITEC) reflect the absence of a plan for Africa. Indian LoCs have not been designed to achieve a larger development goal such as food security, health security, clean energy or education for all.

Secondly, there is no synchronisation between different development instruments. LoCs, grants and capacity building initiatives operate as standalone instruments of development cooperation, with almost no links with each other. As a result, the overall development impact of India's development cooperation is small and difficult to measure. Moreover, implementation has been a key constraint for Indian LoCs, with poor disbursal rates and project completion record.

Increased presence of China: China has successfully used the pandemic to expand its footprint by increasing the outflow of its vaccines. Unfortunately, India's 'vaccine diplomacy' faced challenges like COVID-19 second wave, shortage of vaccine raw materials from the U.S., etc.

Lack of Focus: Geopolitical tensions in Asia and the imperative to consolidate its position in the Indo-Pacific region have compelled India to deviate from greater focus on the India-Africa relationship. Instead, India concentrated on its ties with the United Kingdom, the EU, and the Quad powers, particularly the US.

Competition from Peers: A dozen nations from America, Europe and Asia have come forward to assist Africa in resolving the continent's political and social challenges. It has created intense competition among nations, especially the United States, the European Union (EU), China, Japan and India. For instance, China is currently the second most popular destination for African students after France, which hosts about 95,000 African students. The poor quality of education in India restricts African students despite huge scholarships provided to them.

Racial Attacks: Incidents of racial attacks on African nationals have severely dented India's image. If untreated, this could be a potential source of tension between India and Africa and damage the goodwill India currently enjoys in the continent.

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What steps can be taken to enhance India-Africa Relationship?

Clear strategy for African development: India should prepare a focused Africa strategy for the next decade and identify a few areas for closer cooperation. Targeting a few important areas like food and health security, climate change adaptation and gender equality will help improve development outcomes and make India's development cooperation programme more effective.

Continue the current focus on capacity building: A simple focus on building physical infrastructure and economic growth will not contribute to a stable and prosperous Africa. Investment in human capital is the key to development in Africa. The current focus on capacity building is in line with Africa's needs given the continent's huge youth population that need skills and jobs.

Harness Indian civil society organizations, NGOs, and Indian diaspora: The Government should explore greater collaboration with them to implement development projects in Africa at low costs. Some Indian organizations like Pratham and Barefoot College are already playing an important role in Africa.

Timely completion of projects: Efforts must be made to expedite the LoC projects. Lessons should be drawn from other countries that have a much better record in implementation.

Address concerns about academic experience in India: India must make large-scale investments in domestic higher education sector to project itself as an education hub for neighbouring countries and Africa.

Improve the experiences of Africans in India: Indian government should ensure that Africans studying or working in India are safe and enjoy their stay in the country. Efforts should also be made to educate Indians about Africa so that people-to-people connections between India and Africa flourish.

Conclusion

The future development partnership should be guided keeping in mind Africa's priorities. It should be on terms that are comfortable for Africa, liberate its potential and not constrain its future. India should cooperate with the African nations as per the Gujral Doctrine of **Generosity rather than Reciprocity.**

Syllabus: Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests, India and its neighbourhood relations.

Source: **Mint**, **The Times of India**, **NewsOnAir**, **ORF**, **Brookings**

**Fall in Rupee Value: Reasons, Concerns and Solutions – Explained, pointwise**

Introduction

There has been a consistent deterioration of Indian Rupee's (INR) exchange rate with respect to the US Dollar ($) over the last few month. It breached the psychologically significant exchange rate level of INR 80 to a US$ in early trade on 19th July, 2022, although it recovered to close at 79.90. The fall in Rupee has been going on since the war in Ukraine began, and crude oil prices started going up. The deteriorating exchange rate poses another challenge to the policymakers; in addition to the high inflation and rising unemployment.

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What has been the recent trend of Rupee's Exchange Rate?

The Indian Rupee has been witnessing a steady decline this year, losing more than 6% against the US$ since the beginning of 2022.

In the last 10 months, the Rupee's exchange rate with the Dollar has fallen 8.7%, from 73.6 to 80. However, historically the Rupee depreciates by about 3% to 3.5% in a year.

Further, many experts predict that Rupee may weaken to ~US$ 82 in the coming 3-4 months. In fact, the International Monetary Fund (IMF) foresee the Rupee to fall to 94 Rupees to a US$ mark by FY2029.

Rupee Exchange Rate with US$ Trend
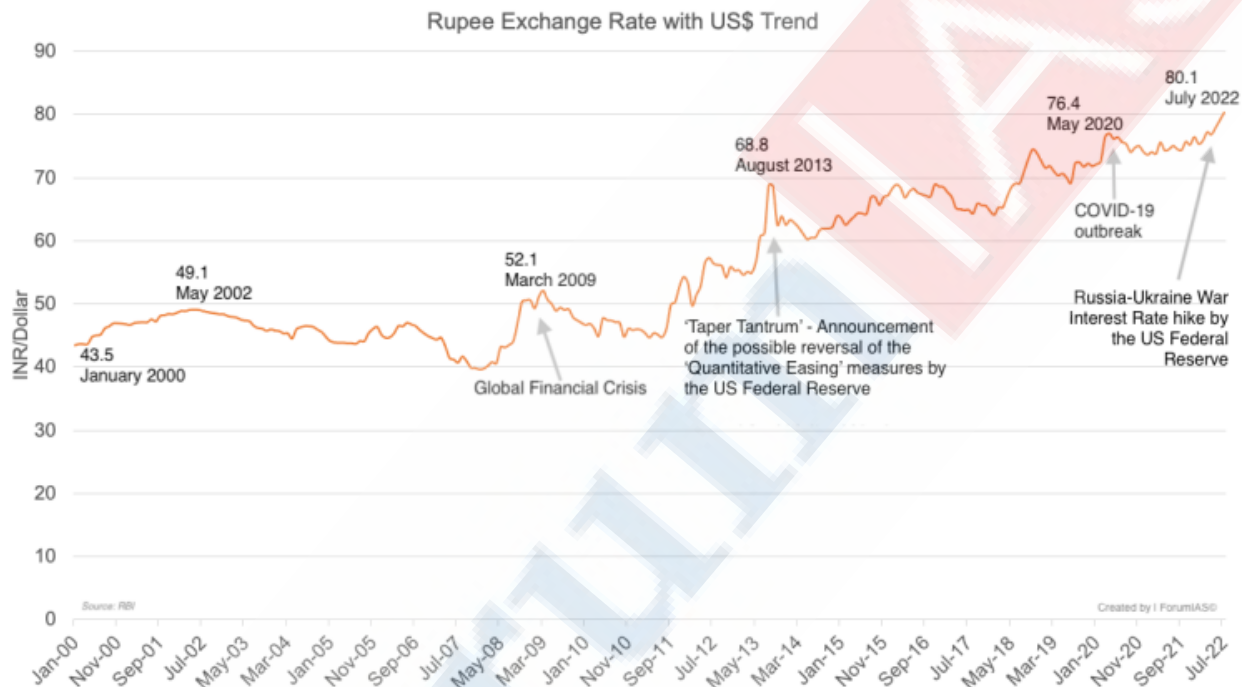
What are the reasons for fall in Rupee value?

First, the **U.S. Federal Reserve** has been **raising its benchmark interest rate** since March 2022. With higher interests rates in the US, investors can get better returns by investments in the US. Hence, they have started to pull-out their money from emerging markets such as India. This, in turn, has put pressure on emerging market currencies which have depreciated significantly against the US Dollar so far this year.

Even developed market currencies such as the Euro and the Yen have depreciated against the Dollar and the Dollar index is up more than 9% so far this year.

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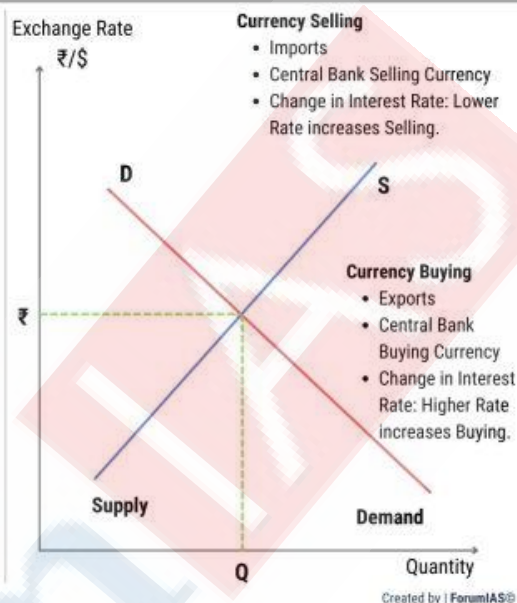| Currency	Jan 2022	Jul 2022	Change (%)
Yen	114.86	136.73	19
Pound	0.74	0.84	13.4
Euro	0.88	0.98	11.3
Rupee	**74.45***	**79.38***	6.6
Yuan	6.35	6.72	5.7
Brazilian Real	5.53	5.37	-2.8
Rouble	76.61	59.89	-21.8

Source: The Times of India. Major global currencies have depreciated in relation to the US$ since January 2022. The major reason is the increase in the interest rates by the US Federal Reserve. Russia-Ukraine war and the rise in commodity prices have also contributed to the trend. In fact, in relative terms, Rupee has performed better than Yen, Euro and British Pound. Rouble has appreciated because of increase in oil trade in Russian Rouble due to sanctions.

Second, **India's current account deficit** is expected to **hit a 10-year high of 3.3% of GDP** in the current financial year. The import bill has been rising due to **high oil prices since the Russian invasion of Ukraine**. The war has also resulted in steep rise in prices of other commodities which has made the situation worse.

Third, a major reason for Rupee depreciation has been **consistently higher domestic price inflation in India**. Higher inflation in India suggests that the RBI has been creating Rupees at a faster rate than the US Federal Reserve has been creating Dollars.

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Determination of Exchange Rate

- The value of a currency is determined by its **demand and supply**.
- When **supply** of a currency **increases**, its **value drops**.
- Conversely, the **value rises with increase in demand**.
- The Supply of a currency is determined by the **Central Bank**. The demand depends on the amount of goods and services produced in the economy.
- In the Foreign Exchange (Forex) market, the **supply of Rupees** is determined by the **demand for imports** and foreign assets e.g., a high demand to import oil would lead to an increase in the supply of Rupees and cause the rupee's value to drop.
- The **demand for Rupees** in the Forex market depends on the **foreign demand for Indian exports** and domestic assets e.g., the foreign investments in Indian markets lead to increase in supply of US Dollars. Consequently, the value of Rupee rises.

Exchange Rate ₹/$

Currency Selling
- Imports
- Central Bank Selling Currency
- Change in Interest Rate: Lower Rate increases Selling.

Currency Buying
- Exports
- Central Bank Buying Currency
- Change in Interest Rate: Higher Rate increases Buying.

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How does the RBI respond to the fall in Rupee?

As a matter of policy, the RBI has usually tried to slow down or smoothen (rather than reverse or prevent) the fall in exchange value of the Rupee against the US Dollar.

The aim of the RBI's policy is to allow the Rupee to find its natural value in the market but without undue volatility or causing unnecessary panic among investors. **State-run banks are usually instructed by the RBI to sell Dollars** in order to offer some support to the Rupee. By selling Dollars in the open market in exchange for Rupees, the RBI can **improve demand for the Rupee** and cushion its fall.

The RBI is also seen **raising benchmark interest rates** to defend the Rupee by preventing any rapid outflow of capital from India as done by it in May 2022.
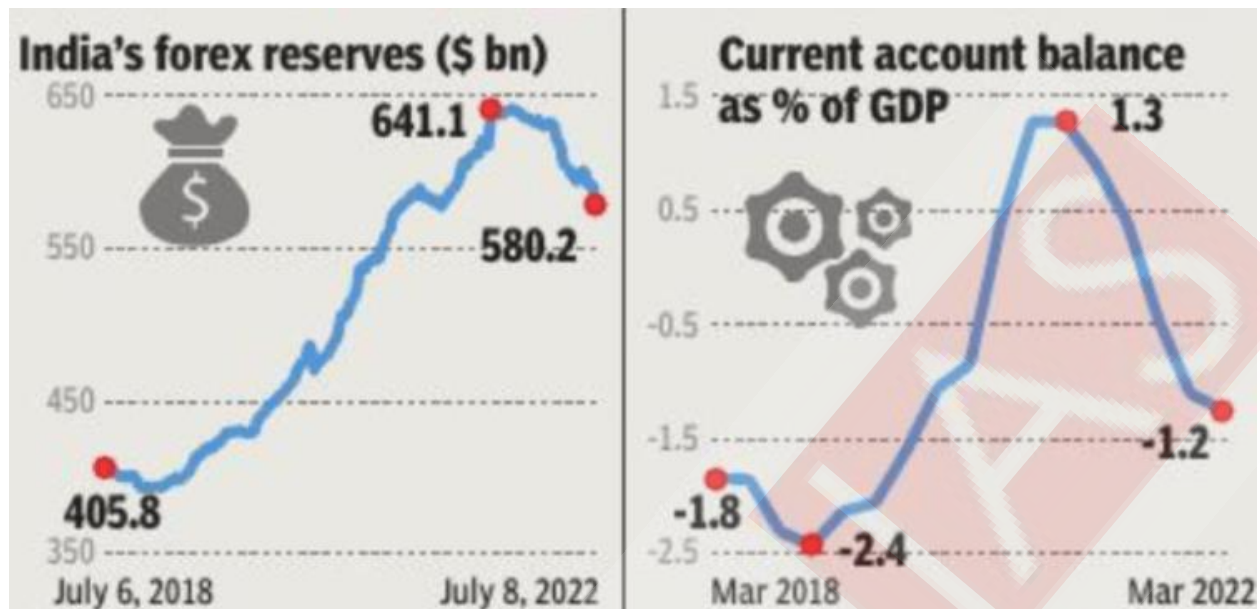
What are the concerns associated with fall in Rupee?

First, forex reserves have fallen by **over US$ 50 billion** between September 2021 and June 2022. RBI officials have noted that the drop in forex reserves is due to a fall in the Dollar value of assets held as reserves by the RBI.

Second, when the Rupee depreciates, **importing goods and services becomes costlier.** Since a large proportion of India's imports (like oil) are Dollar-denominated, these imports will get costlier.

Costlier imports, in turn, will **widen the trade deficit** as well as the **current account deficit**, This will put further pressure on the exchange rate.

The Ministry of Finance has hinted that **India's fertilizer subsidy bill** for 2022-23 (FY23) could rise to around INR 2.5 trillion against Budget Estimates (BE) of INR 1.05 trillion (almost 2.5 times). The rise is because of a global supply shortage in the midst of war in Ukraine and rising exchange rates.

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Source: The Times of India

Third, since Rupee is not the only currency weakening against the Dollar, the net effect on exports will depend on how much has the other currency lost to the Dollar. If the other currency has lost more than the Rupee, the **net effect on exports could be negative**.

Fourth, India is **already facing high inflation** and continued depreciation may be making matters worse. Costlier imports (because of a weaker Rupee) add to the **cost-push inflation** and enhance domestic inflationary process.

Fifth, A weakening Rupee **hurts foreign investors**, who came looking for a good return, **as well as Indians, who have loans abroad**.

What are the mitigating factors?

First, the **Rupee is still more resilient** against the Dollar than it was in some of the previous crises such as the Global Financial Crisis of 2008 and the 'Taper Tantrum' of 2013, when the US Federal Reserve reversed '**Quantitative Easing**'.

Second, India's products become more competitive because depreciation makes these products cheaper for foreign buyers. This will give **a boost to domestic producers and enhance exports.**

Third, the US Dollar is just one of the currencies Indians need to trade. Comparing with a basked of currencies, data suggests the Rupee has **become stronger than many other currencies** such as the Euro.

Fourth, India is still **not facing an external crisis** (or BoP Crisis). The data show that India is in a relatively comfortable position.

In 2021-22, India had a trade deficit of US$ 189.5 billion. India had imported more goods (such as crude oil) than it exported, and the net effect was negative. But the Invisibles account showed a surplus of US$ 150.7 billion. As a result, the Current Account showed a deficit of US$ 38.8 billion.

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However, there was a surplus of US$ 86.3 billion in the Capital Account. This was driven by foreign direct investments (FDI) providing more Dollars in the shape of loans etc. At the end of the year, the BoP was at a surplus of US$ 47.5 billion.

What is the Balance of Payment Account?
- The BoP is a ledger of all monetary transactions between Indians and foreigners. If a transaction leads to Dollars coming into India, it is shown with a positive (+) sign; if a transaction results in Dollars leaving India, it is shown with a minus (-) sign.
- The BoP has two broad subheads (also called 'Accounts') — Current and Capital — to slot different types of transactions.
- The **Current Account** is divided into the **Trade Account** (for export and import of goods) and the **Invisibles Account** (for export and import of services).
  - So if an Indian buys an American car, Dollars will flow out of BoP, and it will be accounted for in the trade account within the current account.
  - If an American invests in Indian stock markets, Dollars will come into the BoP table and it will be accounted for under FPI within the capital account.
- The **Capital Account** includes net **foreign investments** (foreign direct investment and foreign portfolio investments) and **loans** or money that countries borrow from each other.

What lies ahead?

First, it is neither wise nor possible for the RBI to prevent the Rupee from falling indefinitely. Defending the Rupee will result in India exhausting its forex reserves over time because global investors have much bigger financial clout. Most analysts believe that the better strategy is to **let the Rupee depreciate** and act as a natural shock absorber to the adverse terms of trade. Thus, RBI should focus on containing inflation which is its legal mandate.

Second, the Government should contain its borrowings. Higher borrowings (fiscal deficit) by the Government consume domestic savings. Hence, the Industrial and other sectors of economy are forced to borrow from abroad.

Third, over the long run, the Rupee is likely to continue to depreciate against the Dollar given the significant differences in long-run inflation between India and the U.S.

Fourth, the U.S. Federal Reserve has raised rates to tackle historically high inflation in the US that hit a 41-year high of 8.6%. This will induce other countries and emerging markets in particular to raise their own interest rates to avoid disruptive capital outflows and to protect their currencies.

Fifth, domestic inflation hit a 95-month high of 7.8% in April 2022. The RBI too has been trying to rein in the consumer price inflation by raising rates and tightening liquidity.

As interest rates rise across the globe, the **threat of a global recession also rises** as economies readjust to tighter monetary conditions.

Conclusion

The exchange rate has fallen to its historical low of 80, however Indian Rupee has shown a better performance in comparison to currencies of emerging economies. The inflation divide between the U.S and India will continue to further depreciate the Rupee. Nonetheless, with proactive fiscal and monetary measures, India can stabilize its currency value.

Syllabus: Indian Economy and Issues related growth and development.

Source: **Indian Express**, **The Hindu**, **The Times of India**, **Business Standard**, **Mint**

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[Yojana July Summary] Policies on Scheduled Tribes – Explained, pointwise

Introduction

At the time of Independence, the framers of the Constitution noted that certain tribal communities in India were suffering from extreme social, educational and economic backwardness. The backwardness was on account of the primitive agricultural practices, lack of infrastructure facilities and geographical isolation. In order to uplift such communities, robust provisions were made in the Constitution of India. Later on successive governments formulated several policies on Scheduled Tribes (STs) and took various steps for improving their position. These policies and initiatives have helped in improving their situation but certain challenges still impede their development and needs adequate redressal.

About the Scheduled Tribes (STs)

The word 'tribe' was originally a Latin word tribus, meaning 'the poor', later used to specify the masses. Traditionally, Scheduled Tribes enjoyed total autonomy over the governance of their affairs. This system of autonomy was dismantled during the British Raj in India.

Tribal communities in India were viewed with derision by the British and various legislations were brought to alienate them from their ancestral rights and further criminalized upon demanding their rights. However, this perception was completely shunned by Constitution makers who inserted many provisions for uplifting the tribal communities.

The Constitution of India in Article 366 (25) prescribes that the Scheduled Tribes mean such tribes or tribal communities as are deemed under Article 342 of the Constitution to be Scheduled Tribes. The **Article 342** states that the President may specify the tribes or tribal communities which shall be deemed to be Scheduled Tribes in relation to that State or Union Territory.

Scheduled Tribes (ST) constitute approximately **8.6% of the population** of India numbering around 10.4 crores. There are over 705 Scheduled tribes notified under article 342 of the Constitution of India.

What are the key features of the tribal communities?

The tribal communities have certain unique features that distinguish them from others; **(a)** Identification with nature; their inseparability with nature in body, mind and spirit; **(b)** Coexistence, amity and empathy with other living beings; **(c)** Collective living or collective subsistence and the principle of 'sharing'. They believe in sharing the food, land and forest resources, sharing the seeds, labour and hardship, sharing the misfortunes and risks in living in mountains and forests, and so on; **(d)** Non-accumulation of personal property or wealth or in other words, sustainable and simple living; **(e)** Restraint and resolving disputes by withdrawal. The tribal people never encroach; rather they generally withdraw, and avoid conflicts.

What Constitutional Safeguards have been provided to the Scheduled Tribes?

Provisions to prohibit discrimination: **Article 15** prohibit discrimination on grounds of religion, race, caste, sex or place of birth. Similarly under **Article 17** of the Indian constitution untouchability has been abolished.

Equal opportunities: **Article 16** pertains to equality of opportunity in matters of public employment. **Article 46** promotes educational and economic interests of scheduled castes, scheduled tribes and other weaker sections.
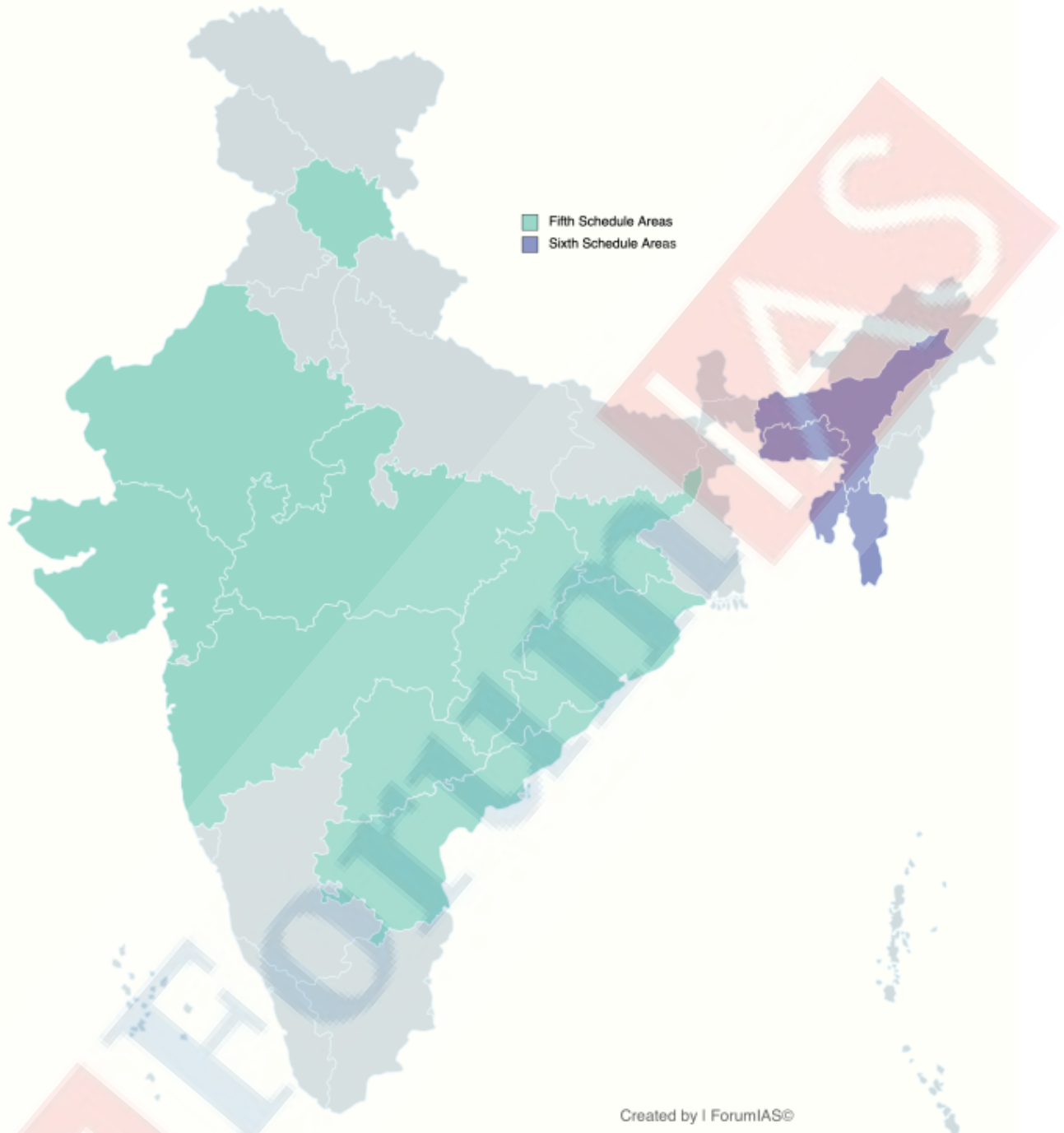
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Safeguarding Tribal Interests: Under, **Article 19 (5)**, special restrictions may be imposed by the State on freedom of movement and residence for the protection of the interests of any Scheduled Tribe.

Article 330 and 332: It reserves seats for STs in Schedule areas, thus granting them representation to safeguard their rights and interests.

Areas where Schedule Tribes are numerically dominant, two distinct administrative arrangements have been provided for them in the Constitution in the form of the **Fifth and Sixth Schedules**.

The **Fifth Schedule of the Constitution** deals with the administration and control of Scheduled Areas as well as of Scheduled Tribes residing in any State other than the States of Assam, Meghalaya, Tripura and Mizoram. It provides for establishment of a Tribes Advisory Council (TAC) in any State having Scheduled Areas. The States with Fifth Schedule Areas are Andhra Pradesh, Chhattisgarh, Gujarat, Himachal Pradesh, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, Rajasthan and Telangana.

The **Sixth Schedule of the Constitution** provides for the administration of tribal areas in Assam, Meghalaya, Tripura and Mizoram to safeguard the rights of the tribal population in these states. The Sixth Schedule provides for autonomy in the administration of these areas through Autonomous District Councils (ADCs).

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Minister in-charge of tribal welfare: **Article 164** provides for a Minister-in-charge of tribal welfare in the states of MP, Chhattisgarh, Orissa and Jharkhand. These states have substantial tribal populations and special provision of a Minister looking after tribal welfare was desired for safeguarding the interests of Scheduled Tribes.

National Commission for Scheduled Tribes: Article 338-A calls for establishing the National Commission for Scheduled Tribes. Role of commission include: **(a)** Investigate and monitor all matters relating to the safeguards provided for the Scheduled Tribes under the Constitution or under any other law; **(b)** Inquire into specific complaints with respect to the deprivation of rights

and safeguards of the STs; **(c)** Participate and advise on the planning process of socio-economic development of the STs and evaluate the progress of their development under the Union and any State.

What Legal Acts and Policies have been enacted for the welfare of the Scheduled Tribes?

Protection of Civil Rights Act, 1955: This was enacted to stop the practice of untouchability. This Act provides assistance to the States and Union Territories for the implementation of the Constitutional provisions for the Scheduled Tribes. It also provides funding for the States to assist victims of atrocities and for the provision of incentives for the creation of special courts, inter-caste marriages and awareness generation.

Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities) Act, 1989: This Act was enacted in order to prevent the commission of offences of atrocities against the members of the Scheduled Castes and the Scheduled Tribes. The Act provides for Special Courts for the trial of such offences and for the relief and rehabilitation of the victims of such offences and for matters connected.

Panchayats (Extension to the Scheduled Areas) Act, 1996: It was enacted in order to provide for the extension of the provisions of Part IX of the Constitution relating to the Panchayats to the Scheduled Areas.

Recognition of Forest Rights Act, 2006: It recognises and vests forest rights and occupation on forest land to STs. The right to ownership to land farmed by tribals or forest dwellers is granted subject to a maximum of 4 hectares. Under the Act various rights including title rights, use rights, relief and development rights etc. are given.

What are the problems faced by the Scheduled Tribes?

Resource exploitation: The rapid technological advancement and globalization have created favorable conditions for the evasion and extraction of natural resources from the ecologically fragile territories of tribal people.

Displacement: From time to time, the tribals have faced displacement and deprivation to facilitate various developmental projects such as setting up of industrial operations, construction of dams, etc..

Cultural Deprivation: A common expectation from them is to follow the mainstream culture for their own growth. This hinders their beliefs and practices, thus erasing their identities under pre-established systems.

Poor Health Conditions: The percentage of underweight ST children is around 40% in 2015-16. Tribal constitutes 8% of India's total population but they have 30% of all cases of Malaria. Prevalence of TB in the rest of India is 256 per 100,000 cases but in tribals, it is 703 cases per 100,000 almost three times.

Which schemes have been launched for the welfare of the Scheduled Tribes?

Janjatiya Gaurav Divas: It is dedicated in the memory of brave tribal freedom fighters so that coming generations could know about their sacrifices for the country.

Eklavya **Model Residential Schools (EMRS)**: It are model residential schools for Scheduled Tribes across India. It aims to impart quality education to ST children in remote areas.

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Pradhan Mantri Van Dhan Yojana: The Ministry of Tribal Affairs launched it in 2018, under the Forest Rights Act of 2005. It aims to provide remunerative and fair prices to tribal gatherers of their Minor Forest Produces. It could be almost 3 times higher than what would be available to them from the middlemen.

Adi Prashikshan **Portal:** It aims to act as a central repository for information on all training programmes conducted by Tribal institutions across the country under *Adi Prashikshan-* Training for Tribals initiative.

Panchsheel for Tribal Development

- People should develop along the lines of their own genius, and the imposition of alien values should be avoided.
- Tribal rights in land and forest should be respected.
- Teams of tribals should be trained in the work of administration and development. Introducing too many outsiders into tribal territory should be avoided.
- Tribal areas should not be over administered or overwhelmed with a multiplicity of schemes.
- Results should be judged not by statistics or the amount of money spent, but by the human character that is evolved.

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Conclusion

Tribals with their organic lifestyle and beliefs challenge the modern way of reckless living and development needs. Their sustainable living provides lessons to the world struggling with pressing issues like climate change and environmental issues. Our country is making efforts towards restoring the legacy of the tribal communities, their identity and inheritance. It is therefore imperative that the policymakers continue to safeguard the tribal rights so as to ensure inclusive development of the society.

Syllabus: GS II, Welfare schemes for vulnerable sections of the population by the Centre and States and the performance of these schemes; Mechanisms, Laws, Institutions and Bodies constituted for the protection and betterment of these vulnerable sections.

Source: Yojana July 2022

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CAQM Policy to Combat Air Pollution in Delhi NCR – Explained, pointwise

Introduction

The Commission for Air Quality Management (CAQM) has announced a new policy to fight air pollution in Delhi-NCR (National Capital Region) over the next 5 years. It includes a revised Graded Response Action Plan (GRAP), among other short-term, medium-term and long-term measures. The release of policy was desired considering the deteriorating situation of air pollution levels in the Delhi NCR region. Experts believe the revamped policy will play a crucial role in encouraging states to take more proactive steps than merely relying on reactive measures.

What is the situation of air pollution in India?

According to WHO, of the 20 most polluted cities in the world, the top 14 are Indian cities. These include Kanpur, Faridabad, Varanasi, Delhi, etc.

The Environmental Performance Index (released by World Economic Forum) ranked India 178th out of 180 countries in terms of air quality.

Read More: The Controversy Regarding Environment Performance Index – Explained, pointwise

According to Central Pollution Control Board data, 11 most polluted cities in the country are from Uttar Pradesh. Ghaziabad is the most polluted city in the country followed by Gurugram.
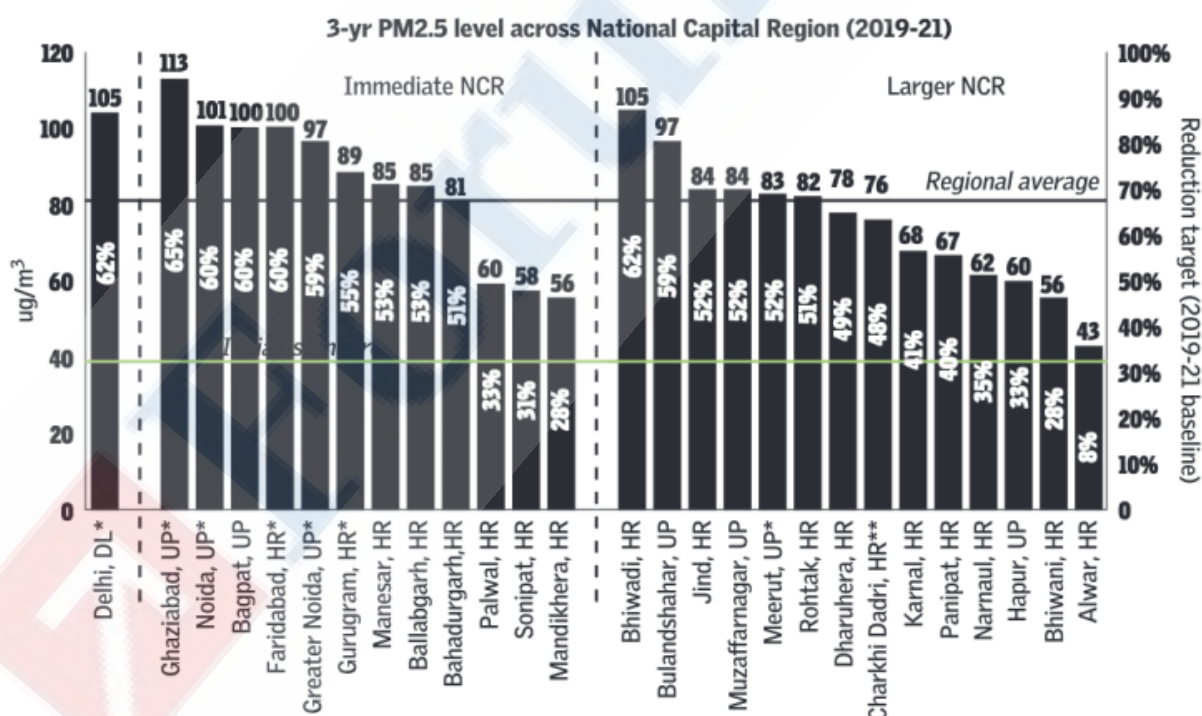
Source: CAQM

Read More: Air Quality Life Index (AQLI) – Explained, pointwise

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Commission for Air Quality Management (CAQM)

- It is a statutory body formed under the Commission for Air Quality Management in National Capital Region and Adjoining Areas, Act 2021.
- The Commission aims at better coordination, research, identification, and resolution of problems related to air quality in NCR and adjoining areas.
- The CAQM has replaced the Environment Pollution (Prevention and Control) Authority (EPCA) which was appointed by the SC and had been active for 22 years.

Graded Response Action Plan (GRAP)

- The plan was formulated after several meetings between the Environment Pollution (Prevention and Control) Authority (EPCA) and the State Government representatives and experts. The result was a plan that institutionalized measures to be taken when air quality deteriorates. The Plan was approved by the Supreme Court in 2016, and notified for Delhi-NCR in 2017.
- GRAP works only as an emergency measure. As such, the plan does not include action by various State Governments to be taken throughout the year to tackle industrial, vehicular and combustion emissions.
- The plan is incremental in nature — therefore, when the air quality moves from 'Poor' to 'Very Poor', the measures listed under both sections have to be followed.

Success of GRAP

- The biggest success of GRAP has been in **fixing accountability and deadlines**. For each action to be taken under a particular air quality category, executing agencies are clearly marked.
- In a territory like Delhi, where a multiplicity of authorities has been a long-standing impediment to effective governance, this step made a crucial difference.
- Also, coordination among as many as 13 agencies from 4 states is simplified to a degree because of the clear demarcation of responsibilities.
- Three major policy decisions that can be credited to EPCA and GRAP are the closure of the thermal power plant at Badarpur, bringing BS-VI fuel to Delhi before the deadline set initially, and the ban on Pet coke as a fuel in Delhi-NCR.

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Industrial areas in Delhi-NCR

- ■ High Density Industrial areas
- ■ Low Density Industrial areas
- ■ Other Industrial areas
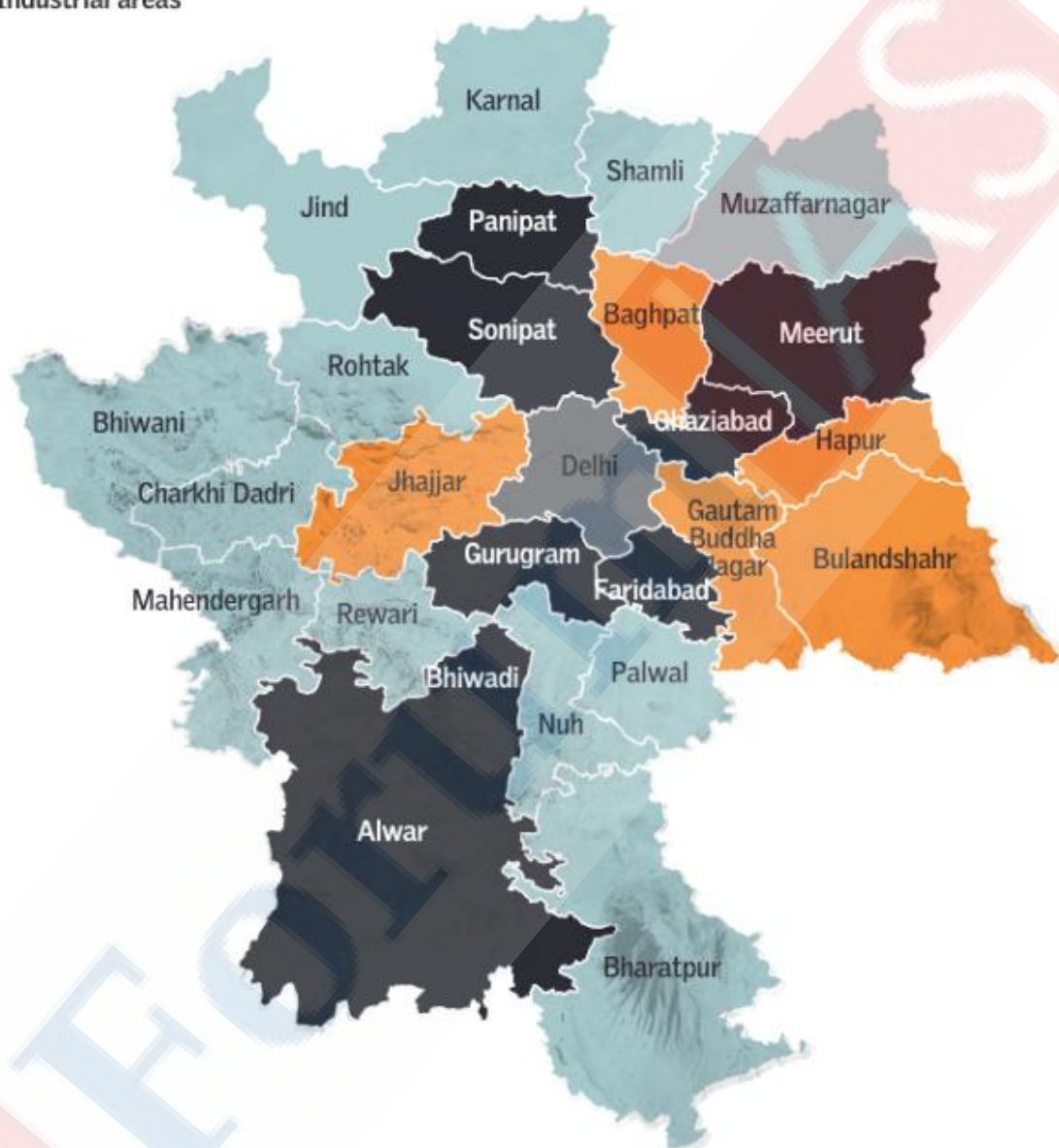
Source: CAQM. Industrial Areas in Delhi NCR. NCR States include Rajasthan, Haryana and Uttar Pradesh.

What are the reasons behind deteriorating air quality in Delhi-NCR?

Air pollution become particularly severe and hazardous during the winter season:

Natural

Northwesterly Winds: Month of October marks the withdrawal of Monsoon winds (South-West) from North India, leading to the arrival of North-Easterly winds. The northwesterly winds bring-in dust from dust storms originating in Rajasthan, Pakistan and Afghanistan.

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Wind speed: High wind speed in summers facilitates the faster movement of particulate matter in the air. As the wind speed decreases in winters, the air is not able to draw the pollutant away from a region.

Landlocked Geography of Delhi: Geography of Delhi and the northern plains is landlocked. While the source wind from North-West is already having pollutants; the Himalayas obstruct the escape route of air.

Anthropogenic

Industrial chimney wastes: There are a number of industries which are a source of pollution. The chief gases are SO2 and NO2. There are many food and fertilizers industries which emit acid vapours in air.

Automobiles pollution: Toxic vehicular exhausts are a source of considerable air pollution. In all the major cities of the country about 800 to 1000 tonnes of pollutants are being emitted into the air daily, of which 50% come from automobile exhausts.

Construction Activities: The rapid pace of development of roads, buildings and other physical infrastructure causes a significant degree of dust pollution.

Stubble Burning: Stubble Burning by farmers of neighboring States exacerbate the situation. The pollutants travel towards Delhi and become stationary over it due to low wind speed and calm conditions.

Sector-wise contribution of PM$_{2.5}$ reported in three recent emission inventories in Delhi-NCR

Emission sectors	Delhi (2015) IITK (in %)	Emission sectors	Delhi (2018) SAFAR (in %)	Delhi (2018) TERI-ARAI (in %)	NCR (2018) SAFAR (in %)	NCR (2018) TERI-ARAI (in %)
Transport	20	Transport	41	39	39	12
Industrial-stack	11	Industry	19	3	22	23
Industrial area	2	Power plants	5	11	3	8
Domestic burning	12	Residential burning	3	6	6	24
Solid waste burning	3	Wind blown (includes construction)	21	26	18	7
Road dust	38					
Construction/ Demolition	2					
Hotels/ Restaurants	3	Others*	11	15	12	26
Others*	9					

Note: IITK-Others* — included DG sets, MSW burning, crematoria, aircraft, hotels/restaurants, medical incinerators.

SAFAR -Others* — included brick industry, hotels (dhabas), hospitals, malls, waste and biomedical waste burning, crematorium, DG sets, etc

TERI-ARAI-Others* — included DG sets, refuse burning, crematoria, airport, restaurants, incinerators, landfills, etc.

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Source: CAQM. Sectoral contribution to PM2.5 pollution in the Delhi NCR. Although magnitude varies across studies, Transport, Industrial and Construction Sectors are the major contributors.

What are the provisions of the CAQM Policy?

Suggested revisions to the GRAP: Under the new GRAP for Delhi-NCR, there will be 4 different stages of adverse AQI: Stage I – Poor (AQI 201-300); Stage II – Very Poor (AQI 301-400); Stage III – Severe (AQI 401-450); and Stage IV – Severe Plus (AQI over 450).

Taking **action based on the air quality index (AQI)** and not the existing system of response that kicks in based on particulate matter concentrations.

Action taken when AQI is 'very poor', 'severe' or 'severe+' will be invoked '**at least 3 days in advance** of the AQI reaching the projected levels of that stage' based on forecasts. Under the existing plan, action was initiated when pollution levels reached a certain threshold, and **not in advance**.

Ban on construction activities will set in when AQI is 'severe', and NCR State governments may impose restrictions on BS-III petrol and BS-IV diesel four-wheelers.

Under restrictions in the 'severe+' category, there is likely to be a ban on plying of 4-wheeler diesel light motor vehicles in Delhi and districts bordering Delhi, except for BS-VI vehicles and those used for essential or emergency services. Under this category, State Governments will decide on allowing 50% of staff to work from home in public, municipal and private offices. They may also consider additional measures like closure of educational institutions, and plying of vehicles on odd-even basis.

The **previous plan did not have any specific restrictions on light motor vehicles,** apart from enforcement of Pollution Under Control (PUC) norms, and odd-even for private vehicles.

WHAT WILL HAPPEN NOW
Thinking ahead | Air quality to be forecast and restrictions/actions implemented three days in advance

AQI to be forecast daily by the Indian Institute of Tropical Meteorology (IITM)

Four stages of restrictions based on AQI
1 Poor   2 Very poor
3 Severe   4 Severe+

Action from stages II to IV to be imposed (three days in advance)

➤ Restrictive action under previous stages to continue in the next stage if AQI worsens

➤ Regular review of GRAP implementation by a group of experts

➤ Cars (LMVs) running on BS-IV diesel to be restricted under 'severe+ category' projections

➤ IITM developed an 'Air Quality Early Warning System' for air quality forecast for Delhi-NCR

How old GRAP worked – After air quality worsened

PM2.5 and PM10 were monitored for 48 hours

Action/restrictions implemented only when PM2.5 remained severe for at least two days

If pollutants dispersed right before 48-hours cycle due to factors like wind, the restrictions were not

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Key restrictions under revised GRAP (Graded Response Action Plan)

Stage II
➤ Ban on diesel generator sets, except for emergent and essential services

➤ Ban on coal/firewood, including tandoors in hotels/restaurants open eateries

Stage III | 'Severe' AQI category (401-450)
Ban on C&D activities in NCR, essential projects (like Metro and defence) and non-dust generating activities, such as plumbing, interior decoration

Regulate operations of industries in NCR not running on PNG/cleaner fuels to maximum five days per week

Shutting down of brick kilns, hot mix plants, stone crushers not operating on clean fuels

Ban on mining and associated activities in NCR

Delhi-NCR govts may restrict vehicles running on BS-III petrol and BS-IV diesel

Stage IV 'Severe+' AQI category (AQI >450)
➤ Ban on plying of four-wheeler diesel light motor vehicles in Dehi and bordering districts, except BS-VI

➤ Stop entry of truck traffic into Delhi

(except essential commodities)
➤ CNG/electric trucks to be allowed
➤ Ban on diesel-run medium and heavy goods vehicles in Delhi

➤ Ban on industries in NCR not running on cleaner fuel, except dairy & medical units
➤ Ban on C&D activities like highways, roads, flyovers,

overbridges, etc
➤ Delhi- NCR govts may impose 50% work from home for public and private offices
➤ Educational institutionsmay be shut

Source: The Times of India

Clean Energy: The Ministry of Petroleum and Natural Gas (PNG), Ministry of Finance, and NCR State Governments could consider PNG under the ambit of lower slabs under the GST. This will ensure 'uniform and affordable' PNG pricing policy.

Air Quality Monitoring Network: While Delhi has a sufficient number of monitoring stations (50 out of 146 in the NCR), a plan of action is to be devised by the CPCB and State PCBs by July 31 to strengthen the monitoring network in other NCR districts.

Transport sector: The Ministry of Road Transport and Highways is to formulate norms for monitoring on-road vehicles with remote sensing devices for emissions surveillance by December 31 this year. The target for implementation of this remote monitoring mechanism in cities in the NCR is 25% of the planned network by December 2024, and 50% of the planned network by 2025.

The policy also recommends that NCR State Governments prepare a policy for retro fitment of vehicles to electric, and a system for collection of used batteries and engines for disposal by December this year.

Stubble Burning: It also stressed the need to upscale the use of the bio-decomposer solution to deal with paddy straw in the harvest season of 2022. The policy targets 60% of total paddy straw generated to be managed through in-situ and ex-situ measures by December 31, 2022, 80% by 2024, and 100% by 2026.

What is the significance of the new Policy?

First, placing PNG under a lower GST slab will ensure **greater adoption vis-a-vis coal**. This will reduce emission levels as PNG is less polluting than coal.

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Second, it **takes into consideration deficits in infrastructure and systems across the NCR sub-regions** leading to variations in baseline actions. The targets are set keeping in mind regional variations and improvement potential.

Third, the focus on strengthening the quality of air pollution data. Filling the gaps through sensor-based monitoring to cover rural and peri-urban areas will help authorities take **preventive measures**.

Fourth, taking a **multi-pollutant approach** to control critical gases like nitrogen dioxide and ozone will help reduce exposure to toxic gases and control secondary particulate matter formation.

What lies ahead?

First, the success of policy depends on the degree of cooperation and coordination undertaken by specific Union and State organizations. Amongst all, **cooperation between CAQM and CPCB is most essential for the success of the new policy**.

Second, the State Governments of the NCR region must **fill the critical infrastructure gaps** that impede the implementation of policy measures. For instance, vehicle restraint measures are difficult to implement during smog episodes if the public transport infrastructure is inadequate in the region.

Third, the **Environment Ministers of Delhi NCR region should meet at least once a month** to effectively monitor the implementation of the new policy.

Fourth, apart from this, India must establish **a national environment regulator** just like SEBI (Stock Market regulator), RBI (Banking sector regulator) etc.

Conclusion

The policy is a step in the right direction to improve the worsening situation of air quality in the NCR region. However its success will truly depend on timely and effective implementation at the ground level. It is a measure that will help in providing the masses a clean and healthy environment which is sine qua non for a dignified living.

Syllabus: GS III; Conservation, environmental pollution and degradation.

Source: **Indian Express**, **Hindustan Times**, **The Times of India**, **The Times of India**

Whistleblower Protection in India – Explained, pointwise

Introduction

Two Whistleblowers, associated with 'Panama Papers' and 'Uber Files' revelations, have recently done interviews with media outlets. Whistleblowing incorporates two words: 'Whistle' and 'Blowing' which means blowing a whistle or revealing some information in front of the public. The information can be about public or private organizations/institutions about activities which are deemed to be illegal, immoral or fraudulent. The people who disclose the wrong-doings are known as 'Whistleblowers.' The Panama Papers leak disclosed information about tax evasion by the Global Rich through offshore entities and shell corporations in tax havens. The Uber Files disclosed the unethical practices of Uber in order to achieve global dominance in the ride-hailing

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segment. Experts lament that revelations of this scale are not possible in India. They argue that the Whistleblower Protection law in India is inadequate to give a significant degree of protection to the whistleblowers. This calls for taking robust measures to improve whistleblower protection framework in India.

What are different types of whistleblowers?

Internal Whistleblowers: These are whistleblowers who inform or report to the higher authority of the organizations where the wrongful act is being done. The discretion of checking that act is on the superior of the company or the organization only. Usually, the government is not involved with the inquiry and procedure to rectify the illicit work. It is taken care of by the organization itself without any interference from an outside party.

External Whistleblowers: They refer to the people who report illegitimate ongoing work in a specific organization to the external people including the media reporters, the concerned Government officers, etc. Public good and safety is the chief purpose of reporting it to the external authority. Another reason for accounting it to external authority could be the negligence in the redressal of such fraud or illicit activity within the organization.

What is the Whistleblower Protection Framework in India?

In 2004, the Government introduced the **Public Interest Disclosure and Protection Of Informers (PIDPI)** Resolution for the logging of complaints against alleged corruption or misuse of office by a Government officer or Department. The **Central Vigilance Commission (CVC)** was designated as the agency to administer complaints, which it continues to routinely route to its relevant section after masking the name of the whistleblower.

India **became a signatory to the UN Convention against Corruption** in 2005. The Convention talks about the reporting of corruption done by the public or private entities and protecting the spectators and whistleblowers from the retaliation faced by them.

Companies Act, 2013: Various Sections (Section 206-229) in the Companies Act, 2013 talk about the inspection and inquiry matters. Section 208 of Companies Act, 2013 authorizes an Inspector to look through the records and suggest for further investigation in the situation of doubt. Further, Section 210 empowers the Union Government to investigate any suspected illegal matter either by the intimation of the inspector or registrar of the company.

Securities and Exchange Board of India: It mandated that every company listed under SEBI must have a whistleblower policy and have a responsibility to make every employee aware of such policy. From December 2019, SEBI has also introduced a **reward mechanism** as a kind of inducement to '**Informants**' who report a violation of insider trading laws to SEBI.

Whistleblowers Protection Act, 2014: The Act aims to protect people who bring to the notice of the authorities concerned allegations of corruption, misuse of power or commission of a criminal offense against a public servant. Under the Act, every complaint has to include the identity of the complainant. The Vigilance Commission shall not disclose the identity of the complainant except to the head of the department if he deems it necessary. The Act penalizes any person who has disclosed the identity of the complainant.

What is the need to strengthen Whistleblower Protection Framework?

Augmenting Transparency and Accountability: A strong framework would ensure that the government and its organizations work as per the prescribed code of conduct. It will allow upright employees to come forward and reveal any corrupt activity in the organization. Further, Whistle-

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blower protection can go a long way to **enable good corporate governance** and provide an early warning system for potential crises, such as the one at IL&FS in India.

Protecting Citizen Rights: Ensuring whistleblower protection will mean that the State is unable to undermine citizen rights. For instance, robust protection laws in the U.S gave Edward Snowden the confidence to expose numerous illegal global surveillance programs, many run by the National Security Agency. This prompted a cultural discussion about **national security and individual privacy**.

Preventing Hardships to whistle blowers: Under the current regime, whistleblowers tend to face multiple hardships which restrain many honest individuals to blow the whistle. These include: **(a) Livelihood Loss:** Whistleblowers are sometimes cornered in an organization and in extreme situations are forced to quit their job. Further, future employers may be reluctant to hire them as they fear that information about their organizations might be revealed; **(b) Death Threats**: The powerful people whose scams are about to get exposed often resort to giving death threats to whistleblowers and their families. In some extreme cases, the whistleblowers have also been killed e.g., Satyendra Dubey was murdered in Gaya, Bihar, allegedly for his anti-corruption related actions in the Golden Quadrilateral highway construction project. A study by Accountability Research Center (2015) revealed that 50 RTI activists had been murdered between 2007-14 and numerous other faced assault and harassment.

NATURE OF REPRISALS AND ISSUE AT A GLANCE (2007–2014)

Nature of reprisal	Issue category					
	Land/natural resources	Development/ welfare programmes	Bureaucratic/ administrative matters	Delivery of public services	Others	Total
Death	18	16	7	5	4	50
Assault	29	26	11	9	9	84
Harassment	27	32	24	5	13	101
Total	74	74	42	19	26	235

Source: Accountability Research Center. Attacks on RTI Activists.

Legislative Lacunas: Both the Companies Act and the SEBI rules cover listed companies. Unlisted companies such as Unicorns and the small and medium enterprise sector remain outside the purview of any whistle-blower rules

The internal mechanism mandated under the Company Act remains subordinate to the management of the company. A whistle-blower will remain completely prey to the management's whims.

Further, the **Whistle Blowers Protection Act 2014** is limited to public servants and doesn't cover private companies. There are several other shortcomings: **(a)** Under the Act, the competent authority to whom any complaint on victimization can be made is usually the senior official in the hierarchy. This makes it difficult for the informant to complain against retaliation or receive any protection; **(b)** The Act **does not allow anonymous complaints** to be submitted and any

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anonymous complaints received are not investigated; **(c)** Transparency activists criticize the Government for its **failure to operationalize the Whistleblowers Protection Act** by framing the Rules. Instead, the Government had tried to dilute the Act through a proposed Amendment Bill in 2015, although the Bill lapsed in 2019; **(d)** The Act does not provide for any reward being granted to a whistleblower upon successful investigation of his claims.

What should be done to strengthen the Whistleblower Protection Framework?

First, the Government should amend the Whistleblowers Protection Act to provide universal protection to the whistleblowers in India. Many States in the US (like Florida, Hawaii, Minnesota) have considered both public and private sector employers to be included under the whistleblower's protection acts.

Second, a robust reward mechanism must be created under the Whistleblowers Act for incentivisation. At the same time, fines against false and frivolous complaints also need to be enhanced.

Third, the Government must formulate the Rules necessary to operationalize the Whistleblower Protection Act.

Fourth, the whistleblowers should be given freedom to report their complaint to independent authorities rather than senior officials. For instance, in the U.S, there are separate offices established under different laws with neutral investigators who are responsible for investigating any claims submitted to them by a whistleblower. They are specifically designed to receive and investigate whistleblower complaints.

Conclusion

The Government needs to ensure that whistleblowers are given an enabling ecosystem wherein they are incentivized and not threatened to disclose the illegal practices carried on in any organization. Strengthening the Whistleblower Protection mechanism is necessary to enhance transparency and accountability in public institutions.

Source: **Mint**, **Indian Express**, **Mondaq**

The Need for a New Foreign Trade Policy – Explained, pointwise

Introduction

Various aspects of globalization are being rethought all over the world, and this includes rethinking trade policy. India is also going through this process. The Ministry of Commerce is working on a new trade policy to be unveiled in September 2022. The Government may roll out a new foreign trade policy (FTP) of a shorter term of two-three years in a bid to keep pace with the fast-evolving scenarios in international trade. These have been triggered by recent disruptions, such as the pandemic and the Russia-Ukraine war.

What is a Foreign Trade Policy (FTP)?

An FTP is an elaborate policy guideline and strategy to promote the export of goods and services, usually with a duration of 5 years. It sets out the regulations for cross-border trade and reveals the Government's position on a host of crucial policy variables such as technology flow, intangibles, and so on.

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Revisited and notified every five years since the 1991 economic reforms, the FTP has been the guiding beacon for all stakeholders. The last FTP was notified in 2015, and the new policy was due in April 2020. However, it has been periodically extended since then, and the new policy is expected by September 2022.
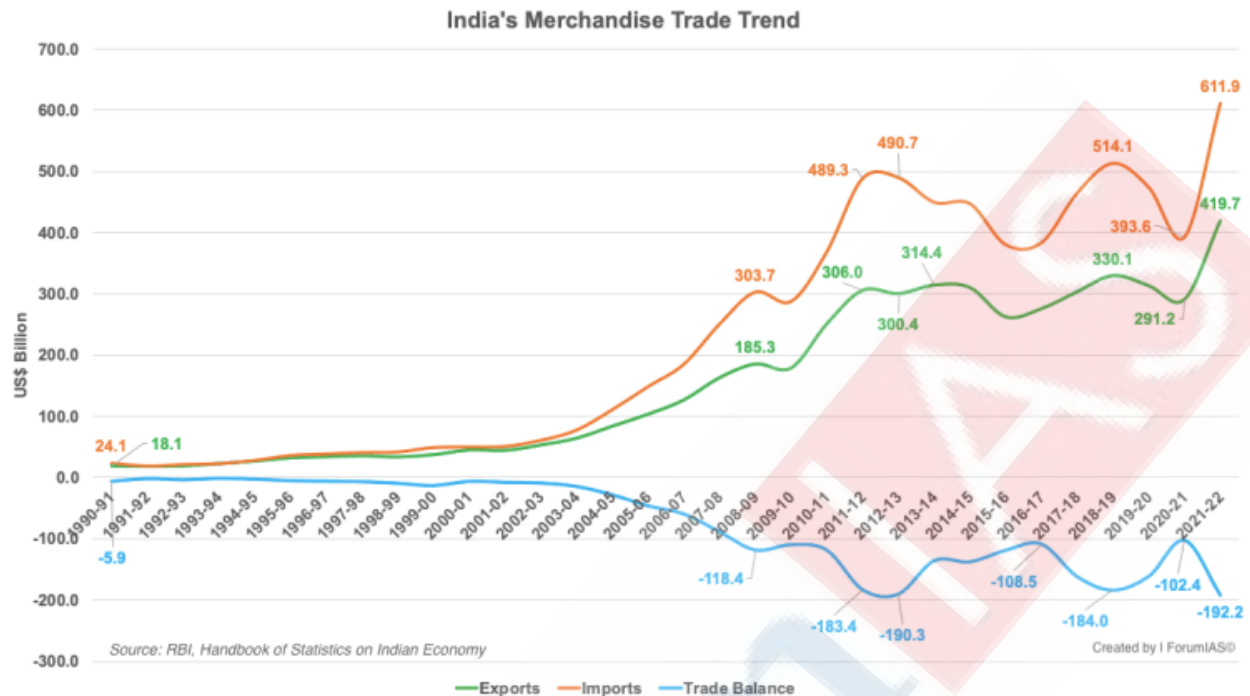
India's Foreign Trade Policy 2015-20 (Extended to 2022)

- It provides a **framework for increasing exports of goods and services** as well as generation of employment and increasing value addition in the country, in line with the 'Make in India' programme.
- The Policy aims to enable India to respond to the challenges of the external environment, keeping in mind the rapidly evolving international trading architecture.
- FTP 2015-20 introduces two new schemes, namely -
  - 'Merchandise Exports from India Scheme (MEIS)' for export of specified goods to specified markets.
  - 'Services Exports from India Scheme (SEIS)' for increasing exports of notified services.
- For grant of rewards under MEIS, the countries have been categorized into 3 Groups. The rates of rewards under MEIS range from 2-5%. Under SEIS the selected Services would be rewarded at the rates of 3% and 5%.
- Measures have been adopted to nudge **procurement of capital goods from indigenous manufacturers** under the Export Promotion Capital Goods (EPCG) Scheme by reducing specific export obligation to 75% of the normal export obligation.
- Measures have been taken to give a **boost to exports of defense and hi-tech items**.

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What is the current status of India's Foreign Trade?

India achieved highest good exports in 2021-22 at US$ 419.7 billion. However, there was a significant jump in the imports, which also recorded their highest level ever at US$ 611.9 billion. The trade deficit stood at US$ 192.2 billion.

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India has run a consistent Trade deficit in Merchandise Trade since 1991. The deficit reached highest level in 2021-22 at US$ 192 billion (18.6% of total trade (Exports + Imports). However, in % terms, trade deficit was worse in 2008-09 (US$ 118.4 billion, 24.2% of trade) and 2012-12 (US$ 190.3 billion, 24.1% of trade).

The trend is similar in 2022-23 so far. For Q1 FY2022-23 (first quarter, April – June 2022), the exports were US$ 119 billion, imports US$ 189.8 billion and trade deficit at US$ 70.8 billion.

India's share in world exports of goods had been declining before the reforms and had fallen to 0.5% in 1990. It has improved in the post-reforms period to touch 0.7% in 2000 and 1.8% in 2021.

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Steps taken to Promote Exports

The Government has taken undertaken several steps to promote the growth of exports.

✅ Foreign Trade Policy

It provides a **framework** for:
- Increasing exports of goods and services.
- Generation of **employment**.
- Increasing **value addition**.
- Keeping in mind the vision of 'Make in India'.

✅ Niryat Bandhu Scheme

- Launched with an objective to **reach out to the potential and new exporters** including MSMEs.
- **Mentor them** through orientation programmes, counseling sessions, etc., on various aspects of foreign trade.

✅ Certification of Origin

It has been launched to facilitate trade and **increase Free Trade Agreement (FTA) utilization** by exporters.

✅ RoDTEP Scheme

- Remission of Duties and Taxes on Export Products Scheme has replace the earlier MEIS.
- It ensures that the exporters receive the refunds on the previously non-recoverable embedded taxes and duties.
- Mandi tax, VAT, Coal cess, Central Excise duty on fuel etc. will now be refunded under this particular scheme

✅ Districts as Exports Hubs

It is aimed at
- Identifying products with export potential in each district.
- Address bottlenecks for exporting these products.
- Supporting local exporters manufacturers to generate employment in the district.

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What is the need to formulate a new Foreign Trade Policy?

First, a new policy is desired in consonance with the **altered nature of international trade** especially after the introduction of Global Value Chains (GVCs). India hasn't been able to truly leverage the potential of GVCs in comparison to China and other East Asian neighbors.

Under this, the multiple components of a typical export product are produced by different companies, often based in developed countries but offshoring production to locations in deloping countries based on the competitiveness of that location. The iPhone, for example, has 178 components that are sourced from 200 different suppliers across 26 countries.

Further, the **onset of the pandemic followed by the Russia-Ukraine Crisis** has created opportunities for India to boost its exports in fellow countries. For instance, Pandemic made countries adopt a **China plus one policy** that provides an opportunity to boost Indian exports.

Second, a revamped policy is desired to **clarify the country's position and alignment** with flagship programmes like 'Local for Global' and PLI (Production linked incentive) schemes.

Third, India is in the process of concluding **critical Free Trade Agreements (FTAs) with the U.K, Australia and Canada** that warrants a revamped policy for leveraging the benefits of FTAs.

Fourth, the **surge in input and fuel costs are hitting the bottom lines of MSMEs**. There's a rise in prices of raw materials such as steel, and plastics along with a shortage of shipping containers and labour, making matters worse. MSMEs are finding it difficult to take full advantage of the increase in demand and hope the new FTP will ease their woes.

Fifth, **various export incentive schemes had to be phased** out after India faced challenges at the World Trade Organization (WTO) over the same. These need to be reintroduced in compliance with the WTO norms e.g., India discontinued the MEIS scheme, which was the incentivisation scheme and introduced duty neutralisation rates under the Remission of Duties and Taxes on

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Exportable Products (RoDTEP). It will refund embedded duties and taxes not refunded earlier, such as fuel, stamp and electricity duty.

Sixth, some export-oriented businesses have been **adversely impacted by certain ad hoc, mistimed, and contradictory changes** to the Foreign Trade Policy, 2015.

The 2015 FTP incentivised exports by issuing duty-credit scrips directly in proportion to exports. However, the government limited the maximum export incentives to INR 20 million for goods and services in 2020 and 2021 respectively without reason. The changes for service incentives were retrospectively notified in September 2021 to be applied from April 2019. Similarly, earlier there was a 3% export incentive on agriculture implements like tractors, which has been reduced to 0.7%.

What factors impair the realization of benefits of the FTP?

First, due to **inadequate upgraded export infrastructure** such as ports, warehouses and supply chains, the average turnaround time for ships in India is about 3 days while the world average is 24 hours.

Second, the **tariffs imposed on multiple products are much higher than China** and other East Asian neighbors. India hasn't been able to extract a big chunk of GVCs in comparison to its peers.

Third, India's bound tariffs are much higher than tariffs that are actually applied. The bound tariff is **the maximum tariff level** for a given commodity. (e.g., the bound tariff on import of steel may be 10% but the actual rate applied by India may be 5%). India's trade negotiators tend to view this as an advantage because it gives 'policy space' to raise duties if required. But, it also **enhances uncertainty** because investors can no longer be sure whether duties on their inputs will suddenly be raised.

Fourth, many experts believe that India's decision to **opt out of the Regional Comprehensive Economic Partnership (RCEP)**, after several years of negotiation, was a missed opportunity. This would have given better integration with the East and SouthEast Asia region. Further, China has applied to join the Comprehensive and Progressive Agreement for Transpacific Partnership, which is the new incarnation of the old Trans-Pacific Partnership.

What should the new Foreign Trade Policy contain?

It must revert to the earlier trend of gradually reducing customs duties to levels prevailing in East Asia.

It must keep access to imports open especially in important areas where technology is changing rapidly (like green energy).

It must give **clarity on the incentives and benefits available for e-commerce exports**. This is desired as the e-commerce sector is growing enormously.

India is dependent on imports for a range of products, so the new trade policy should boost domestic manufacturing and should also suggest ways to make it competitive.

One of the key highlights of the new FTP would be the 'Districts as Export Hubs' scheme. Under the scheme, the focus will be on 50 districts that have products with huge export potential. It will be a centrally sponsored scheme, with the majority contribution by the Centre and the remaining by the states. Additionally, every scheme should be compliant to WTO norms.

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What steps should be taken to promote exports?

First, the Government must invest in **upgrading export infrastructure such as ports, warehouses, quality testing and certification centers** to stay ahead of technology-advanced countries. For instance, China has planned to spend US$ 1.4 trillion on infrastructure between 2019 and 2023.

Second, India also needs to **adopt modern trade practices** that can be implemented through the digitisation of export processes. This will save both time and cost.

Third, the Government must **help MSMEs** planning to tap the export potential in existing tariff lines and provide policy support to raise the number of exporting MSMEs and increase MSME exports by 50% in 2022-23.

Fourth, the **Indo-Pacific Economic Framework (IPEF) agreement** offers a new opportunity. The trade pillar in the IPEF does not, as of now, deal with market access. India should work to push the IPEF towards a trade agreement.

Fifth, **Digital trade, e-commerce and digital payments** will play a major role in global integration in the years ahead. India has substantial strengths in this area, but there seems to be ambivalence about entering negotiations on it. India should shed this hesitancy and be actively involved in the development of global rules acceptable to all.

Sixth, a short-term FTP shall be a good move because the general elections are just two years away. The new government (new or the existing one) should be given the mandate to announce a new policy, as it may have a different focus area or agenda.

6 Point Agenda to Raise India's Trade Competitiveness

A white paper on '**Building Competitiveness for Inclusive Growth**', by CUTS International, Institute for Competitiveness and Institute for Studies in Industrial Development has outlined an action agenda for improving Indian competitiveness

1

Investment in Intangible Assets
- Investments in Health, Education and 'future friendly' skill building.
- State Governments must devise their own strategies.
- Empower local governments to realize potential of each district.

2

Promote Fair Competition
- Implement National Competition Policy.
- Create level playing field for all firms.
- Remove entry barriers.
- Improve Ease of Doing Business.

3

Enhance Institutional capacity
- Review reports of Reform Commissions.
- Implement recommendations to enhance capacity of public institutions.
- Lateral entry should be promoted, including experts for FTA negotiations.

4

'Whole Government' Approach
- Close working of Ministries so that policies are synergetic.
- 'Regulatory Impact Assessment' based on 3 tests (a) Legality; (b) Necessity, (c) Proportionality to ensure efficient governance.

5

Complement FTAs
- Improve intra- and inter-sectoral firm level cooperation/participation.
- Synergy between PLIs and FTAs so that products become competitive domestically and internationally.
- Rethink joining of RCEP.

6

Shared Vision
- Adopt mutual vision and single market approach.
- Implement cooperative federalism in letter and spirit.

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Conclusion

The new FTP should work in a phased manner to address export constraints. It should review the regulatory and operational framework to reduce the transit costs and create a low-cost operating environment through developed logistics and utility infrastructure.

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Syllabus: GS III, Indian Economy and Issues related to Growth and Development.

Source: **The Hindu BusinessLine**, **Mint**, **ORF**, **Business Today**, **Business Standard**

The Need for a Bail Law – Explained, pointwise

Introduction

The Supreme Court (SC) has underlined the 'pressing need' for a reform in the bail law in India. The Court has called on the Government to consider framing a special legislation on the lines of the law in the United Kingdom (The Bail Act, 1976). The SC Bench made the remarks on the consideration of 'abysmally low' conviction rate. It said such detentions reflect a colonial mindset and. a 'police state'. The remarks of the SC has come at a time when the number of under-trials in the prisons, and the pendency of cases in the judiciary have increased consistently over the last few years.

What are the current provisions related to Bail in India?

Bail is a fundamental aspect of any criminal justice system and the practice of bail grew out of the need to **safeguard the fundamental right to liberty**. In India's legal system, the term offence has been categorised as bailable offences and non-bailable under the Code of Criminal Procedure (CrPC).

According to **Section 436**, **bail is a right in bailable offences**. The police or court, whoever has custody, is bound to release the accused following furnishing of a bail bond, with or without surety.

For a **non-bailable offence**, an **accused cannot claim bail as a right**. The **discretion lies with the courts**. In such cases, **Section 437** empowers the Magistrate to deal with pleas, except for offences 'punishable with death or imprisonment for life'.

A provision mandates the court to consider granting bail to an accused below 16 years, someone who is sick, or is a woman. The CrPC also lists provisions for the cancellation of bail.

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Bailable and Non-Bailable Offences

Bailable Offences

- Defined in Section 2(a) and First Schedule of the CrPC.

- As a general rule, offences punishable with less 3 years of imprisonment are bailable although there are exceptions.

- Bailable Offences include Simple Hurt (IPC Sec. 337), Public Nuisance (IPC Sec. 290).

- A person prepared to give bail must be granted a bail. Right to claim bail is absolute and indefeasible: The Supreme Court in *Rasik Lal vs Kishore (2009)*.

Non-Bailable Offences

- Generally offences punishable with death or imprisonment more than 7 years are non-bailable like rape, murder.

- A person doesn't have a right to be released on bail, bail can be granted at the discretion of Court.

- Generally a person is not released if there is a reasonable ground that the person is guilty of offence.

- There are exceptions under which bail can be granted by the Court, which makes it discretionary.

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What are the salient features of the Bail Act, 1976 (United Kingdom)?

The Act prescribes the procedure for granting bail. The key aim of the legislation is 'reducing the size of the inmate population'. The Bail Act also has provisions for ensuring legal aid for defendants.

The Act recognises a **'general right' to be granted bail**. Section 4(1) raises the presumption of bail by stating that the law applies to a person who shall be granted bail except as provided in Schedule 1 to the Act. For rejecting bail, the prosecution must show that grounds exist for believing the **defendant on bail would not surrender to custody**, **would commit an offence** while on bail, or **would interfere with witnesses** or otherwise **obstruct the course of justice**.

What is the need for a Bail Law in India?

Multiple and Dispersed Provisions: At present, provisions related to arrest and interrogation, issue of warrants and summons, execution of bonds and sureties, powers of police and courts, are dispersed across CrPC and various binding SC guidelines. A law collating these in one place can check arbitrariness in the discretion of the Courts.

Huge Quantum of Under-trials: Under-trials constitute more than 70% of the prison inmates and the proportion has risen consistently over the last few years. This indicates a very liberal use of arrest provisions. In many cases, persons are wrongfully arrested. Further, most of them are poor and therefore unable to secure monetary bail.

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Prison Inmates and Undertrials Trend

Source: NCRB, Prison Statistics India | Undertrials | Total Inmates | % of Undertrials | Created by | ForumIAS©
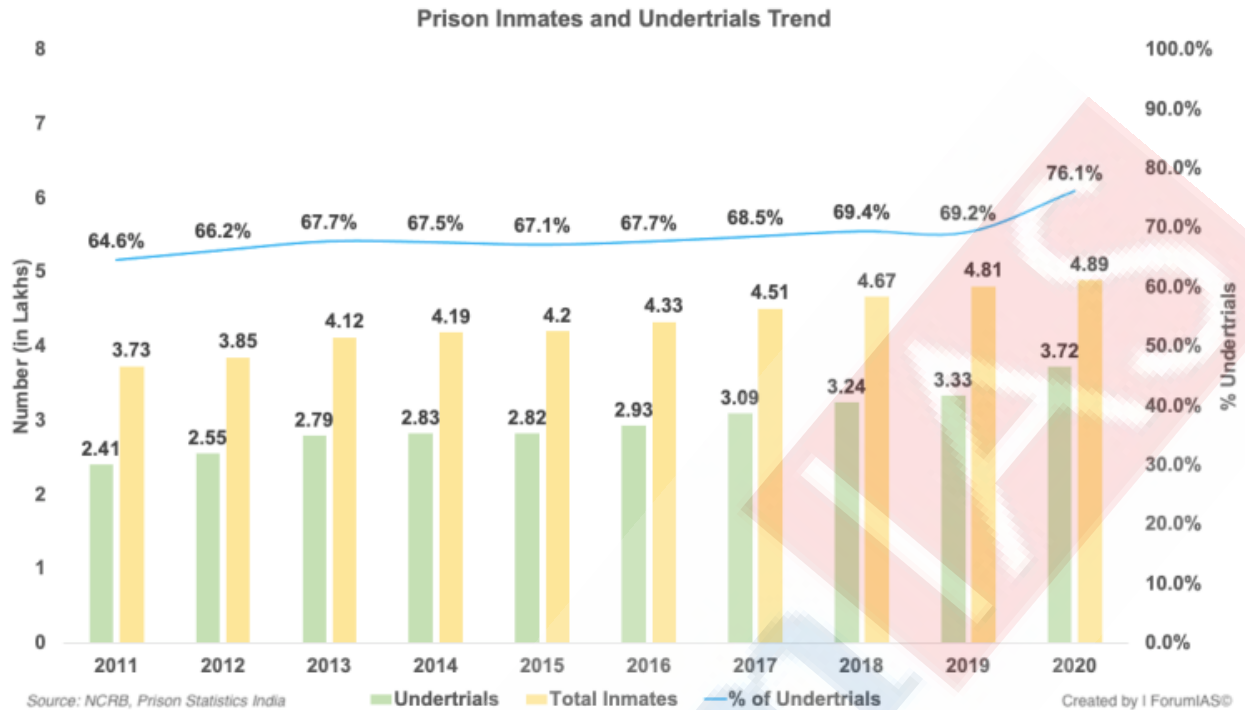
Colonial Mindset: The magistrates often ignore the rule of 'bail, not jail' due to persistence of a colonial mindset. This mindset is emboldened by old colonial laws which were drafted to serve the purpose of the British. The Code of Criminal Procedure (CrPC) was first drafted in 1882 and continues to be in use with amendments from time to time.

Delays in Bail application: Sometimes, bail applications are kept pending for months. Unnecessary arrest coupled with no bail is a double whammy. Appeals by the convicted are pending for decades in some HCs.

Lack of Uniformity: The SC observed that magistrates do not necessarily exercise their discretionary powers uniformly which violates Article 14 and 15 of the Indian Constitution. Uniformity and certainty in the decisions of the court is required as these are the foundations of judicial dispensation. In most cases, the courts do not record reasons for rejecting the bail.

Supreme Court's Observations related to Provision of Bail

- *Joginder Kumar vs State of UP (1994)*: The Supreme Court stated that 'arrest and detention in police lock-up of a person can cause incalculable harm to the reputation and self-esteem of a person'.

- *Arnesh Kumar vs State of Bihar (2014)*: The Supreme Court observed that 'arrest brings humiliation, curtails freedom and cast scars forever'.

- *Satender Kumar Antil vs CBI (2021)*: The Supreme Court had issued guidelines on the aspect of grant of bail to accused who are not arrested during investigation on charge sheet being filed. The requisite conditions for the guidelines to apply: (a) Not arrested during investigation; (b) Cooperated throughout in the investigation.

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What Guidelines have been issued by the Supreme Court?

A two-judge Bench issued certain clarifications to an older judgment delivered in July 2021 on bail reform (*Satender Kumar Antil vs CBI*). TThe Court observed that arrest is a 'draconian' measure that should be used 'sparingly'. It lamented that bail continues to 'be the rule and jail an exception'. he clarifications are a reiteration of several crucial principles of criminal procedure.

First, the Government should consider framing **a separate law** that deals with the grant of bail. It will help in reducing arbitrariness in grant of bail.

Second, it emphasized that even for cognisable offences, **arrest is not mandatory and must be 'necessitated'.** Such necessity is drawn: **(a)** To prevent the committing of any further offense; **(b)** For a proper investigation; **(c)** To prevent the accused from either disappearing or tampering with the evidence; **(d)** To prevent any inducement, threat, or promise to any person, so as to dissuade that person from disclosing said facts either to the court or to the police officer; **(e)** When the presence of the accused is required after arrest for production before the Court and the same cannot be assured.

Third, there need **not be any insistence of a bail application while considering the application under Section 88, 170, 204 and 209 of the Code.** These sections relate to various stages of a trial where a magistrate can decide on release of an accused. These range from power of the magistrate to take bond for appearance (Section 88) to power to issue summons (Section 204). The Supreme Court held that in these circumstances, magistrates must routinely consider granting bail, without insisting on a separate bail application.

Fourth, bail applications have to be **disposed of within 2 weeks** except when provisions mandate otherwise. On anticipatory bail, it said a plea has to be decided within 6 weeks.

Fifth, Investigating agencies and officers have to **comply with Sections 41** and **41A**. It ruled that non-compliance with Sections 41 and 41A at the time of arrest will entitle the accused to bail. Section 41 deals with the arrest in a cognisable offence where punishment is imprisonment for a term which may be less than 7 years. Section 41A relates to the procedure of the notice of appearance before a policeman in cases where the arrest is not required. Notably, a police officer is **required to record reasons for arrest** or not to arrest in writing as per the rule.

Sixth, the SC directed State Governments and Union Territories to facilitate standing orders for the procedure to be followed under Sections 41 and 41A to avoid unwarranted arrests.

Seventh, the SC directed the High Courts (HCs) to **identify under-trials who are unable to comply with bail conditions** and take action to facilitate their release. After doing so, appropriate action will have to be taken in the light of **Section 440 of the Code**, facilitating their release. Under Section 440, the amount of bond shall not be excessive, and HCs and sessions courts may reduce the amount prescribed by the magistrate or a police officer. An exercise will have to be done similarly to **comply with the mandate of Section 436A** of the Code. Under this, a person imprisoned during investigation or trial shall be **released on bail on completion of half of the jail term** prescribed for that offence.

What more steps can be taken?

First, Disciplinary action against errant officers – in Police, Judiciary or Executive – may produce salutary changes.

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Second, the Union and State Governments must comply with the directions issued by the Supreme Court with respect to the constitution of special courts.

Third, the High Courts in consultation with the State governments must undertake an exercise on the need for special courts. The vacancies in the position of Presiding Officers of the special courts must be filled up expeditiously.

Conclusion

A new bail law would take care of not only the unwarranted arrests, but also the clogging of bail applications before various Courts. It will help in bringing more clarity to magistrates thereby minimizing the scope of arbitrariness and improving administration of justice. It can also help in reducing the proportion of under-trial prisoners, and help preserve their fundamental rights

Syllabus: GSII, Important Aspects of Governance and Accountability, Issues Arising out of Design and Implementation of Policies.

Source: **Indian Express**, **The Hindu**, **The Hindu**, **The Hindu**, **The Times of India**,

Issues with the SEZs and Proposed Changes under the DESH Bill – Explained, pointwise

Introduction

The Union Government is likely to introduce the Development of Enterprise and Service Hubs (DESH) Bill in the ongoing Parliament session. Through the Bill, the Government proposes to rebrand India's 268 Special Economic Zones (SEZs) as 'development hubs' under the DESH bill. The Bill aims to make the SEZ Act compliant with World Trade Organization (WTO) norms and boost manufacturing and job creation. It aims to revamp the SEZ units in such a way that it becomes a win-win situation for manufacturers as well as the consumers.

Special Economic Zones (SEZs)

- Special Economic Zones (SEZs) are enclaves within the territory of a country, in which business, trade and tax laws are different from the rest of the country. In India, the SEZs are governed by the SEZ Act (2005).
- **Objectives**
  - Boost exports of goods and services.
  - Create additional economic capacity and generate employment.
  - Attract domestic and foreign investments.
  - Create a conducive administrative and business environment.
  - Develop infrastructure facilities.
- **Incentives/Facilities**
  - Simplified procedures for development, operation, and maintenance of the SEZ.
  - Duty free imports on domestic procurement of goods and services.
  - Tax incentive for units in the SEZ, both Union and State taxes.
  - Single window clearance for State and Central approvals.
- As long as businesses earn more foreign exchange than spend over each 5-year stretch, units can freely import what they need and also enjoy a clutch of tax exemptions, such as zero GST on domestic supplies.
- As these operate like offshore zones, any sales of their products and services in the Indian market face regular import tariffs.

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What are the issues associated with the SEZs?

First, Indian **SEZs are much smaller in size and performance compared to Chinese SEZs**. Shenzhen's SEZ area (49,000 hectares) (a major industrial hub in China) exceeds the combined area of Indian SEZs (47,000 hectares). Small size prevents SEZs from offering high-quality common facilities which is crucial to realize cost economies/economies of scale. As a result, SEZ attracted more units for the tax concession than for any other competitive consideration.

Second, many large-export oriented units (EOUs) were converted into SEZs. However, when tax exemptions ended, investments dried up. Due to this, today, less than half the land approved for SEZ purposes is used leading **to gross underutilization of resources.**

Third, under the SEZ Act, sale of goods manufactured in SEZs in domestic market attracts custom duties. However, the custom duties are levied on the entire finished good and not just on the imported raw materials (imported duty free). This acts as a big deterrent for current SEZ units.

Fourth, In 2019, the World Trade Organization (WTO) held that subsidies provided to SEZ units in India violated the rules of fair trade.

Fifth, many States did not sync State level laws with the Central SEZ Act, which created barriers in the single window clearance regime.

Sixth, there are multiple models for economic zones apart from SEZ like NIMZ, Coastal Economic Zones etc., which creates problems in integration of various models.

Seventh, the tax provisions related to the SEZs was changed multiple times e.g., Minimum Alternate Tax (MAT) was introduced and exemption on Dividend Distribution Tax was withdrawn. Another issue was introduction of sunset date for direct tax benefits. These frequent tax changes negatively impacted investor sentiment leading to gradual drying up of investments. In 2020, the capacity utilization of SEZs had fallen to 50%. East Asian economies like Philippines, Vietnam, Thailand etc. tweaked their policies that attracted investments e.g., SEZs in Indonesia and Thailand enjoy Tax exemptions for 12 and 13 years respectively.

SEZ Fact Sheet

- Number of Approved SEZs: 425
- Number of Notified SEZs: 376
- Operational SEZs: 268
- Land for SEZs: 47,013 hectares
- Investments: INR 6.5 Lakh Crore
- Employment: 27 Lakhs
- Exports in 2021-22: US$ 133.0 billion (INR 9.9 Lakh Crore)
- Exports in 2020-21: US$ 102.3 billion (INR 7.6 Lakh Crore)

Source: sezindia.nic.in, as of June 2022   Created by | ForumIAS©

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Investments of ~ INR 6.5 Lakh Crore created employment for ~27 Lakh persons. This translates to investment of ~ INR 24 Lakhs to create one job.

How does the DESH Bill aim to improve the loopholes of the current SEZ framework?

First, the developers of the zones, (to be called Development Hubs) will **get infrastructure status**, which will allow them to get easier credit at competitive rates.

Second, the Bill **removes the restriction that exports should be more than imports over 5 years**. Now units can import any amount. They can also do invoicing in rupee to facilitate domestic transactions.

Third, the DESH framework gives **more concessions to SEZ units selling in the domestic market**. Units in the development hubs will be allowed to sell goods in the domestic market with **customs duty to be paid only on the imported raw materials and not on the entire finished goods**. Under this, if raw materials are imported at zero duty from a free trade agreement partner country, no duty will have to be paid when the final product is sold in the domestic market.

Fourth, the Bill has reportedly dropped the net forex earnings criterion for SEZ units. It will be replaced with a set of growth criteria that could include investment and employment ramp-ups as qualifiers for benefits.

Fifth, there might be an offer of a special corporate tax rate of 15% instead of 22% to new manufacturers that start operations by March 2024.

Sixth, the revamped SEZs will be able to **avail auto-renewal of licenses** under the Development of Enterprise and Service Hubs (DESH) legislation, subject to conditions.

The Bill also proposes **a framework to include the existing industrial parks** in the DESH framework—including those of other government departments like textile parks, food parks, pharma and power.

What more steps can be taken to ensure success of the proposed Hubs?

Attracting big players: Sectoral hubs for textiles, electronics, or pharma must invite a large global anchor firm to kick-start operations. Their use of Indian ancillary and component supplier firms will benefit the entire sector as seen by the role played by Suzuki in India's automobile sector in the early 1980s. Anchor firms of large scale will help semiconductors, electronics and solar cells sectors in increasing manufacturing and export output.

Agility: Speedy **factory-to-ship movement** through dedicated freight corridors (DFCs) from all hubs is a must. Each hub should figure out the *Gati Shakti* programme priorities.

Aim bigger: DESH should focus not just on SEZs but also on industrial parks for various sectors, manufacturing under the bond of Customs; and EOUs. These schemes offer different concessions for similar operations, creating competitive distortions. Good firms do well via core operations like R&D and manufacturing, not scheme hopping.

Checking Leakages: A GSTN-like number system can be used to monitor movement of goods. Stringent provisions should be made for small-volume high-value items like gold and diamonds to check misuse.

Exclude IT Sector: Many IT/ITES firms relocated into SEZs just to get tax exemptions. Their contribution to exports was minimal. So the Government should consider excluding the IT sector from DESH.

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Transparency in Land Acquisition: There will be changes in the land-use as DESH changes focus from exports to broad economic activity. Under the SEZ framework, many developers bought land with the help of State governments, by using the 'public purpose' clause to acquire land. Few giant pieces of land acquired in the name of SEZs could not take off. Government should return such non-operational SEZ land to its rightful owners.

Conclusion

If governed effectively, Enterprise and Service Hubs can function as growth engines for development of the Indian economy. These hubs can address the challenges faced by the economy, especially in the aftermath of COVID-19. The proposed DESH legislation is a step in the right direction that will also play a vital role in making India a US$ 5 trillion economy. The Government must learn the lessons from not-so-successful SEZs and ensure that the proposed hubs make India the center of global manufacturing value chains.

Syllabus: India Economy and issues related to growth, Changes in Industrial Policy and their effects on industrial growth.

Source: **Mint**, **Mint**, **The Times of India**, **Business Standard**, **Financial Express**,

Quantum Computing: Uses, Challenges and India's Initiatives – Explained, pointwise

Introduction

The 21st century will be an era of cutting edge technology that will enable humans to achieve the hitherto impossible tasks. Amongst these game changing technologies, a critical role would be played by quantum computing and technology. Quantum computing is an emerging field of physics and engineering, which relies on the principles of quantum physics (the physics of subatomic particles). It promises improvements to a vast range of everyday technology. It will enable the nations to strengthen their economic, social and military might owing to the multifarious applications of quantum computing in areas like health, education, defense, manufacturing etc. India is on the right path to leverage this technology but realizing its true potential warrants some more focused efforts from the Government as well as the private sector.

What is Quantum Computing?

It is a type of computation that harnesses the collective properties of quantum states, such as superposition, interference, and entanglement, to perform calculations. It harnesses the phenomena of quantum mechanics to deliver a huge leap forward in computation to solve complex problems.

Quantum mechanics is a science that describes the unique behavior of matter and energy at the atomic and subatomic level.

Quantum Computing works on:

'**Superposition**' meaning they can exist in multiple states (both 0,1 at the same time) at the same time. It is unlike classical computers where information is processed in 'bits' or 1s and 0s, following classical physics.

'**Entanglement**' where two or more particles are inextricably linked and mirror each other exactly, even when separated by great physical distance.

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How are Quantum Computers better than Conventional Supercomputers?

Conventional computers (in common use like homes/offices) and Supercomputers process information with **bits** (ones and zeroes). Quantum computers, on the other hand, use quantum bits or **qubits** that can process the ones and zeroes simultaneously due to a property known as superposition. This allows them to process a lot more information than conventional computers

Conventional Supercomputers combine processing power of thousands of computers. However, supercomputers aren't very good at solving certain types of problems e.g., Supercomputers don't have the working memory to hold the myriad combinations of real world problems. Supercomputers have to analyze each combination one after another, which can take a long time.

On the other hand, the computing power of quantum computers increases exponentially (by a factor of 2) with increase in qubits e.g., In October 2019, Google said it had performed a calculation on a quantum processor in 300 seconds that would have been **practically impossible** to achieve with the algorithms available at the time.

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Quantum Computing Vs. Classical Computing

Quantum Computing	Classical Computing
Calculates with qubits, which can represent 0 and 1 at the same time	Calculates with transistors, which can represent either 0 or 1
Power increases exponentially in proportion to the number of qubits	Power increases in a 1:1 relationship with the number of transistors
Quantum computers have high error rates and need to be kept ultracold	Classical computers have low error rates and can operate at room temp
Well suited for tasks like optimization problems, data analysis, and simulations	Most everyday processing is best handled by classical computers

Source: CBInsights

What are the various applications of Quantum Computing?

Artificial Intelligence (AI) and Machine Learning (ML): Quantum computers' abilities to parse through massive data sets, simulate complex models, and quickly solve optimization problems have drawn attention for applications within artificial intelligence. Quantum computing has the potential to enhance the pace of AI/ML.

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Computational Chemistry: There are many problems in finding the right catalyst or process to develop a new material, or an existing material more efficiently. A quantum computer can be used to simulate the quantum mechanical processes that occur. Potential applications include: **(a)** Finding new materials that can achieve a room temperature superconductor; **(b)** Finding a catalyst that can improve the efficiency of carbon sequestration; **(c)** Developing a new battery chemistry that can significantly improve the performance over today's lithium-ion batteries.

These applications can have uses in agriculture, manufacturing and industrial design sectors.

Financial Portfolio Optimisation: Finding the optimum mix for a basketful of investments based upon projected returns, risk assessments, and other factors is a daily task within the finance industry. By utilizing quantum technology to perform these calculations, improvements can be achieved in both the quality of the solutions as well as the time to develop them.

Logistics and Scheduling: Many common optimisations used in industry can be classified under logistics and scheduling. Quantum computing can make logistics more efficient. For example: **(a)** Airlines can figure out how to stage their airplanes for the best service at the lowest cost; **(b)** Factory managers can minimize cost, time and maximize output.

Cyber Security: Cyber security is becoming a larger issue every day as threats around the world are increasing their capabilities and we become more vulnerable as we increase our dependence upon the digital system. Various techniques to combat cyber security threats can be developed using some of the quantum machine learning approaches to recognize the threats earlier and mitigate the damage that they may do.

Why should India focus on Quantum Computing?

Industrial revolution 4.0: Quantum computing is an integral part of Industrial revolution 4.0. Success in it will help in Strategic initiatives aimed at leveraging other Industrial revolution 4.0 technologies like the Internet-of-Things, Machine Learning, robotics, and artificial intelligence across sectors and lay the foundation of the Knowledge economy.

Growing Demand: According to the The Quantum Revolution in India, The quantum ecosystem in India is growing at an accelerated pace with support from government agencies and participation from the academia, service providers, and the start-up community.

Economic Benefits: The adoption of quantum technologies across industries could potentially add US$ 280–310 billion value to the Indian economy by 2030. Manufacturing, high-tech, banking, and defence sectors will remain at the forefront of quantum-led innovation, according to the Nasscom-Avasant report.

What steps have been taken to promote Quantum Computing in India?

The National Mission on Quantum Technologies and Applications (NM-QTA): It is a government of India programme that aims to create a workforce of over 25,000 in India over the next 5-7 years. It has a total budget outlay of ₹8,000 crore for a period of five years.

The next generation transformative technologies that will receive a push under this mission include quantum computers and computing, quantum communication, quantum key distribution, encryption, quantum devices, quantum sensing and so on.

The areas of focus for the Mission will be in fundamental science, translation, technology development, human and infrastructural resource generation, innovation and start-ups to address issues concerning national priorities.

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QuEST: The Department of Science and Technology launched the Quantum-Enabled Science and Technology (QuEST) initiative to invest INR 80 crores to lay out infrastructure and to facilitate research in the field.

'Quantum Computer Simulator (QSim) Toolkit': It provides the first quantum development environment to academicians, industry professionals, students, and the scientific community in India.

Other Efforts: Scientists from two Ahmedabad-based laboratories of the Department of Space jointly demonstrated quantum entanglement with real-time **Quantum Key Distribution** (QKD) between two buildings separated by a distance of 300 metres.

What are the associated challenges?

First, quantum computers are highly prone to interference that leads to errors in quantum algorithms running on it. Thus it can give erroneous results. Scientists are working to improve accuracy e.g., Google has announced plans to have fault-tolerant quantum-computing hardware by 2030

Second, most quantum computers cannot function without being super-cooled to a little above absolute zero since heat generates error or noise in qubits. Expanding quantum computing will increase ecological footprint.

Third, finding the right talent is another big hurdle as there is an acute shortage of candidates with doctorates in quantum physics, engineering, and statistics.

Fourth, a comprehensive multi-stakeholder network is amiss. It is not clear whether India will focus on near-term quantum applications or long-term applications or both. Translating research into real-world applications should be at the core of India's quantum efforts.

Fifth, metrics to assess the outcomes of India's quantum efforts are not clearly defined. Merely achieving quantum supremacy will not necessarily safeguard India's national interests.

Sixth, India lacks the capability to domestically manufacture most of the components/hardware used in quantum computing. It is another strategic sector where India is import-dependent.

What should be the approach going ahead?

First, India should cooperate with the private sector and friendly nations who are working to address the critical bottlenecks of quantum computing e.g., Tech Mahindra's research and development arm, Makers Lab, announced it has set up a quantum centre of excellence called QNxT in Finland to leverage the country's expertise in quantum computing.

Second, the Indian government had announced NM-QTA in 2020 but it is yet to get Cabinet clearance. This should be quickly approved and implemented.
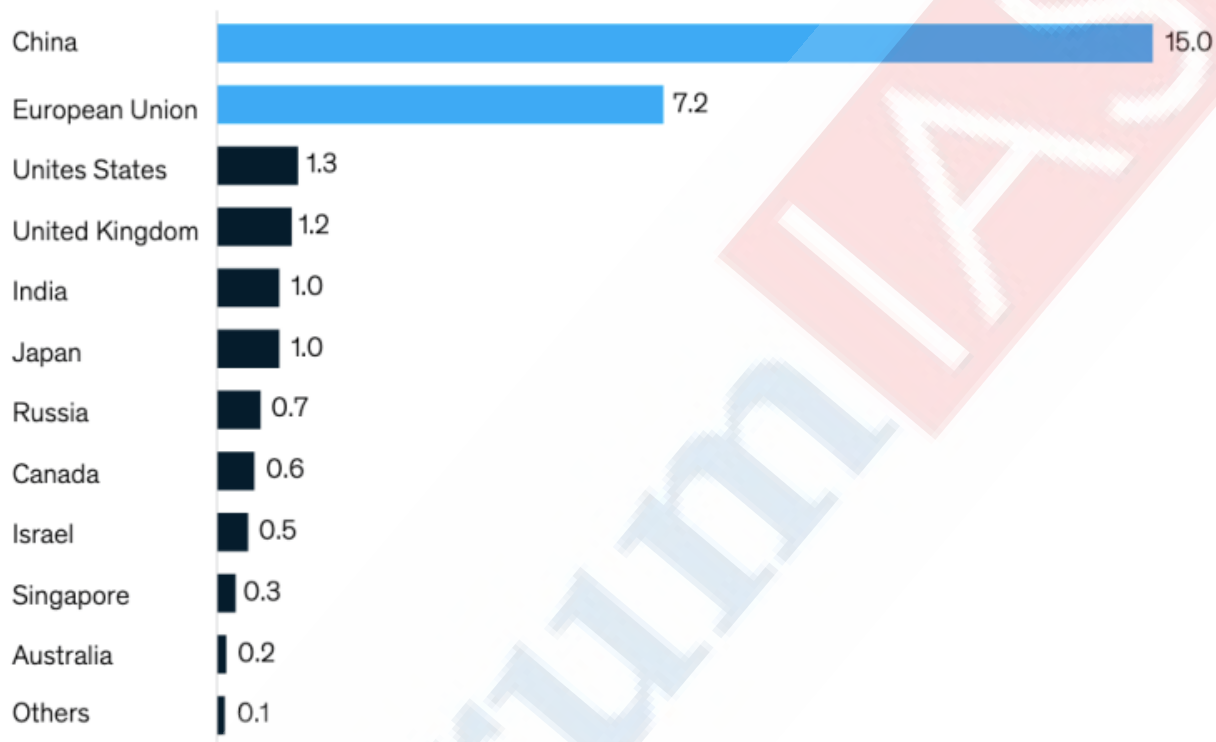
Third, the Government should also make sure that educational programs surrounding quantum computing and technology are provided with adequate support and completed on time e.g., the Defence Institute of Advanced Technology (DIAT) in Pune, launched an MTech in quantum computing in 2020. IBM has partnered with top-tier academic institutions in India to provide access to IBM quantum systems, while Microsoft Garage India has joined hands with IIT Roorkee to conduct lectures on quantum computing for an entire semester.

Fourth, the funding support towards the technology also needs to be augmented. According to McKinsey, China and the European Union have taken a lead in public funding for quantum

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computing with investments worth US$ 15 billion and US$ 7.2 billion, respectively. The US, the UK and India follow but with much lesser spending.

China and the European Union lead significantly on public funding for quantum computing.

Announced planned governmental funding,[1] $ billions

Country	Funding
China	15.0
European Union	7.2
Unites States	1.3
United Kingdom	1.2
India	1.0
Japan	1.0
Russia	0.7
Canada	0.6
Israel	0.5
Singapore	0.3
Australia	0.2
Others	0.1

Source: McKinsey

Conclusion

Despite these hurdles, quantum computing is set to grow. It is likely to see a hybrid computing-operating model that combines conventional computing with emerging quantum computing before the latter comes of age. Change may come as early as 2030, as several companies predict they will launch usable quantum systems by that time. India must step-up the efforts to develop capabilities in quantum computing and technologies. China has already gained a significant lead in this strategic field, India must catch-up before the gap with China's capabilities becomes too wide to plug.

Syllabus: GS III, Science and Technology – Developments and their Applications, Developing New Technology, Awareness in the Fields of Computers.

Source: **Mint**, **ORF**, **PIB**

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[Kurukshetra July Summary] Jal Shakti Abhiyan and Traditional Knowledge in Water Conservation – Explained, pointwise

Introduction

Creating water secure communities is at the heart of Government of India's efforts in the water sector. India is home to 18% of the world's population but has just 4% of the freshwater resources of the world. This availability is also variable and dependent on the rains. Climate change, which is manifesting itself through changes in the water cycle, also threatens our water security. To address this problem, the Government of India, launched the *Jal Shakti Abhiyan* (JSA) in 2019. Revamped campaigns were launched in 2021 and 2022 as well. Apart from this, India also possesses a huge repository of traditional knowledge in water conservation that can be leveraged for improving the water situation in the country.

Read More: Water Crisis in India – Explained, pointwise
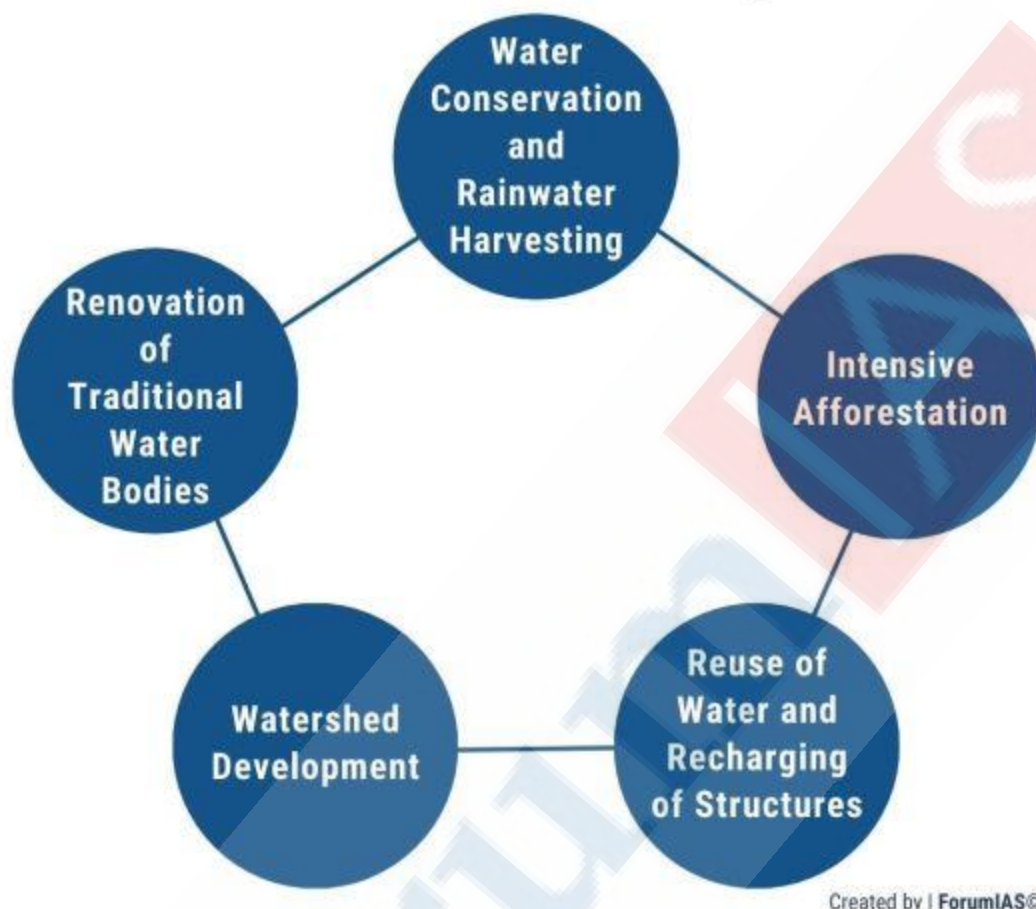
About the Jal Shakti Abhiyan, 2019

This was a time-bound, mission mode water conservation campaign, implemented in the July – November 2019 period in **1,592 blocks of 256 water-stressed districts** of the country.

These blocks fell under the critical or over-exploited groundwater category, where groundwater was being extracted faster than it could be replenished. It was a collaborative effort of various ministries of the Government of India and state governments, coordinated by the Department of Drinking Water and Sanitation, Ministry of *Jal Shakti.*

It aimed at making water conservation a *jan andolan* through extensive communication and involvement of communities.

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Focus Areas of *Jal Shakti Abhiyan, 2019*

- Water Conservation and Rainwater Harvesting
- Renovation of Traditional Water Bodies
- Intensive Afforestation
- Watershed Development
- Reuse of Water and Recharging of Structures

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Besides, the special interventions included development of Block and District Water Conservation Plans, Krishi Vigyan Kendra Melas, Urban Waste Water Reuse and 3D Contour Mapping of all villages.

What are the achievements of Jal Shakti Abhiyan, 2019?

The combined efforts of all stakeholders achieved: **(a)** Creation of 2.73 lakh water conservation and rainwater harvesting structures; **(b)** Renovation of 45000 water bodies/ tanks; **(c)** Creation of 1.43 lakh reuse and recharge structures; **(d)** 1.59 lakh watershed development related works; **(e)** 12.36 crore trees planted and preparation of 1372 block water conservation plans.

Beyond these numbers, the campaign created a strong environment for bringing together all stakeholders working on water recharge and management.

Many States did more than that was originally planned. Some states extended the campaign to all their districts, going beyond the water-stressed districts that were selected initially.
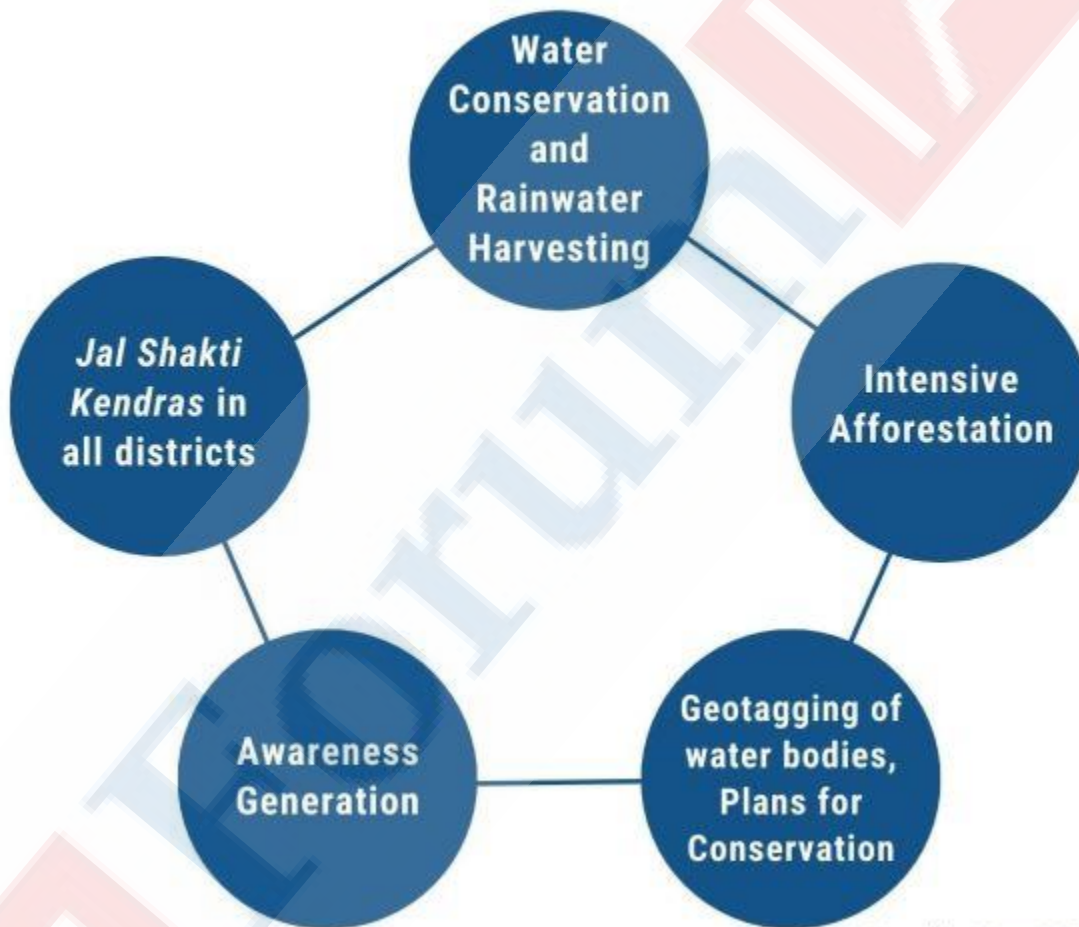
About the Jal Shakti Abhiyan, 2021

'*Jal Shakti Abhiyan*: **Catch The Rain Campaign**' was taken up in all 734 districts (7213 rural blocks and all urban areas) of the country during the pre-monsoon and monsoon period, i.e. from March 2021 to 30 November 2021.

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The aim was to '*nudge the States and stakeholders to create and maintain appropriate Rain Water Conservation Structures, suitable to the soil strata and climatic conditions of the area with people's participation. The structures were to be created before the onset of monsoons so that they are ready to **catch the rain, where it falls, when it falls**'.

This unique campaign converged funds of all water conservation related schemes (MGNREGS, AMRUT, CAMPA Funds, etc) of central and state governments, funds mobilized locally and from corporate sectors.

The campaign implemented by National Water Mission (NWM), had the **following five focused interventions:**

National Water Mission, with the help of NIC, developed a portal (**http://jsactr.mowrgov**. in) for monitoring the progress of the campaign.

What are the achievements of Jal Shakti Abhiyan, 2021?

The degree of progress since the launch on 22 March 2021 till 28 March 2022, both urban and rural areas put together: **(a)** 10,69,649 water conservation and rainwater harvesting structures have been completed while 5,58,028 works are on-going thus totalling to 16,27,677 water harvesting structures; **(b)** 1,79,950 traditional water bodies have been renovated while 1,17,716

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works are on-going; **(c)** 8,32,596 reuse and recharge structures were created/ getting made; **(d)** 19,18,913 watershed development activities have been undertaken/going-on; **(e)** 36,76,60,580 afforestation activities carried out under the campaign; **(f)**374 *Jai Shakti Kendras* were set up in various States/UTs; **(g)** 15.32 lakh water bodies have been enumerated with its details like its latitude and longitude, ownership, state of health, photos, etc under the campaign.

Awareness Generation: *Nehru Yuva Kendra Sangathan* (NYKS) and its youth clubs have engaged over 2.90 crore people in the campaign. They undertook various activities like rallies, Jal Choupals, quizzes, debates, slogan writing competitions, wall writings etc..

IEC Materials: The mission got information, education and communication (IEC) materials developed in regional languages on water harvesting and conservation by professional agencies. It was then uploaded on the official website of NWM for the use of stakeholders.

About Jal Shakti Abhiyan 2022: Catch the Rain

It is being taken up in **all districts (rural as well as urban areas) of the country** with the main theme Catch the Rain, where it falls, when it falls. The campaign is being implemented from 29 March 2022 to 30 November, 2022 – the pre-monsoon and monsoon period in the country.

Under this campaign activities are also undertaken under the following new interventions along with previous activities of the 2021 campaign. This includes: **(a)** Spring Shed Development and Management; **(b)** Wetland Development and Management; **(c)** Catchment area protection and development.

Amrit Sarovars: 75 water bodies will be created/ rejuvenated in every district under the campaign as India celebrates 75 years of independence.
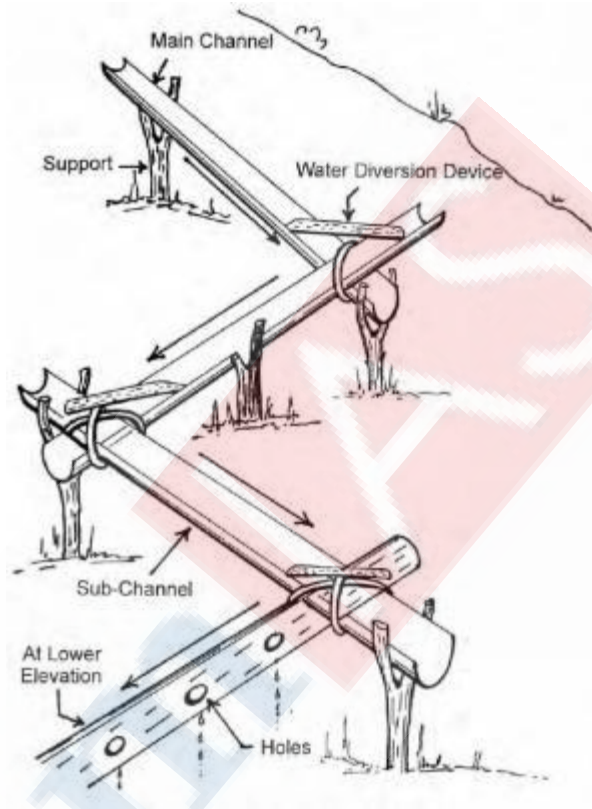
Visit of Central Team to the Districts: It is proposed to send a Central Team consisting of one Central Nodal Officer (CNO) and one Technical Officer for one field visit to the districts during the campaign. They will interact with district authorities on Jal Shakti Abhiyan.

> **Read More**: [Kurukshetra July Summary] Equitable Water Resources Management – Explained, pointwise

What are some of the traditional water conservation methods in India?

North East India

Bamboo Pipes: In this simple method, water is transported through bamboo pipes for irrigation. Bamboo pipes are used to divert water of springs on the hilltops to the lower regions by gravity.

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Source: Permaculture Research Institute

Apatani: It is a wet rice cultivation cum fish farming system practiced in elevated hilly regions and gentle sloping valleys of Northeast India. *Apatani* can tap the water of small streams and springs in these high rainfall hilly regions through their temporary walls. These walls act as barriers and can divert the flow of water towards terraced and valley lands.

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Source: C.P.R. Environmental Education Centre, Chennai; Ministry of Environment

Indo Gangetic Plains

Ahar–Pyne: It is a traditional floodwater harvesting system prevalent in Bihar. Ideal terrain for Ahar-pyne should have an evident slope, sandy soil, low groundwater level and flood during monsoon.

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Source: C.P.R. Environmental Education Centre, Chennai; Ministry of Environment

Rajasthan, Gujarat and the Western Deserts

Kunds* or *Kundis: In western arid areas of Rajasthan, *kunds* are water-harvesting structures. They have a saucer-shaped catchment area that gently slopes towards the centre where the well is situated. A wire mesh across water-inlets prevents debris from falling into the well pit. The sides of the well-pit are generally covered with lime and ash.

Source: C.P.R. Environmental Education Centre, Chennai; Ministry of Environment

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Nadis: It is the local name of a village pond used for storing rainwater from the adjoining natural catchment areas. These were very common in Jodhpur.

Source: C.P.R. Environmental Education Centre, Chennai; Ministry of Environment

South India

Eri and Kulams: Tamil Nadu has no perennial river that can cover the whole state. This inspired people to use monsoon rains for irrigation and filling the ponds for consumption and other purposes. It has been mentioned that approximately one-third of the irrigated area of Tamil Nadu is watered by the *Eris* (tanks). *Eri* is the name given to a broad irrigation tank while *Kulam* is a small pond located close to a temple. *Eris* are used for cultivation, and *Kulam* for drinking water purpose.

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Source: Indiawaterportal.org

Deccan and Maharashtra

***Kohli* Tank**: They are called so because of the name of a group of cultivators who built these tanks three centuries back. A network of channels to practically carry water to every house was in existence in the Bhandara district of Maharashtra. The tanks were built on the slopes of the Gaikhuri range

How can the revival/protection of water bodies be ensured?

Focus should be on sustainability. Therefore emphasis should be on long-term goals, operation and maintenance, adequate budget, and ownership and responsibility to the people.

Economic, environmental and social impact of the project should be studied in detail beforehand and reviewed in between for the course correction. Local communities need to be involved in all these planning and reviews.

Encouraging local people to collaborate with other stakeholders to successfully utilize resources should be done to ensure the protection and conservation of water bodies.

Conclusion

The focused approach of the Government through *Jal Shakti Abhiyan* is yielding positive outcomes. However, given the magnitude of water crisis and the possible exacerbation due to climate change, a relentless effort is required. Addressing the water crisis will require mass participation at a pan India level. Thus, the Government must redouble its endeavours towards water conservation and awareness generation.

Syllabus: GS III, Conservation

Source: Kurukshetra July 2022, **CPR Environment Education Center**

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