

Forum IAS

7 PM COMPILATION

16th to 31st August, 2022

Features of 7 PM compilation

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

RTI Act: Benefits and Concerns – Explained, pointwise

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RTI Act: Benefits and Concerns – Explained, pointwise

Introduction

According to Thomas Jefferson “Information is the currency of democracy” and critical to the emergence and development of a vibrant civil society. Democracy requires an informed citizenry and transparency of information which are vital to its functioning and also to contain corruption and to hold the government accountable. Considering this, the Right to Information (RTI) Act was passed by Parliament in 2005 to enable the citizens to exercise their freedom of speech and expression under Article 19(1)(a) of Indian Constitution. There are many success stories associated with the RTI Act. However, certain pressing concerns associated with the functioning of the Act still remain which require urgent redressal.

What are the salient provisions of the RTI Act, 2005?

The RTI Act provides for timely disclosure of information to citizens by Union and State Public Authorities. It seeks to empower citizens and promote accountability and transparency. Under the Act, **Public Authorities are required to make disclosures** on various aspects of their structure and functioning. This includes; **(a)** Disclosure on their organization; **(b)** Functions and structure; **(c)** Powers and duties of its officers and employees; **(d)** Financial information; **(e)** Procedure followed in the decision making process, including channels of supervision and accountability etc. among others.

Public Authority under the RTI Act

“Public Authority” means any authority or body or institution of self- government established or constituted:

- By or under the Constitution.
- By any other law made by Parliament.
- By any other law made by State Legislature.
- By notification issued or order made by the appropriate Government, and includes any:
 - Body owned, controlled or substantially financed.
 - Non-Government organization substantially financed, directly or indirectly by funds provided by the appropriate Government.

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Section 4 of the Act calls for proactive disclosure of information by all authorities so that the public have minimum resort to the use of this Act to obtain information.

Section 8 of the Act provides exceptions to the disclosure of information, basis which sharing of information can be denied.

Exceptions under Section 8 of the RTI Act

The sharing of information can be denied on certain grounds:

- If the disclosure of information can **prejudicially affect**:
 - The sovereignty and integrity of India.
 - Security, strategic, scientific or economic interests of the State.
 - Relation with foreign State.
 - Lead to incitement of an offence.
- Information expressly **forbidden to be published by any court of law** the disclosure of which may **constitute contempt of court**.
- If the disclosure of information can cause a breach of privilege of Parliament or the State Legislature.
- Information including **trade secrets** or intellectual property, the disclosure of which would harm the competitive position of a third party, unless the competent authority is satisfied that larger public interest warrants the disclosure of such information.
- Information received in confidence from foreign Government.
- Cabinet papers including records of deliberations of the Council of Ministers, Secretaries and other officers. (Material based on which decision was taken shall be made public if no exempted).
- Personal information, unless it serves larger public interest.
- Section 8 (2) provides for disclosure of information exempted under Official Secrets Act, 1923 if larger public interest is served.

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Under the Act, the public authorities have to designate some of its officers as **Public Information Officer (PIO)**. They are responsible to give information to a person who seeks information under the RTI Act. The Act has established the **Central Information Commission** at the level of Central Government and **State Information Commission** in each State. The Commissions address public grievances against public authorities in case of non-fulfilment of obligations under the Act.

Under the Act, information is very broadly defined. A citizen can request a range of different types of information in a range of different formats including: **(a)** Obtaining certified copies of documents or records; **(b)** Inspecting records; **(c)** Inspecting public works and taking samples of material from public works etc.

The Act requires that PIOs shall provide information within 30 days but applications requesting information regarding a citizen's life and liberty must be granted or refused within 48 hours. An appeal can be made to a departmental Appellate Authority, who is an officer senior in rank to the PIO but in the same public authority. The Appellate authority has to hear both the parties before giving a decision on the correctness of the order passed by the PIO. A second appeal can also be made to the Information Commission if the decision of the Appellate Authority is not satisfactory.

What is the significance of the RTI Act?

Anti-corruption tool: In the past 17 years, it has been instrumental in uncovering a list of major scams. Scams like Adarsh Society Scam, 2G scam, Commonwealth Games Scam, Indian Red Cross Society Scam are some noticeable achievements under RTI. The success of the Act earned

it the 4th place among 111 countries in the annual rating of similar empowering laws across the world in the year 2016.

Empowered people's voice: It has given ordinary citizens the confidence and the right to ask questions of Government authorities. The RTI Act has empowered people in containing corruption and bringing transparency and accountability in the working of the Government.

Strengthened Democracy: Every citizen has the right to claim information from public authorities under the Act. On the other hand, public authorities have an obligation to provide the sought information to the applicants (with certain exceptions). This has strengthened democracy through active participation of the public.

Transparency and Accountability: A large amount of information has to be placed in the public domain by ways of manuals prescribed under the Act. All the Government departments along with a number of bodies which receive substantial funding from the Government have been brought under the RTI. This has ushered in an era of transparency and accountability.

How has the RTI Act performed in recent times?

According to an estimate, between 40 and 60 lakh RTI applications are filed every year, but less than 3% Indian citizens have ever filed an RTI plea.

A **Report Card of Information Commissions in India, 2018-19** was released by the *Satark Nagrik Sangathan* (SSN) and the Centre for Equity Studies (CES). It revealed that, of the applications filed, **less than 45% received the information they had sought**. Further, of the 55% who didn't receive the information, less than 10% filed appeals.

As per a study by the Commonwealth Human Rights Initiative, between 2012-13 and 2018-19, the **number of RTI pleas with various Union Government offices rose by 83%** — from 8.86 lakh to 16.30 lakh. However, the **number of CPIOs mandated to handle them increased by only about 13%** — from 21,204 to 24,048. More importantly, there was a sharp fall in the mandatory reporting of data by Ministries and Departments to the CIC.

As on June 30, 2021, 2.56 lakh appeals were pending with 26 Information Commissions in the country. It takes 6 years and 8 months to dispose of a matter in Odisha, as per the going rate, according to the *Satark Nagrik Sangathan* (SNS) 2021 report.

What are the issues associated with the functioning of the RTI Act?

Threats to RTI Activists: According to the Commonwealth Human Rights Initiative (CHRI), across India, 99 RTI activists have lost their lives, 180 assaulted and 187 were threatened since 2006. While RTI is lauded in public, it faces fierce opposition from many within the bureaucracy and the lawmakers, the two key stakeholders of the RTI regime. The latest incident happened in June 2022, when a contractor was murdered in Vidisha, Madhya Pradesh, for asking too many questions relating to the public works department. According to the local police, too many RTI queries over the quality of roads were upsetting several officials and interested parties.

Read More: [Whistleblower Protection in India – Explained, pointwise](#)

Shortcomings of CICs and SICs: Barring some notable exceptions, the State Information Commissions have remained dysfunctional. There are lot of vacancies and many Commissions are functioning without the Chiefs e.g., the Government of Andhra Pradesh took over a year to appoint three information commissioners, that too after the intervention of the Supreme Court, while the post of State Chief Information Commissioner had been vacant for over 2 years.

Moreover, the Commissions have become a place for adjusting retired government officials. According to the 2018-19 SSN-CES 'Report Card', of the 374 information commissioners appointed in the SICs since 2005, over 58% were former government officials. Of the 115 chief information commissioners appointed during this period, over 83% were retired government servants, with 64% cent from the IAS.

According to a former CIC (and bureaucrat), the functioning of the Commissions have been stifled by poor choice of commissioners, untrained staff and a non-cooperative set of public information officers (PIOs).

Rising Pendency: The pendency of cases under the Central Information Commission has been rising. The CIC takes up two kinds of cases; **(a)** Appeals on the information shared under the RTI Act by various government entities; **(b)** Complaints relating to the inability to file an RTI or refusal to give information. In October 2017, the CIC had 24,287 appeals and complaints pending before it. In October 2020, this figure had increased by 52% to 36,894. Though the number came down to 32,000 in December 2021 and 26,500 in July 2022.

Judicial Bottlenecks: Several RTI cases are embroiled in judicial procedures as courts are quick to give stay orders on CICs' decisions. However, the Act clearly states that the final appeal lies with the information commissions, so the appeals are masked as writs to obtain relief from the Judiciary.

Frivolous RTIs: An oft-repeated excuse by bureaucrats for their unprofessional attitude is the number of frivolous queries or those with perverse motives. The reality, however, is that such queries constitute only around 4% of the total appeals and can easily be managed.

Downgrading status of Information Commissioners: The salaries, allowances and other terms of service of information commissioners are now decided by the Union Government while earlier these were at par with election commissioners. Many experts believe this has hindered independence of information commissioners. In 2019, the Union Government reduced the fixed tenure from 5 years to 3 years.

Low awareness level: Awareness about RTI is still very low. Awareness level is low, especially among the disadvantaged communities such as women rural population, OBC/SC/ST population.

What steps can be taken to enhance the efficacy of the RTI Act?

First, a code of conduct must be evolved for the Central and State Information Commissioners. It is imperative for the commissioners to keep a strict distance from government heads and officialdom.

Second, the Supreme Court's guidelines in *DDA vs Skipper Construction (P) Ltd* should be followed in letter and spirit. It said; **(a)** High Courts must resist the temptation to exercise their writ jurisdiction in order to correct errors made by the SICs/CICs; **(b)** If the High Court quashes a CIC/SIC order, it must categorically find that the order was without jurisdiction or palpably erroneous.

Third, the Indian information law, rated as one of the strongest in the world, needs to be bolstered by raising awareness amongst the people and organizing **rigorous training of government officials**.

Fourth, It is imperative to ensure freedom of the press and democratic institutions, punish errant officials and maintain complete autonomy of the information commissions, in the interest of the people and the nation at large.

Fifth, all information associated with the RTI Act and its functioning must be made available in the local language considering the diverse nature of our country.

Sixth, education about the right to information/ right to know should be made mandatory at the school level in our new education policy to develop a sense of responsibility and vigilant citizenship in the forthcoming generation.

Conclusion

Since the implementation of the RTI Act, it has established itself as an important tool in handling corruption and inefficiency in the Government. Although there have been instances of misuse of the Act, nonetheless it has served its purpose well. The need of the hour is to remove the loopholes in RTI to further the objectives of transparency and accountability.

Syllabus: GS II, Important aspects of governance, transparency and accountability.

Source: [Indian Express](#), [Vikaspedia](#), [The Print](#), [Mint](#)

Weapons of Mass Destruction (WMDs) and India's Stance – Explained, pointwise

Introduction

The Parliament has passed the Weapon of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Amendment Bill 2022. The Bill amends the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005. The 2005 Act prohibits unlawful activities (such as manufacturing, transport, or transfer) related to the weapons of mass destruction, and their means of delivery. It is a step towards ensuring that WMD's don't come in the hands of non-state actors and the domestic law becomes more aligned to the changing international scenario. However, a global cooperation is required for properly managing these WMDs and aiming for their abolition in the long run.

What are the Weapons of Mass Destruction (WMDs)?

The closest definition of WMDs is provided in the 1977 resolution of the UN General Assembly, “[...] *atomic explosive weapons, radioactive material weapons, lethal chemical and biological weapons, and any weapons developed in the future which might have characteristics comparable in destructive effect to those of the atomic bomb or other weapons mentioned above*”.

Weapons of mass destruction (WMDs) constitute a class of weaponry with the potential to: **(a)** Produce in a single moment an enormous destructive effect capable of killing millions of civilians, jeopardize the natural environment, and fundamentally alter the lives of future generations through their catastrophic effects; **(b)** Cause death or serious injury of people through toxic or poisonous chemicals; **(c)** Disseminate disease-causing organisms or toxins to harm or kill humans, animals or plants; **(d)** Deliver nuclear explosive devices, chemical, biological or toxin agents to use for hostile purposes or in armed conflict.

What are the international treaties/agreements curbing usage of WMDs?

The **Biological Weapons Convention (BWC), 1972** effectively prohibits the **development, production, acquisition, transfer, stockpiling and use of biological and toxin weapons**. It was the first multilateral disarmament treaty banning an entire category of weapons of mass destruction (WMD).

The **Geneva Protocol (1925)** prohibited the use of chemical weapons in warfare. However, the Protocol had a number of significant shortcomings e.g., it did not prohibit the development, production or stockpiling of chemical weapons. Many States that ratified the Protocol reserved the right to use prohibited weapons against States that were not party to the Protocol.

To address the shortcomings, the **Chemical Weapons Convention (CWC), 1992** was signed. It prohibits the large-scale use, development, production, stockpiling and transfer of chemical weapons, except for very limited purposes (research, medical, pharmaceutical or protective). The treaty is administered by the Organisation for the Prohibition of Chemical Weapons (OPCW).

Multilateral treaties targeting the proliferation, testing and achieving progress on the disarmament of nuclear weapons include: **(a)** The Treaty on the Non-Proliferation of Nuclear Weapons (**NPT**); **(b)** The Treaty on the Prohibition of Nuclear Weapons (**TPNW**); **(c)** the Treaty Banning Nuclear Weapon Tests in the Atmosphere, in Outer Space and Under Water, also known as the Partial Test Ban Treaty (**PTBT**); **(d)** The **Comprehensive Nuclear-Test-Ban Treaty**, which was signed in 1996 but has yet to enter into force.

Read More: [Proliferation of Nuclear Weapons and Its Prevention](#)

Several treaties also exist to prevent the proliferation of missiles and related technologies, which can be used as a vehicle to deliver WMD payloads. These treaties include the **Hague Code of Conduct (HCOG)** and the **Missile Technology Control Regime (MTCR)**.

What is India's status with respect to the International treaties?

It has signed and ratified the Biological Weapons Convention and the Chemical Weapons Convention. India is also a subscribing state to the Hague Code of Conduct.

India is a member of three multilateral export control regimes — the Missile Technology Control Regime, Wassenaar Arrangement and Australia Group.

India has not signed the Comprehensive Nuclear-Test-Ban Treaty nor the Nuclear Non-Proliferation Treaty, considering both to be flawed and discriminatory.

India previously possessed chemical weapons, but voluntarily destroyed its entire stockpile in 2009 — one of the seven countries to meet the OPCW extended deadline.

India maintains a “**no first use**” **nuclear policy** and has developed a nuclear triad capability as a part of its “**Minimum Credible Deterrence**” doctrine.

Read More: [Nuclear Disarmament and India's Stance – Explained, pointwise](#)

What is India's status with respect to possession of WMDs?

India has developed weapons of mass destruction in the form of nuclear and chemical weapons.

India had ratified the Chemical Weapons Convention (CWC) in 1996 and declared a stockpile of 1,044 tons of sulfur mustard in 1997. India established the **National Authority for Chemical Weapons Convention (NA CWC)** in April 1997 as an office in the Cabinet Secretariat. India also signed an **India-Pakistan Agreement on Chemical Weapons (1992)** under which both

countries agreed to “*never under any circumstances... develop, produce, or otherwise acquire chemical weapons*”.

India has not released any official statements about the size of its nuclear arsenal. Recent estimates suggest that India has 160 nuclear weapons and has produced enough weapons-grade plutonium for up to 200 nuclear weapons. India has conducted nuclear weapons tests in 1974 and 1998.

India has ratified the Biological Weapons Convention (BWC). India has a well-developed biotechnology infrastructure (including bio-containment laboratories for working with lethal pathogens) and has enough talent pool of qualified scientists to launch a biological warfare programme. However, there is no evidence of India possessing biological weapons or having an offensive biological warfare programme. India pledges to abide by the BWC. Former President Dr. Kalam, during his tenure (in 2002), had said that, “*India will not make biological weapons. It is cruel to human beings*”.

What is the purpose of the WMD Act, 2005?

Its primary objective is to provide an integrated and overarching legislation on prohibiting unlawful activities in relation to all three types of WMD, their delivery systems and related materials, equipment and technologies.

It institutes penalties for contravention of these provisions such as imprisonment for a term not less than 5 years (extendable for life) as well as fines.

The Act was passed to meet an international obligation enforced by the UN Security Council Resolution (UNSCR) 1540 of 2004.

UN Security Council Resolution 1540 (UNSCR 1540)

- It established **binding obligations** on all UN member states under **Chapter VII of the UN Charter** (*Action with Respect to Threats to the Peace, Breaches of the Peace, and Acts of Aggression*).
- It enforced three primary obligations upon Nation States:
 - To **not provide any form of support to non-state actors seeking to acquire WMD**, related materials, or their means of delivery;
 - To **adopt and enforce laws** criminalizing the possession and acquisition of such items by non-state actors;
 - To **adopt and enforce domestic controls** over relevant materials, in order to prevent their proliferation.

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Why has the WMD Act, 2005 been amended?

The Amendment **expands the scope** to include prohibition of financing of any activity related to WMD and their delivery systems. To prevent such financing, the **Union Government shall have the power to freeze**, seize or attach funds, financial assets, or economic resources of suspected individuals (whether owned, held, or controlled directly or indirectly). It also prohibits persons

from making finances or related services available for other persons indulging in such activity. The Amendment was needed because:

First, the relevant organizations at the international level, such as the Financial Action Task Force have **expanded the scope of targeted financial sanctions** and demand tighter controls on the financing of WMD activities.

Second, with advancements in technologies, **new kinds of threats** have emerged that were not sufficiently catered for in the existing legislation. These notably include developments in the field of drones or unauthorised work in biomedical labs that could maliciously be used for terrorist activity. Therefore, the Amendment keeps pace with evolving threats.

Third, having now updated its own legislation, **India can demand the same of others**, especially from those in its neighbourhood that have a history of proliferation and of supporting terrorist organisations.

What lies ahead?

First, at the domestic level, this **Amendment will have to be enforced through proper outreach measures** to the industry and other stakeholders to make them realize their obligations under the new provisions.

Second, it is also necessary that **India keeps WMD security in international focus**. Even countries which do not have WMD technology have to be sensitised to their role in the control framework to prevent weak links in the global control system. India can offer help to other countries on developing national legislation, institutions and regulatory framework through the IAEA (International Atomic Energy Agency) or on a bilateral basis.

Third, to help secure the world, India should **propose a global treaty** that commits every State to 'no first use' of WMDs, in line with India's nuclear doctrine.

Conclusion

Preventing acts of terrorism that involve WMDs or their delivery systems requires building a network of national and international measures in which all Nation States are equally invested. India's impeccable record as a responsible State provides it an opportunity to lead the discourse on complete global disarmament.

Syllabus: GS II, Agreements involving India and/or affecting India's interests, Effect of policies and politics of developed and developing countries on India's interests.

Source: [Indian Express](#), [Mint](#), [The Hindu](#), [IDSA](#), [UNODA](#), [UNRC PD](#), [Nuclear Threat Initiative](#)

Aspirational Districts Programme: Features, Issues and Outcomes – Explained, pointwise

Introduction

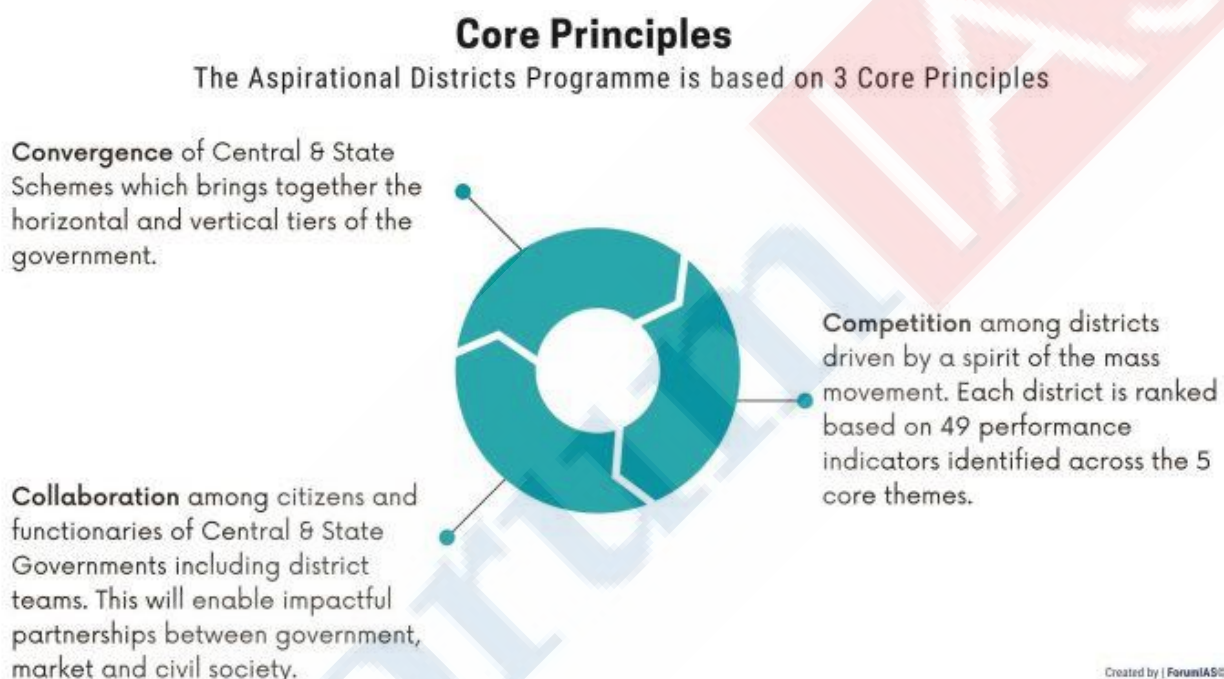
The Aspirational Districts Programme (ADP) was launched by the Prime Minister in January 2018. The programme seeks to improve socio-economic outcomes. With this initiative, the Government has tried to change the development narrative by referring to these districts as 'aspirational' instead of 'backward'. It calls for reimagining governance, vesting greater ownership and accountability in the district administration, facilitating convergence and collaboration among stakeholders to contribute to the development process. Since its launch, all 112

underdeveloped districts included in the programme have improved their performance. While some have surpassed the State averages on key indicators, many aspirational districts are now the best performing of all districts in their state.

What is the Aspirational Districts Programme (ADP)?

It was launched in 2018 to **improve the socio-economic status of 112 aspirational districts** across 28 States. These districts had witnessed the least progress along certain development parameters. The districts accounted for more than 20% of the country's population and covered over 8,600 gram panchayats.

The Programme is coordinated by Niti Aayog with support from Central Ministries and the State Governments.



The **5 core themes** include: **(a)** Health & Nutrition (30% weightage); **(b)** Education (30% weightage); **(c)** Agriculture & Water Resources (20% weightage); **(d)** Financial Inclusion & Skill Development (10%); **(e)** Basic Infrastructure (10%)

The delta ranking of the Aspirational Districts combines the innovative use of data with pragmatic administration. The programme ranks districts based on **the improvement achieved month-on-month** through the Champions of Change dashboard (An online Dashboard).

What is the institutional framework and core strategy of the Aspirational Districts Programme?
Framework

NITI Aayog anchors the program at Central level while individual Ministries have been responsibility to drive progress in districts. The States are the main drivers of the programme. For each district, a central *Prabhari* officer has been nominated. He/she should possess a rank of joint secretary/additional secretary.

Core Strategy

The ADP is based on the following strategy: **(a)** Work on the strength of each district; **(b)** Make development as a mass movement in these districts; **(c)** Identify low hanging fruits and the strength of each district which can act as a catalyst for development; **(d)** Measure progress and rank districts to spur a sense of competition; **(e)** Districts shall aspire from becoming State's best to Nation's best.

What is the significance of the Aspirational Districts Programme?

First, it has ensured that **States and districts have a greater say in their own development**. Local challenges differ significantly across the country, therefore, State and Local Governments are best-positioned to recognize their development challenges, and design customized policy interventions.

Second, instead of making a dedicated financial allocation for the ADP, the programme has focused on improving governance, making use of existing resources more smartly and **achieving better outcomes for the same amount of money**.

Third, working collaboratively has enabled **innovative service delivery approaches**, currently limited to one or a few districts in the country, to be **replicated in other areas**. For instance, the smart classroom initiative being implemented in Banka, Bihar, to improve student learning outcomes, is being replicated in the aspirational districts across Bihar, Arunachal Pradesh, Odisha and Jharkhand.

Fourth, by **collaborating with the private sector, philanthropic organizations and technical partners**, the ADP is changing the deeply entrenched popular perception that development is the prerogative of the government alone. These partnerships are helping to infuse the programme with new ideas, and acting as force multipliers on outcomes.

Fifth, it has also **spurred competition among districts** by allowing them to regularly assess their position vis-à-vis other aspirational districts as well as the best performing districts in the country.

What are the achievements of the Aspirational Districts Programme?

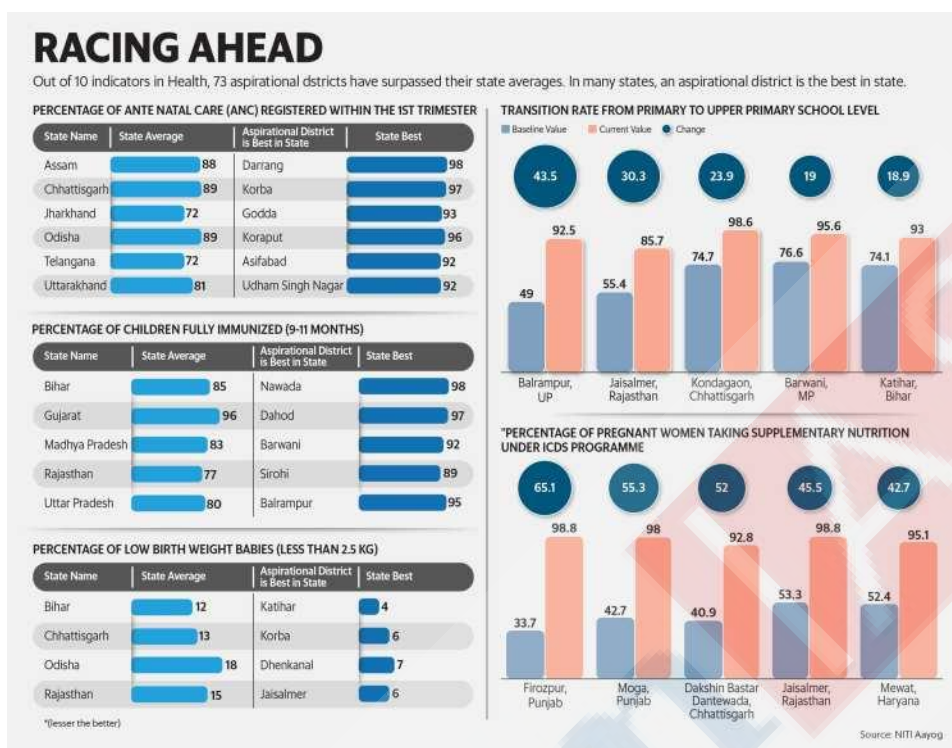
The success achieved by the ADP has been **globally recognized**. The **United Nations Development Programme (UNDP)** has appreciated the programme's **3Cs principle** and recommended its replication in other parts of the developing world.

Several independent experts have **also lauded the programme's success** in catalyzing rapid improvements in performance in the areas of health, nutrition, education and infrastructure.

Health and Nutrition: Model *Anganwadi* centres have been set up across districts to benefit women and children. The number of institutional deliveries has increased, along with a dip registered in the rate of severe acute malnutrition in infants.

Poshan App has been developed for an aspirational district in Ranchi. It is a **real-time data analytics** digital platform. It monitors bed occupancy, child-growth charts and the inventory of every malnourishment treatment centre in the district.

ADP also provided Assam's Baksa district with support to ensure that it can run **mobile health ambulances** during poor weather conditions so that access to healthcare service delivery is ensured.



Source: Mint

Education outcomes: Innovation and digitisation have been the cornerstone of transformation in the education sector. The '**Hamara Vidyalaya**' model adopted in **Namsai**, a remote district in Arunachal Pradesh has shown **substantial improvement in learning outcomes** and overall teaching practices. Under this model, a school *prabhari* is appointed for each school in the district to ensure monitoring, assessment and guidance. The model makes use of an online platform called '*Yathasarvam*' for improving the outcomes.

Agriculture and water resources: District administrations have laid emphasis on **improving irrigation facilities, yield, and farmer education**. Several innovative paths have been adopted to create market linkages for products indigenous to the aspirational districts e.g., the farmers of Chandauli, U.P were encouraged to grow **fertiliser-free organic black rice**. The experiment was remarkably successful, with Chandauli adding to the thriving global market of black rice and exporting to countries like Australia and New Zealand.

Basic Infrastructure: This pillar witnessed significant advancement especially in **LWE affected districts**. This ensured better connectivity and seamless movement from rural to urban regions e.g., Bijapur in Chhattisgarh and Malkangiri in Odisha have greatly improved the network of roadways and ramped up the infrastructure projects in their jurisdiction.

ADP enabled Chamba district (Himachal Pradesh) administration to work with the Centre to ensure **robust telecom connectivity in the hard-to-reach areas**, which had remained under-prioritized until recently.

Financial inclusion and skill development: **Micro-ATMs** have been launched in Maharashtra's Gadchiroli district to provide financial assistance to women self-help group members. They are provided with commission-based income on every transaction.

What are the issues associated with the ADP?

Inadequate Coverage: Although the program is highly inclusive in nature it fails to capture crucial variables like environment and gender.

Imbalance in implementation: Most districts channelised their efforts focused on health and nutrition, education, and agriculture and water resources. They paid less emphasis on the sectors of Skill Development and Financial Inclusion.

Budgetary Constraints: ADP is affected by the issue pertaining to insufficient budgetary resources. This sustains the lack of human resources and dearth of technical capacities at the district and block level.

Issues in Coordination: NITI Aayog plays a mentoring role in 27 districts in eight states. 12 Central Government Ministries have similarly adopted the remaining districts. Implementation involving multiple ministries leads to a lack of coordination.

Shortcomings of Delta Ranking: It is largely focused on assessing quantity (that is, coverage of access) rather than quality e.g., timely delivery of textbooks in schools is part of the ranking index however very less weightage is given to the quality of education rendered in these districts.

What steps can be taken going ahead?

First, it is imperative that aspirational districts **formulate strategies for saturation of indicators**. Special focus is required in sectors like health, nutrition and education to recover lost ground due to the COVID-19 pandemic.

Second, governance mechanisms in challenging districts need to be **strengthened**. For instance, analysis has shown that districts perform better when the tenure of key officials like the District Magistrate, Chief Medical Officer, District Agriculture Officers etc. are stable. It is also crucial that **vacancies for these key positions are regularly filled** by the state authorities.

Third, emphasis must be placed on **extending the ADP template to under-developed blocks and districts** which are lagging behind in social indicators.

Fourth, the first UNDP appraisal of the Aspirational Districts Programme has recommended a **realignment of sectors** under the program. It calls for the addition of topics such as **environment and gender**.

Conclusion

The success of the Aspirational Districts Programme has been testified by national as well as international agencies. It is a flagship initiative for improving the lives of citizens residing in most backward regions of the country. The need of the hour demands overcoming its challenges and realizing the vision of 'SABKA SATH, SABKA VIKAS' for ensuring inclusive development.

Syllabus: GS II, Government policies and interventions for development in various sectors and issues arising out of their design and implementation, Welfare schemes for vulnerable sections of the population by Centre and States and the performance of these schemes; GS III, Inclusive growth and issues arising from it.

Source: [Mint](#), [NITI Aayog](#)

Digital Lending and its Regulation – Explained, pointwise

Introduction

The lending business, in recent years, has been disrupted by digital technologies. The transformation of lending landscape has been driven by the need for superior customer experience, faster turn-around time, and adoption of modern technologies like Artificial Intelligence (AI) and Machine Learning (ML). However, the digital lending ecosystem has given rise to several concerns. In its effort to mitigate these concerns, the Reserve Bank of India (RBI) has come out with guidelines aimed at firming up the regulatory framework for such activities. The latest set of regulations are based on recommendations received from its Working Group on 'Digital Lending including lending through online platforms and mobile apps' (WGDL) which was constituted in January 2021.

What is the Digital Lending Landscape?

Digital Lending refers to lending through web platforms or mobile apps by use of technology. It utilizes automated technologies and algorithms for customer acquisition, credit evaluation, decision making, authentication, disbursements and recovery. Not only does it lower costs but also ensures speedy disbursal.

Lending Service Providers (LSPs) act in partnership with Non-Banking Financial Companies (NBFCs) who disburse credit (or a line of credit) to the customer using the former's platform, making it a multi-sided platform.

Digital Lending Platform

Digital Lending includes a Platform that matches the credit needs of a borrower with the lending objectives of a lender.



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What is the status of Digital Lending in India?

Digital lending is one of the fastest-growing fintech segments in India. It has grown exponentially from a volume of US\$ 9 billion in 2012 to nearly US\$ 110 billion in 2019. It is further expected that the digital lending market would reach a value of around US\$ 350 billion by 2023.

This business is mainly covered by fintech startups, neo-banks and Non-Banking Finance Companies (NBFCs).

Its customers particularly include small borrowers without a documented credit history and thus, **not served by traditional financial institutions**. Their product mix primarily imbibes short-term loans, especially those which have shorter tenures of less than 30 days.

Commercial banks are also fast joining the genre of financial intermediaries either lending digitally on their own or joining with NBFCs to share the synergies.

What are the reasons for rapid popularity of Digital Lending?

First, rapid **advancements in cloud computing, artificial intelligence, and blockchain**, as well as faster and more **affordable internet connectivity**, have fuelled the rise of FinTech start-ups, and lending has also transformed and become “digital.”

Second, further, the **synergy of the robust customer base created by banks** in the last ten years, more importantly after the launch of Pradhan Mantri Jan Dhan Yojana (PMJDY) scheme in August 2015 is now available to lenders.

Third, the sector **presents a huge opportunity** which is attracting a lot of investment towards it. The digital lending platforms have witnessed a compound annual growth rate of 19.6% over the previous 7 years.

Fourth, according to KPMG, the rapid digitization of the economy and services has been a key driver in financial inclusion and digital lending.

Key drivers for innovation in financial inclusion



Sources: KPMG

What are the key benefits of Digital Lending?

Easier loan disbursement: The digital lending platforms have minimized the geographical barriers allowing borrowers to quickly take up loan applications. They come with easy data entry, personalized user experience, and smooth loan application procedures.

Less Errors: With digital lending, the chances of human errors are minimal as it is easier to capture an applicant's details. The validity of documents can be scanned digitally making the process quicker and error-free.

Increases efficiency: A digital lending platform can cut down overheads by half and increase efficiency at the same time. Digital lending saves time, boosts revenue, growth and improves lender borrower relationships.

Better customer experience: Digital lending has a quick turnaround time, is transparent, and relieves applicants from the long waiting period for a credit decision. For banks, it also reduces the cost of managing loans, reduces time spent on underwriting loans. Banks can process more loans and products and offer a better experience to borrowers with quick loan approval and funds.

What are the concerns associated with Digital Lending?

First, In order to cement their presence in a space with multiple peers, LSPs often resort to **reckless lending practices** by endowing credit beyond a borrower's repayment capacity. The risk is mitigated by spreading it to all users by charging higher interest rates.

Second, The **absence of standardized disclosure and regulatory norms** made it cumbersome to assess a participant's operational legitimacy. Between January-February 2021, there were about 1,100 lending apps available for Indian android users of which about 600 were illegal. They were either unregulated by the RBI or had NBFC partners with an asset size of less than INR 1,000 crore.

Apart from this, **mis-selling, breach of data privacy, unfair business conduct, charging of exorbitant interest rates,** and **unethical recovery practices** are some of the other concerns associated with digital lending.

What are the new regulations by the RBI and how do they address the concerns?

The RBI has **divided the digital lenders into 3 groups:** (a) Entities regulated by the RBI and permitted to carry out lending business; (b) Entities authorized to carry out lending according to other statutory/regulatory provisions but not regulated by the RBI; (c) Entities lending outside the purview of any statutory/regulatory provision.

These guidelines are for the first category i.e., entities regulated by the RBI. For other entities under the second and the third categories, the RBI has asked the respective regulator/controlling authority/ the Union Government to formulate guidelines.

The central premise of the new guidelines is transparency.

Lending only by Regulated Entities: Lending must be carried out by entities that are either regulated by the RBI or possess permission to operate under a relevant law. Considering the large-scale outsourcing in the industry, this would also **help address regulatory arbitrage.**

The RBI has mandated that all loan disbursements and repayments are to be **executed directly** between the bank accounts of the borrower and the entity, **eliminating the involvement of LSP's** nodal pass-through account.

Transparency about Cost of borrowing: The lenders would have to inform the borrower in a standardised format about all fees, charges and the all-inclusive cost of digital loans in the form of **annual percentage rate (APR)**. (*The Annual Percentage Rate (APR) is the cost to borrow money, including fees, expressed as a percentage*).

Key Fact Statement: they have to provide a **key fact statement (KFS)** to the borrower before the execution of the contract in standardized format for all digital lending products. This would also help borrowers **make better comparisons with industry peers**.

Automatic Increase of Credit Limit: The RBI has specified that **there cannot be automatic increase in credit limits without the borrower's** on-record explicit consent. These regulated entities also have to publish the list of LSPs and **DLAs (Digital Lending Apps)** engaged by them, besides details of the activities for which they have been engaged, on their website.

Due Diligence: They also need to conduct an **enhanced due diligence process** before entering into a partnership with an LSP for digital lending. They should take into account its technical abilities, data privacy policies and storage systems, among other things.

Grievance Redressal: To address the need for a dedicated resolution framework, entities would have to appoint a **grievance redressal officer**. The ecosystem would also fall under the purview of the **RBI's Integrated Ombudsman Scheme (RB-IOS)** should the complaint not be resolved within 30 days of receipt.

Data Collection and Sharing: All **data collected** by the apps should be '**need-based**' and must be with prior and explicit consent of the borrower. Users can also revoke previously granted consent. The information to be collected must be stated in the privacy policy during enrolment. The RBI has put forth that user **consent would be mandatory** for **sharing** any personal information with a **third-party**.

The guidelines also state that the regulated entities are required to ensure that any lending done through DLAs has to be **reported to Credit Information Companies (CICs)**, irrespective of its nature or tenor. Lending through the Buy Now Pay Later (BNPL) mode also needs to be reported to CICs.

What lies ahead?

First, the RBI has said that some of the recommendations of the working group need wider consultation with the government like framing legislation for banning unregulated lending activities. The Government must take this up on priority.

Second, India still has the 2nd-largest number of people who don't have a bank account. Over 190 million Indian adults don't have any kind of bank account thereby representing a huge opportunity. In this regard, banking correspondents under Jan Dhan Yojana need to be incentivized to augment financial inclusion.

Conclusion

The share of digital lending may be small at present, but given their scalability they may soon become significant players. It is yet to be seen what kind of changes the digital lenders make to their operating models in light of the new regulations. The regulations have done well to protect consumer (borrowers) interests without putting any undue pressure on lending entities or the platforms. The digital lending ecosystem has a great potential to further the financial inclusion goal of the Government. Hence the ecosystem should be carefully nurtured and supported.

Syllabus: GS III, Indian Economy and issues related to growth, development.

Sources: [The Hindu](#), [Business Standard](#), [The Times of India](#), [KPMG](#)

India as a Developed Nation – Explained, pointwise

Introduction

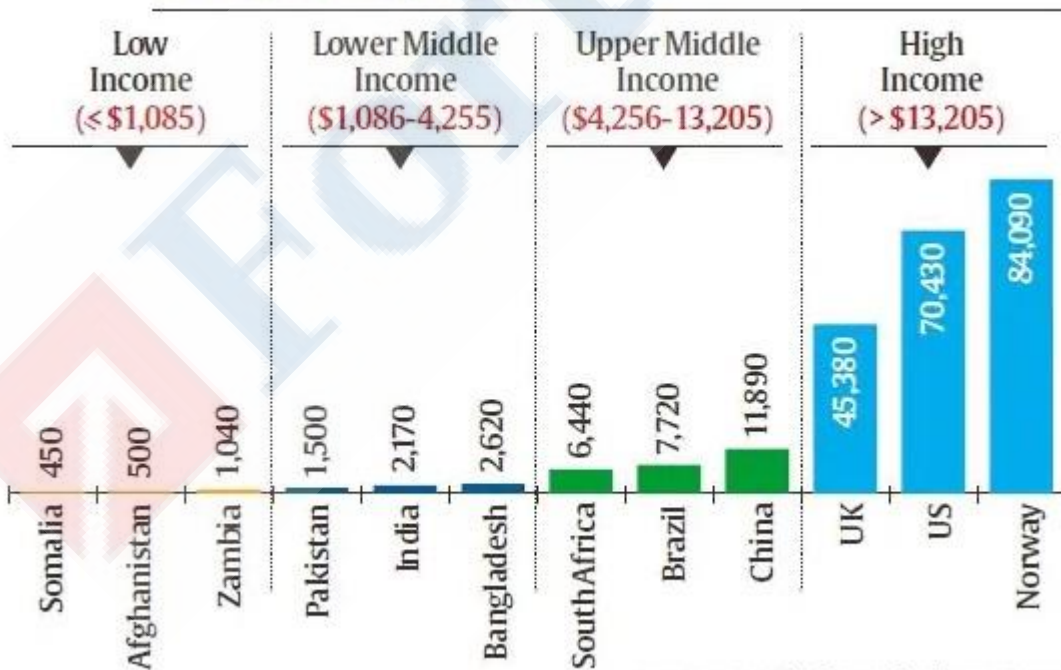
In his Independence Day speech on August 15, 2022, the Prime Minister of India said, “*We must work towards turning India into a developed nation by 2047.*” The PM spoke about India’s achievements and challenges while rolling out the 25-year goal to **make India a developed nation by 100th year of Independence**. India is still classified as a developing country and the gap to be plugged to become a developed country is still very wide. Hence, achieving this target will not be easy. Nevertheless, this is an ambitious and worthy target. And to achieve this ambition, very dedicated and focused efforts would be required from all the stakeholders, the Government and citizens, the public institutions as well as the private sector, from the policymaking to its flawless execution.

What is a developed nation?

Although, India is world’s sixth largest economy with a GDP of ~US\$ 3 trillion, it is **classified as a developing nation**.

There is **no all-agreed definition of a developed country**. More than a strict definition, a developed country differs from a developing one in categorisation used by international institutions e.g., the United Nations uses the World Bank’s categorisation based on **Gross National Income (GNI) per capita** (in current US dollars). It classifies countries into **low** (Income < US\$ 1,086), **lower-middle** (Income between US\$ 1,086-4,255), **upper-middle** (Income between US\$ 4,256-13,205) and **high-income** countries (Income > US\$ 13,205). The **low and middle-income countries are referred to as developing countries**, and the high-income economies as developed nations.

COUNTRY GNI PER CAPITA*



For 2022-23. *Atlas method, current US\$

Source: Indian Express

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(Atlas Method: The World Bank's official estimates of the size of economies are based on GNI converted to current U.S. dollars using the World Bank Atlas method. The Atlas method **smoothes exchange rate fluctuations by using a **three year moving average, price-adjusted conversion factor**).*

Apart from the income criterion, there are other broad parameters based on which distinction is made. A developed nation is **industrialized**, has a **high quality of life**, a developed economy and **advanced technological infrastructure** relative to less industrialized nations. Developed countries perform well on key economic criteria:

Gross Domestic Product (GDP): Countries with a high GDP and per capita income (the amount of money earned per person) are considered developed.

Level of industrialisation: Countries in which the tertiary and quaternary sectors of industry dominate are described as developed. Developed countries generally have more advanced post-industrial economies, meaning the **service sector provides more wealth than the industrial sector**.

The **Tertiary Sector** includes companies that provide **services** such as financial, retail, legal, business processes etc. **Quaternary** sectors include **knowledge-based activities** such as information technology, research, and development, as well as consulting services and education.

Other criteria are the **scale of infrastructure, the general standard of living, and the Human Development Index (HDI)**.

What is India classified as a developing country?

First, the World Bank currently categorizes India as a **lower-middle income economy**. **On per capita income, India is behind even Bangladesh**. China's per capita income is 5.5 times that of India, and the UK's is almost 33 times.

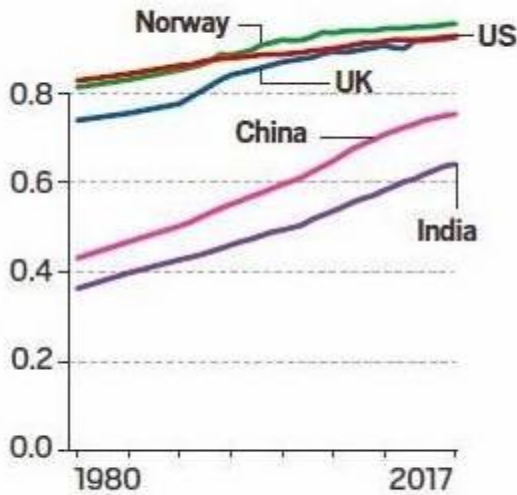
Second, there has been substantial progress in infrastructure development in the last 75 years but still **millions in villages even now go hungry** and are devoid of schools, hospitals, roads and other such basic facilities.

Third, the level of infrastructure in urban areas is poor. Most Indian cities have vast slum areas indicative of poverty. There is inadequate piped clean drinking water system, sewerage network or waste treatment facilities. Urban transport infrastructure is unable to cope up with rising vehicles. Urban flooding has become a common phenomena.

Fourth, India **performs poorly with respect to social indicators** in comparison to developed nations e.g., the infant mortality rate (the number of infant deaths per 1,000 live births) has reduced from 76 in 1996 to 27 in 2020, but it was still over four times the OECD average of 6. Less than 33% of India's population had received tertiary education, compared to 77% in the OECD economies. India's female labor force participation declined in the last 25 years, whereas it increased in OECD countries.

India's Human Development Index Score at present is 0.645 (UNDP 2020 Report) and is ranked at 131. Most developed nations have HDI Score > 0.85 (top 40 countries).

HUMAN DEVELOPMENT INDEX



GNI PER CAPITA (Atlas method)

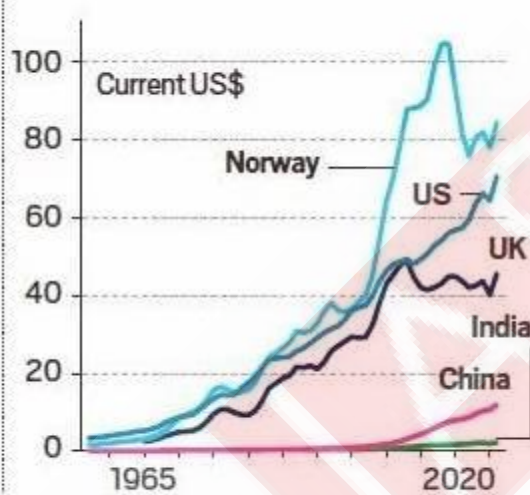


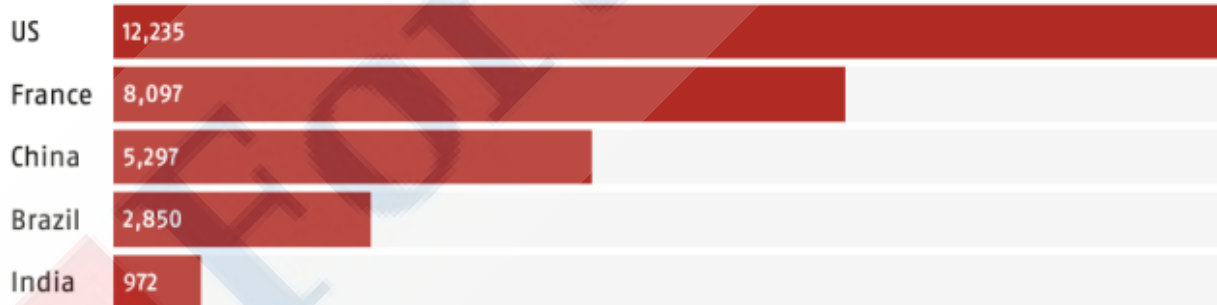
Chart 1: Human Development Index (HDI) is a summary measure of key dimensions of human development: a long and healthy life, a good education, and a decent standard of living. Source: UNDP, Human Development Report 2020, via Our World in Data. Charts 2 and 3: Source World Bank

Source: Indian Express

India's per capita energy consumption is much below developed countries.

India consumes way less energy than developed world

(electricity consumption, kwh, 2020)



Source: Business Standard

Why is India still a developing nation?

First, the British colonial rule drained Indian economy for almost 200 years. According to some estimates, India's share in the world economy declined from 24.4% in 1700 to 4.2% in 1950. India at Independence, inherited a very weak economy with poor industrial base, under-developed agriculture and poor quality of human resource (18% literacy).

Second, the speed of development has not been as good as it should have been to leapfrog into the developed nations bracket. The reasons include: (a) India has the **second largest**

population in the world that is mostly poor. This places a huge financial burden on the government finances; **(b)** High levels of **corruption** and **inadequate technological advancement** have also slowed down India's growth story; **(c)** Almost **~50% of the people are still engaged in the primary sector** (agriculture etc.) whose income generation potential is low. Vast potentials in the secondary (industry) and tertiary (services) also are yet to be realized. Economists argue that **failure to undertake reforms in agriculture** (like China did in 1970s-80s) prevented structural transformation of Indian economy (higher proportion of tertiary and secondary sector in employment); **(d)** The **pace of economic growth** for the most part since Independence hovered around 3%. This pace of economic growth was too slow to pull large proportion of population out of poverty.

What have been India's achievements since Independence?

Parameter	1950	2021
GDP (Nominal)	US\$ 30 billion	US\$ 3 trillion
Per Capita Net National Income	INR 12, 493	INR 86,659
Government's Revenue Receipts	INR 171 Crore	INR 20,79,000 Crore
Foreign Exchange Reserves	INR 911 Crore	INR 45,42,615 Crore
Foodgrain Production	51 million tonnes	316.06 million tonnes
Literacy Rate	18.3%	78%

A long way to go

While we've seen our economic and health indicators improve, our per capita income still remains much below the global average.

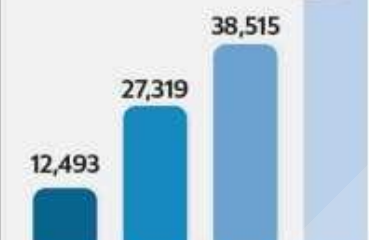
mint

Gross national income
(in ₹ crore, 2011-12 prices)



Source: Eco. Survey 2021-22

Per capita income
(in ₹ crore, 2011-12 prices)



Source: Eco. Survey 2021-22

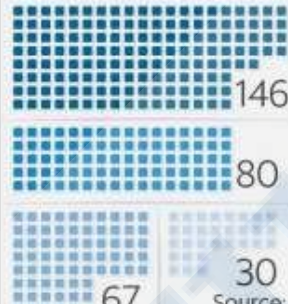
Literacy rate
(age 7+)



Gross enrolment ratio
(At elementary level)



Infant mortality rate
(per 1,000 live births)



Maternal mortality rate
(per 100,000 live births)



Life expectancy at birth
(in years)



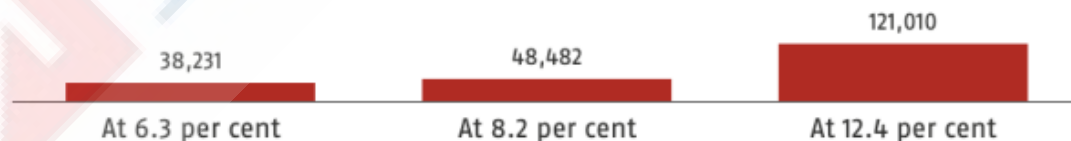
Source: Mint

How much gap is to be covered to make India a Developed Country by 2047?

India's per capita income has to grow at 12% to reach the level of OECD Countries. The historic average of India's per capita income growth rate is 2.8% only.

Incomes would have to grow at 12 per cent to reach OECD levels

India's GDP per capita, PPP (current international \$)



6.3 per cent has been the CAGR for the Indian economy for the last 25 years. 12.4 per cent level assumes that incomes in OECD countries grow at 3.5 per cent per annum--CAGR for last 25 years

Source: Business Standard

To catch up with the OECD economies, India will need to increase its infrastructure considerably e.g., India had only 30 colleges per 100,000 people in 2019-20, and AISHE data shows that

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enrolments per college declined compared to 2015-16. So to reach OECD level of 77% tertiary education level is huge task.

India's life expectancy at birth would have to improve faster than it did in the last 25 years to reach OECD levels. At the current pace, it would fall short of OECD economies—India added nine years to life expectancy for both males and females between 1995 and 2020.

Life expectancy at birth, years

	India		OECD	
	Male	Female	Male	Female
1995	60	62	73	79
2020	69	71	77	82
2047	79	81	81	85

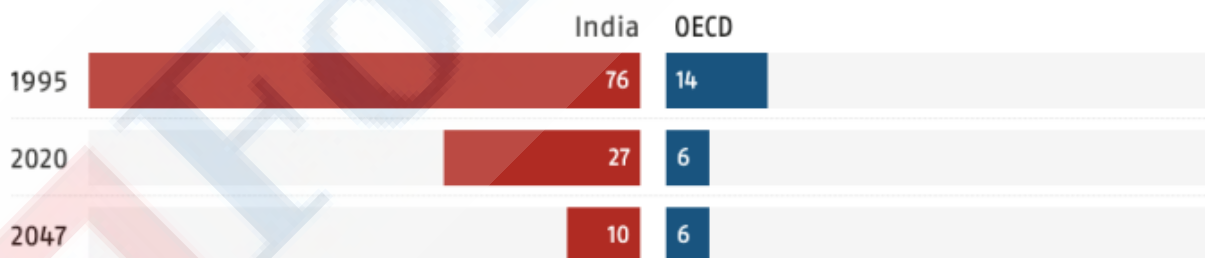
Source: Business Standard

Similarly, India's IMR is expected to be above OECD Level, though the gap would have been plugged to a large extent by 2047.

Infant mortality rate will stay above OECD countries at current pace

Infant deaths per 1,000 live births

■ India ■ OECD



Source: Business Standard

Hence, the biggest challenge in achieving the target by 2047 is that the gap with respect to the developed countries is too big.

What steps are required to make India a Developed Country?

First, India must **undertake reforms for structural transformation** of the economy. There is need to create employment opportunities in the secondary (industrial) and tertiary (service)

sectors in order to raise income levels and reduce the burden of population on agriculture. The transformation is necessary to reap the demographic dividend.

Second, the **delivery standard of Government services**, especially in health and education need radical improvement. The Government must **increase public expenditure on health and education** and bring it at par with the developed economies (as % of the GDP).

Third, there is a need for a strong action to **curb corruption**. This would ensure that Government benefits reach the intended beneficiaries and leakages are minimized. Similarly a check on tax evasion will ensure an increase in Government's tax revenues, which will improve room for spending on welfare sector.

Fourth, the **urban local governance** must be transformed. The urban planning process needs an overhaul in order to ensure **sustainable and inclusive urbanization**.

Fifth, to make India a developed nation, the **deep rooted inequalities in Indian society must be eliminated**, especially gender inequalities. It is an ongoing transformation. In lots of aspects, the situation has improved considerably since Independence e.g., in the recently concluded Commonwealth Games, 40% of India's medallists were women. Yet, there is need to eliminate injustices on the basis of gender, caste, religion, region etc. in order to **create a just and inclusive society**.

Conclusion

In essence, making India a developed nation by 2047 is a big challenge. While policies and their effective implementation will be the primary levers to achieve this goal, ensuring unity, and thus, a unified purpose, should be the first step towards 'Mission 2047'. Many commentators had written India off in 1947; yet India not only survived, but thrived in many dimensions. The same spirit is needed now to realize India's full potential and make it a developed country.

Syllabus: GS III, Indian Economy and issues related to growth and development.

Source: [Indian Express](#), [Economic Times](#), [Business Standard](#), [Mint](#)

Care Economy: Meaning, Benefits and Challenges – Explained, pointwise

Introduction

The importance of care work is now widely acknowledged and reflected in various international commitments such as the SDGs and the International Labour Organization (ILO)'s Centenary Declaration. The Care Economy became the target of policy discussions after the ILO released a study titled '**Care Work and Care Jobs for the Future of Decent Work**' in 2018. The demand for care services has soared since March 2020. However, investment in the care economy has lagged behind. This year also the ILO released a fresh report titled '**Care at Work: Investing in Care Leave and Services for a More Gender-Equal World of Work**' which has called for focused policy support for the care work and care economy.

What is Care Work?

The ILO describes care work commonly as '**the activities and relationships involved in achieving the physical, mental, and emotional needs of kids and adults, old and young, physically weak and able-bodied**'.

Care workers in care occupations deliver health, social and education services with the support of other workers. Care staff vary from university lecturers, medical practitioners, and dentists on one end of the spectrum to child rearing and personal care staff on another. Domestic staff are also considered care workers.

Care work includes both immediate care tasks like feeding a baby or nursing a sick partner and indirect care operations like cleaning and preparing meals.

What is the significance of Care Work?

First, care work, both paid and unpaid, is extremely important for any social system as well as the economy to survive.

Second, the indispensable aspect of care work was highlighted in the pandemic, when it became challenging to move ahead without the facilities of care staff.

Third, according to the ILO, doubling investment from 2015 levels would result in 117 million additional jobs opportunities by 2030. Further, because of the relational nature of care, such professions are less probable to automation.

Fourth, countries which invest in a combination of childcare infrastructure and parental leave policies to offset the burden on women, have a higher maternal employment to population ratio as per the ILO.

What are the reasons for rising demand for Care Work?

First, in middle- and lower-income nations, **demographic shifts** are resulting in an increased proportion of the elderly needing extensive care.

Second, rapid urbanization is transforming traditional joint-family structures into nuclear, single-parent, and transnational houses, isolating them from community support bonds.

Third, a rise in female employment owing to better education has reduced women's unpaid care work burden. This has increased demand for paid care services in cities and urban areas.

What is the need for India to focus on Care Work and Care Economy?

First, the care economy is a **major employer with significant growth potential**. It employs a sizable percentage of India's population, particularly women. Further, as the country ages, the demand for care work, particularly personal, household, and health care work, will rise substantially.

The ILO report states that, since global demand for care work is expected to increase by 2030, investment in India's care economy could generate 11 million employment (of which 32.5 percent will be of women).

Second, since many care staff move to other nations for employment, paid care work has always been a **significant source of capital inflows for India**. An emphasis on the care economy sphere could help restore and potentially boost India's foreign remittances.

Third, women and girls account for the majority of paid care staff worldwide and perform the majority of unpaid care work. An attention on the care economy is likely to improve India's extremely **limited female workforce participation rate** and ensure **gender-inclusive economic growth**.

Currently, women's unpaid work is valued at 3.1% of GDP in India. Recognising AWWs, ANMs, ASHAs and domestic help (amongst others), as formal sector workers would allow their economic contribution to be counted in the GDP.

Fourth, it will also help in achievement of **Sustainable Development Goal (SDG) 8**. It aims to 'promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all'.

What steps have been taken by the Government towards the Care Economy?

Maternity Act, 2017: It offers 26 weeks of maternity leave, against the ILO's standard mandate of 14 weeks that exists in 120 countries. It also mandates that employers must provide crèche facilities within a prescribed distance.

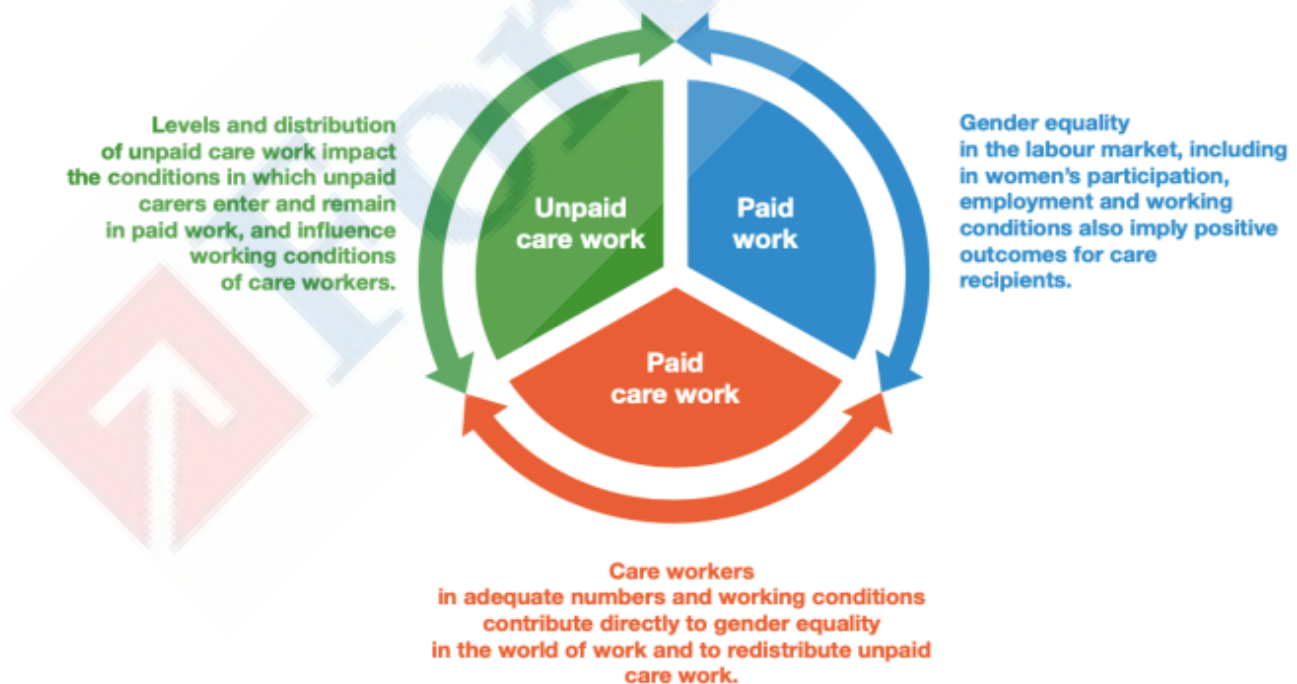
The **Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act** and the minimum wage legislations have been made applicable to domestic workers in India.

What are the issues surrounding Care Work in India?

First, unpaid care work is associated with labour market disparities, but it has received **insufficient focus in policy making**. Due to absence of a proper definition, population studies are helpless to include a section for care staff, both paid and unpaid, leaving no way to reach them and adopt policies directed at their advancement.

Moreover, the **undervaluation of unpaid care work also leads to lower wages and a deterioration of working conditions in care sectors**, in which women are largely over-represented. Care workers themselves have care needs that often go unmet, due to their low wages and long working hours.

The "unpaid care work–paid work–paid care work circle"



Source: ILO, *Care Work and Care Jobs: For the Future of Decent Work*

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Second, paid caregivers, such as domestic helpers and *anganwadi* workers in India, also find it **difficult to access worker rights and liberties** e.g., India's 2.5 million women *Anganwadi* Workers (AWWs), Auxiliary Nurse-Midwives (ANMs) and Accredited Social-Health Activists (ASHAs) are not recognised as workers or paid fixed monthly salaries in many States.

Third, Government spending on India's care economy has been exceptionally low when compared to other nations. **India spends less than 1% of GDP on care work infrastructure and services**, including pre-primary education, maternity, disability and sickness benefits, and long-term care as per the ILO. In contrast, the US administration has allocated US\$ 425 billion to the Care Economy sector under the US\$ 2.3 trillion American Jobs Plan.

Fourth, **COVID-19 induced reverse migration** of care workers back to India. This reduced flow of foreign remittances as well as created a significant burden on the Government to accommodate them.

Fifth, there have been **implementation issues** in government initiatives. For instance, only 49% of employers had creche facilities in place. The absence of clear implementation guidelines, penalty provisions, or monitoring makes non-compliance even more pervasive.

Sixth, while paternity leave is recognised as an enabler for both mothers and fathers to better balance work and family responsibilities; it is not provided in many countries, including India.

What steps should be taken to support the Care Economy?

First, it is imperative to **create an identification mechanism for care workers** thereby creating a pipeline that could be used to reach them.

Second, once a formal definition is devised, a person that is identified as a care worker must be allotted a job card. This job card will not only allow a channel to issue benefits but will also help create an official network of care workers. A formal network as such could **help match caregivers with care seekers**, create better working conditions, and produce more accountability.

Third, the Government needs to **enhance the spending on the care economy** for ensuring an enabling environment for both paid and unpaid caregivers.

Fourth, the Government needs to conceptualize a strategy and **action plan for improved care policies, care service provisions and decent working conditions for care workers**. In this regard, the ILO proposes a **5R framework** for decent care work centred around achieving gender equality. The framework urges the **Recognition, Reduction, and Redistribution of unpaid care work**, promotes **Rewarding care workers** with more and decent work, and enables their **Representation** in social dialogue and collective bargaining.

The 5R Framework for Decent Care Work: Achieving a high road to care work with gender equality

Main policy areas	Policy recommendations	Policy measures
Care policies	Recognize, reduce and redistribute unpaid care work	<ul style="list-style-type: none"> Measure all forms of care work and take unpaid care work into account in decision-making Invest in quality care services, care policies and care-relevant infrastructure Promote active labour market policies that support the attachment, reintegration and progress of unpaid carers into the labour force Enact and implement family-friendly working arrangements for all workers Promote information and education for more gender-equal households, workplaces and societies Guarantee the right to universal access to quality care services Ensure care-friendly and gender-responsive social protection systems, including floors Implement gender-responsive and publicly funded leave policies for all women and men
Macroeconomic policies		
Social protection policies	Reward: More and decent work for care workers	<ul style="list-style-type: none"> Regulate and implement decent terms and conditions of employment and achieve equal pay for work of equal value for all care workers Ensure a safe, attractive and stimulating work environment for both women and men care workers Enact laws and implement measures to protect migrant care workers
Labour policies		
Migration policies	Representation, social dialogue and collective bargaining for care workers	<ul style="list-style-type: none"> Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life Promote freedom of association for care workers and employers Promote social dialogue and strengthen the right to collective bargaining in care sectors Promote the building of alliances between trade unions representing care workers and civil society organizations representing care recipients and unpaid carers

Source: ILO, *Care at Work: Investing in Care Leave and Services for a More Gender Equal World of Work*

Fifth, the Government should also ensure that prudent ethical education is delivered in schools that will help in changing the patriarchal mindset and ensure unpaid care work is shared between both men and women.

Conclusion

Bridging gaps in existing policies and facilities to strengthen the care economy will bring the benefits of child development, aging in dignity, and independent living as the population ages. Considering this, there is a need to prioritize public investments in care infrastructure and services for a more gender equitable post-COVID economic recovery.

Syllabus: GS I, Role of women and women's organization, Social Empowerment; GS II, Issues relating to development of Social Sector/Services.

Source: [The Hindu](#), [Indian Express](#), [ORF](#), [Financial Express](#), [The Hindu BusinessLine](#)

[Kurukshestra August Summary] Agribusiness and Rural Industries – Explained, pointwise

Introduction

India has 15 agro-climatic zones and varied types of soil conditions that are capable of growing a variety of crops. India is one of the top producers of milk, spices, pulses, tea, cashew, jute, rice, wheat, oilseeds, fruits and vegetables, sugarcane and cotton. With this vast agricultural

backbone and increasing demand caused by increase in population and their purchasing power, there is a huge scope of agribusiness in India, especially in rural areas.

What is Agribusiness?

Post the Second World War, the green revolution led to the technological revolution in the agricultural sector. As a result, the agrarian units went through significant growth and specialization, which was significantly impacted by the economic growth and urban expansion.

The technological intervention redefined the meaning of agriculture, which called for the **integration of agriculture and the market**. It brought agriculture and market together and made them interdependent on one another. In 1957 two Harvard Economists, Davis and Goldberg, introduced the term 'agribusiness' in their book 'A concept of agribusiness'.

Agribusiness is a process which includes **manufacturing, distribution, storage, processing, marketing, and transportation** of agri-products. It can be defined as **integration of farm products and services with the market goods and service institutions**. It encompasses all economic activities related to agriculture and its allied sectors. It can be grouped into 3 aggregates: **(a) Farm Supply; (b) Farm Production; (c) Processing distribution.**

Components of Agribusiness

The sectors of agribusiness have been categorized into **input sector, production sector, processing and value addition, marketing and sales, and the support sector.**

Input Sector: It deals with the provision of inputs to make agricultural production safe, secure, and profitable. In agriculture, the inputs are either biological or chemical or inorganic compounds used in the production of agricultural and allied products. The range of inputs includes bio-control agents to animal or poultry feed.

Production Sector: It mainly deals with the production of crops, rearing the animals for consumption, or serving as raw materials to produce secondary products. In the production sector, the inputs available in input sectors get invested in producing safe, secure, and profitable output. The farm owners and farm employees for commercial farming are the key stakeholders belonging to this sector of agribusiness.

Processing and Value Addition: It deals with refining and transforming the agricultural products available in the production sector with suitable technology to add value to the product. It facilitates easy consumption of the end consumer. Companies that pack and process agricultural products into finished goods to be bought by final consumers belong to the processing sector of agribusiness.

Marketing and Sales: This sector of agribusiness does not only make agricultural products available to those that need them but also sells agricultural inputs like seeds and fertilizers to those in the production sector of agribusiness. The marketing sector of agribusiness consists of wholesalers and retail companies that trade agricultural inputs and outputs.

Support Sector: It provides support to all other sectors in form of human capital development, knowledge development, training, providing financial support, and sensitisation of individuals in the agribusiness industry. The support sector consists of organizations that provide the technical know-how for advanced farming, provide education and training for agribusiness workers, provide loans, insurance and other financial assistance etc.

What is the significance of Agribusiness for India?

First, it plays a significant role in the **development of the Indian economy** as it contributes about one-fifth of gross domestic product (GDP), employs a large number of people, and ensures their livelihood. Agriculture and allied sector contributed around 20.2% of gross value addition to the total economy in the year 2020-2021. The **International Labor Organization**, in the year 2020 reported that **employment in agriculture was 41.49% of total employment in India**.

Second, a robust agribusiness leads to the increase in the efficiency and productivity of the farm sector. Increase in the productivity of the farm sector leads to the **increase in productivity and incomes in other industries** as well.

Third, it can play a major role in **sustaining food production and improving agricultural practices across the world** to ensure an abundance of food supply. This way, the agribusiness process contributes to attaining the second sustainable development of **reducing hunger** in the world.

Fourth, a robust agribusiness sector also helps in **enhancing FDI inflows into India** e.g., the amount of FDI inflows in India between April 2014 to June 2021 for setting up food processing industries went up to US\$ 4.64 billion.

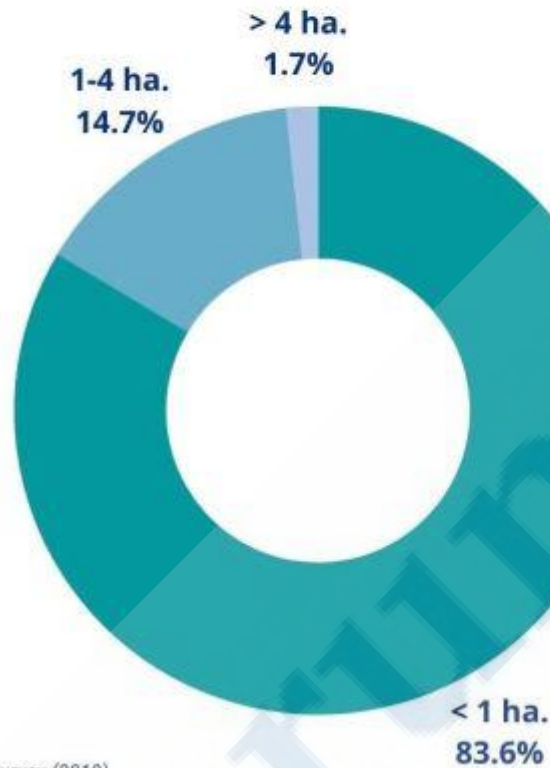
What are the challenges faced in doing Agribusiness?

The World Bank Report on Enabling the Business of Agriculture, 2019 pointed out several aspects of the business of agriculture worldwide.

First, it is found that, worldwide, **most of the farmers are small** and about 84% of all farms have less than two hectares of land for growing crops and livestock. This **limits their capacity to benefit from economies of scale** and pushes them towards unviability. The situation is no different in India.

Distribution of Landholdings in India

Almost 5/6th of landholdings in India are smaller than 1 hectare (ha.). The Average area per landholding is 0.9 ha. The average landholding per household is 0.51 ha.



Source: NSO 77th Survey (2019)

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Second, many farmers lack the access to good quality seeds and fertilizer for farming.

Third, Water, which is a basic requirement for farming, gets affected through regulations and the report pointed out how the insufficiency of water affects the decision of farming and the choice of crops.

Fourth, the report also pointed out that one of the key obstacles the farmers of the developing countries face is the **lack of collateral for credit to invest in production**.

Fifth, the trading of agricultural products gives impetus to the agribusiness sector. However, in many countries, it is found that **barriers to trade** prevent individual farmers and the agribusiness sector from increasing their sales.

What steps have been taken towards Agribusiness?

Integrated Scheme for Agricultural Marketing (ISAM): It aims to promote the creation and integration of the agricultural value chain, utilize the information technology and data, catalyze private investment towards agribusiness projects, and enhance research, training, and development in the area. It has 5 sub-schemes: **(a)** Agricultural Marketing Infrastructure (AMI); **(b)** Marketing Research and Information Network (MRIN); **(c)** Strengthening of Agmark Grading

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Facilities (SAGF); **(d)** Agribusiness Development (ABD) through Venture Capital Assistance (VCA) and Project Development Facility (PDF); **(e)** Choudhary Charan Singh National Institute of Agriculture Marketing (NIAM).

Agri-Clinics and Agri-Business Centers Scheme (ACABC): It provides expert advice and services to farmers on recent agricultural practices, market trends, financial assistance, technology dissemination, clinical facility for animals, and others. The aim is to enhance efficiency and productivity, which would result in an increase in the income of the farmers.

Budget 2022-23: It has laid a plan to promote agri-tech start-ups focusing on diverse aspects of agriculture. In this initiative, the NABARD shall support establishing start-ups and rural enterprises.

Agreements: The Government of India and the Asian Development Bank (ADB) signed a US\$ 100 million loan to promote agribusiness networks to boost farm incomes and reduce food losses in the state of Maharashtra.

In February 2022 a Memorandum of Understanding was signed between India and Singapore, which is expected to give a boost to the agribusiness area.

What lies ahead?

First, the focus should be on supporting start-ups in agriculture and allied sectors through NABARD that will boost developmental projects and investment in rural areas.

Read More: [\[Kurukshestra January Summary\] Agri-startups and Enterprises – Explained, pointwise](#)

Second, it is also vital to improve the marketing links between the village entrepreneurs and the larger business firms located in the towns/cities. Such strategic alliances or partnerships can contribute to the sustainability of small villages and tiny enterprises in rural areas.

Third, other important considerations that need to be focused on include human resource development, financial/credit facilities, research and development etc. It will help in making the activities self-sustaining in the changing competitive environment.

Conclusion

Emphasizing on agribusiness has become an inevitable strategy for the government to boost rural industry, rural entrepreneurship, and employment through innovative interventions like the promotion of rural enterprise and start-ups in the agricultural sector.

Syllabus: GS III, Storage, transport and marketing of agricultural produce and issues and related constraints.

Source: Kurukshestra August 2022

Unfair Marketing Practices in Pharma Industry – Explained, pointwise

Introduction

At the peak of the Coronavirus pandemic, Dolo-650 mg tablets became synonymous with management and treatment of COVID-19 in India. The manufacturer of the drug, Micro Labs, saw its profits soar. In early 2022, the company came under income tax scanner for evasion of tax. Later on, Federation of Medical & Sales Representatives Association of India (FMRAI) accused

the manufacturer of **distributing freebies worth INR 1000 crores to doctors to prescribe Dolo-650 mg** as the go-to drug. The incident has brought into attention the use of unfair marketing practices by Pharma companies to lure the doctors to prescribe their drugs.

About the Controversy

Dolo-650 is the brand name of a **fixed-dose-combination drug** that contains 650 mg of paracetamol. It is antipyretic and analgesic, meaning it helps decrease fever and pain. It is a non-steroidal anti-inflammatory drug that is available over the counter.

Since the primary symptoms of COVID-19 were fever and pain, sales of all fever medicines shot up exponentially during the pandemic. According to a market research, the revenue generated by paracetamol increased by 138.42% between 2020-2021. However, the sales of Dolo-650 went up by 289.6% during the same period.

Now, the manufacturer Micro Labs has been accused of offering freebies worth INR 1,000 crore to doctors to promote this anti-fever drug. A PIL has also been filed in the Supreme Court by the Federation of Medical & Sales Representatives Association of India (FMRAI), claiming that the Dolo makers offered freebies to doctors.

Meanwhile, medical regulator **National Medical Commission (NMC) is seeking details** from the Income Tax department of doctors whose names have been unearthed during the raids at the pharma company.

How Pharma companies build a nexus with doctors?

Drug firms offer freebies in cash and kind to physicians to incentivise them to prescribe 'their drugs'. Mostly, drug firms would offer branded souvenirs like pen stands, calendars, diaries or and sanitizers to doctors. The idea is to ensure '**top-of-the-mind recall**' of their brands. The Indian market is price-controlled. Therefore, the differentiator here are the brands and this is common practice followed by all pharma companies.

Further, Doctors are **utilized for reputation-building exercises**. For example, getting help to get their articles published in journals, or speaking at prestigious conferences. Reputed senior doctors or those with oratory skills are chosen as guest speakers, but companies often take a battery of doctors to these conferences. All of them are paid some fees for attending the conference.

Doctors are also made lead investigators in clinical trials, or made part of committees for which they earn a hefty fee.

What are the factors that drive unfair marketing practices by pharma companies?

In healthcare, the decision of the patients is driven solely on the recommendation of the doctor. There's a huge **information asymmetry** between the doctor and patient. Doctors have a commanding position and patients know little about the medicine. Patients will consume whichever medicine is prescribed. This unequal situation gets exploited.

To address this asymmetric relationship and promote ethical behaviour by Pharma companies, the **Uniform Code of Pharmaceutical Marketing Practices (UCPMP)** has been drafted the Government. It is a guidance for pharma companies on do's and don'ts while marketing products. However, it is **a voluntary code and not binding on companies**. Despite requests by multiple lobbies and NGOs, the **Government has not made the UCPMP mandatory**. Critics argue that

Pharma Companies lobby with the Department of Pharmaceuticals to keep the Code as voluntary.

Pharma companies need to inform and update doctors about their products. But there is a **thin dividing line between legitimate promotional activities and illegitimate incentivisation** and it becomes difficult to distinguish the two. A pharma company executive has argued, *“Around 95% of the items being gifted have a value less than INR 500. It does not constitute a bribe. It is done to make the doctor remember a brand among the hundred others with a similar price point”*.

What are the key features of UCPMP?

It is a voluntary code issued by the Department Of Pharmaceuticals relating to marketing practices for Indian Pharmaceutical Companies and as well medical devices industry.

At present, the UCPMP Code is **applicable to Pharmaceutical Companies, Medical Representatives, Agents of Pharmaceutical Companies** such as Distributors, Wholesalers, Retailers, and Pharmaceutical Manufacturers Associations.

Key Provisions

No gifts, pecuniary advantages or benefits in kind may be supplied, offered or promised, to persons qualified to prescribe or supply drugs, by a pharmaceutical company or any of its agents.

As regards travel facilities, the **Code prohibits extending travel facilities** (domestic or abroad) to Healthcare Professionals and their family members for vacation or for attending conferences. The companies should also **refrain from extending hospitality services** (like hotel accommodation) to healthcare practitioners (and family members) under any pretext.

The Code also provides that free samples of drugs shall **not be supplied to any person who is not qualified to prescribe such product**.

What are the harmful effects of such unfair marketing practices?

First, unethical drug promotion can **adversely influence doctors' prescription attitudes** and **harm human health** by over-use/over-prescription of drugs, prescription of higher doses, or for longer period, and prescription of an irrational combination of drugs. For instance, during COVID-19, many doctors prescribed dolo-650 instead of the usual 500 mg tablet. Taking 2-3 dolo-650 a day for the period of the fever would not necessarily cause harm. But excessive use of paracetamol is linked to severe liver damage. Dolo-650 is contraindicated for those who have liver disease, kidney disease and suffer from chronic alcoholism. In the US, pain management pills were prescribed by doctors and their addictive and harmful after-effects were hidden or ignored.

Second, apart from health concerns, this causes a **severe financial stress for patients** as doctors would be inclined to prescribe a branded drug rather than the cheaper generic version.

Third, it is **against the spirit of competition** and can jeopardize the survival of small pharma companies which lack in financial resources in comparison to the big players.

Fourth, it induces the doctor to work in the interests of the company and not the patient thereby undermining the hippocratic oath. Further, continuance of such practices **erodes patient's trust on doctors** and the entire medical system.

What should be the approach going ahead?

The Federation of Medical and Sales Representatives' Associations of India emphasises on making the Uniform Code for Pharmaceutical Marketing Practices (UCPMP) a **legally binding code of ethics**. The President of FMRAI advocates that if Pharma companies are found guilty of unethically promoting drug brands to doctors, they should **face the same penal action as is mentioned in the Indian Penal Code** for bribery and other similar unethical practices

Apart from other provisions, the code must **mandate periodic disclosures of payments made by companies** towards doctors and professional bodies, directly or indirectly via other parties. It should be accessible to the public and include the amount, purpose of expenditure, and the party paid.

Conclusion

The matter is sub judice and it may be too early to say if Micro Labs indulged in unfair marketing practices. However, it is an issue that can no longer be ignored. The Government should consult all stakeholders, National Medical Commission, FMRAI, Doctors Associations and Pharma Companies etc. to establish a comprehensive framework to check such unethical practices.

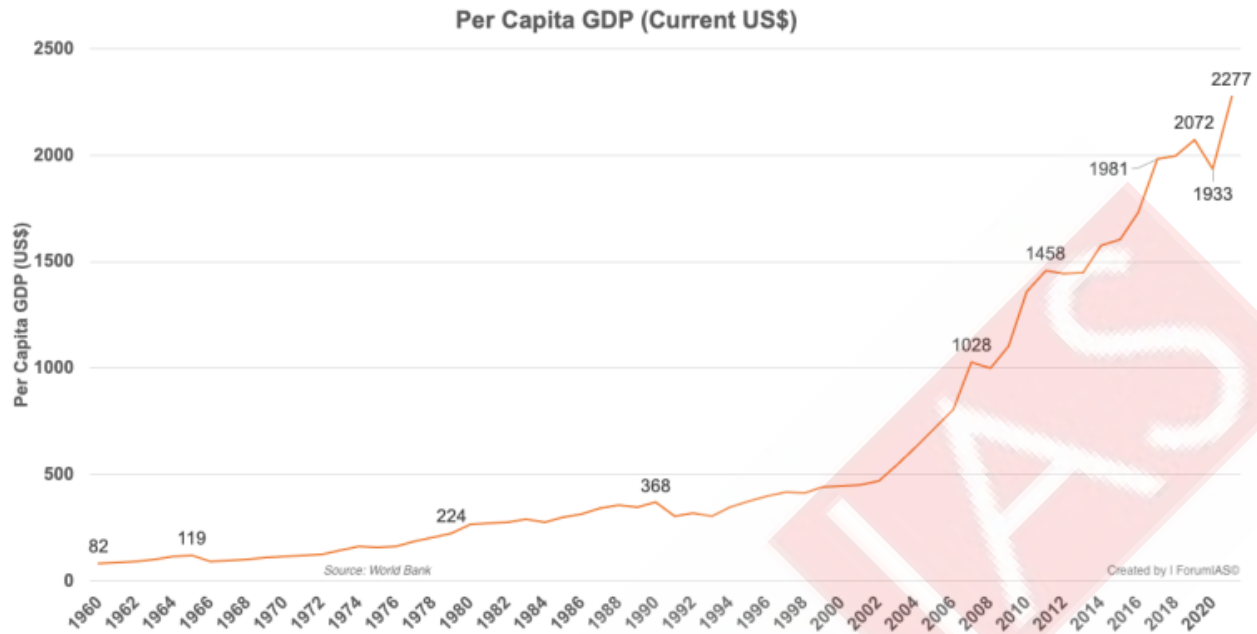
Source: [Mint](#), [Business Standard](#), [Economic Times](#), [The Times of India](#)

Middle Income Trap – Explained, pointwise**Introduction**

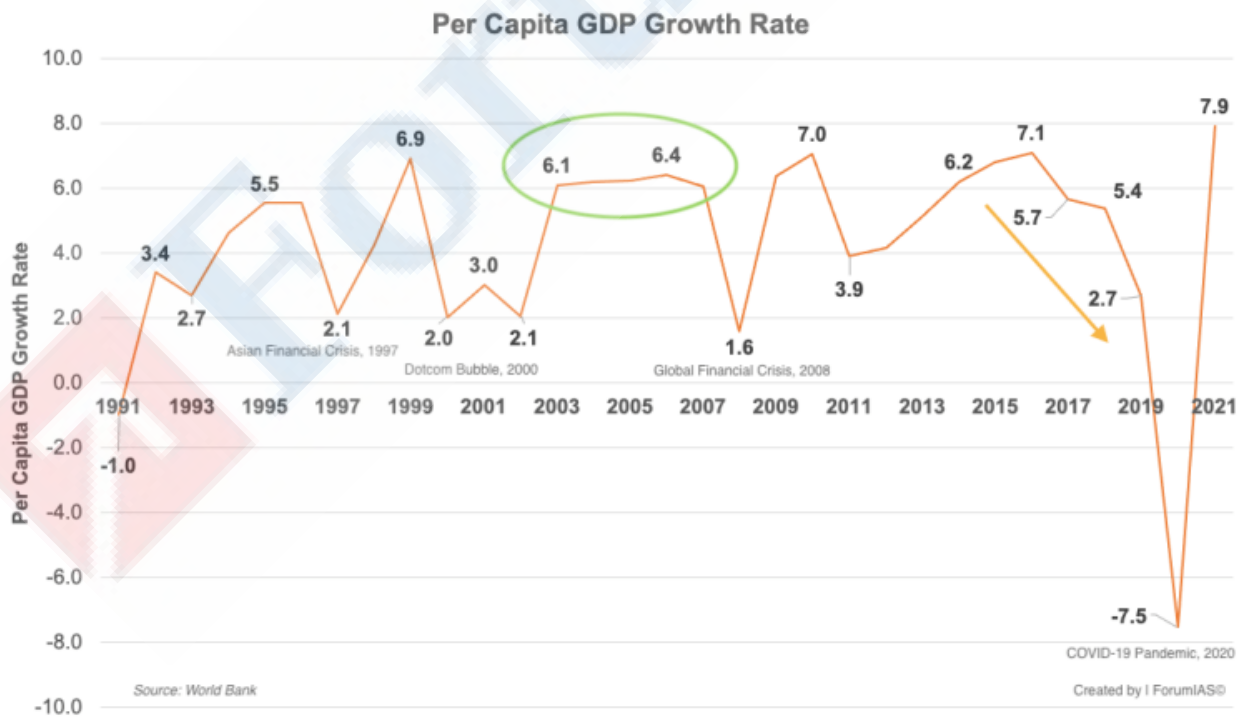
In his Independence Day speech on August 15, 2022, the Prime Minister of India has rolled out the 25-year goal to make India a developed nation by 100th year of Independence. Many economic experts have commented on the meaning of a developed nation and the challenges India will face in achieving the target. One such challenge is India falling into a Middle Income Trap. It means that India might not be able to transition from a middle income country to a high income country. In 2019, a top economist from the Economic Advisory Council to the Prime Minister (EAC-PM) had pointed out that India's growth was mostly driven by the demand generated by 100 million people at the top of the socio-economic ladder. According to him, the demand has begun to reach a saturation point and may not be able to drive future economic growth. If the situation does not improve, India may fall into the Middle Income Trap.

What has been the trend of growth of India's Per Capita Income?

In 1960, India was a low-income country with per capita income around 6% of the US. However, India attained the status of lower middle income in 2008 with per capita income of about 12% of the US.



India's income started rising more rapidly from early 2000s when the impact of liberalization of economy started to become apparent. However, several experts argue that the growth rate of India's per Capita GDP is erratic. Only for a brief period between 2002-07 the income grew consistently above 6% per annum. For multiple years, the growth rate is <4% which is not enough to transition the economy to high income. As an example, if per capita GDP grows at 4% per year, it will double in 18 years. In about 50 years, it will become 8 times (in present scenario from US\$ 2,000 to US\$ 16,000).



In recent years, some trends indicate slowdown in growth rate e.g., Private 'under implementation' investment projects rose from INR 10 trillion in 2006 to INR 50 trillion in 2011. After that, there has been a decline to INR 40 trillion in mid-2019. The share of non-workers in the working-age population stood at 60.43% in April–June 2019. These statistics illustrate the difficulties that have arisen in the post-2011 period. Many experts now say the country may fall into the middle income trap.

Read More: [India as a Developed Nation – Explained, pointwise](#)

What is the Middle Income Trap?

The middle income trap is a theoretical economic development situation, in which **a country that attains a certain income** (due to given advantages) **gets stuck at that middle-income level and is unable to transition to high-income level**. The World Bank defines as the 'middle-income range' countries with gross national product per capita that has remained **between US\$ 1,000 to US\$ 12,000** at constant (2011) prices.

Typically, the economy of a country grows due to certain inherent factors like export competitiveness (e.g., due to low wages in a country), rich natural resource base etc. With growing economy, per capita income also rises. However, with time, **the competitive advantage aiding growth gets eroded** (e.g., wage levels rise). So, if the economy does not undergo structural changes, the growth may slowdown (or stop altogether or even reverse) and income levels may stagnate. **Population stabilization** is also a factor here, if population continues to grow, the per capita income may grow very slowly to make any significant impact on income level.

Many countries in South East Asia (e.g. Thailand, Vietnam, and Malaysia etc.), Africa (e.g. South Africa) and Latin America (e.g. Brazil) currently face this phenomena. This has impeded their transition from middle income to high income.



Source: World Bank. Brazil and South Korea had same income level till 1980s. Since then South Korea has transitioned to a high-income economy, but Brazil has fallen into Middle Income Trap. Brazil's annual income growth rate fell to an average rate of 0.58% between 1997 and 2011, accompanied by **high income inequalities**.

From 1960 to 2010, only 15 out of 101 middle-income economies escaped the middle income trap, including Japan, Singapore, and South Korea.

Why do countries fall into the Middle Income Trap?

Structural Transformation: At low per capita income levels, economic growth is driven by factors like low wage levels (cheap labour). However, at higher income levels, **economic growth is driven by improvement in technology and productivity** (especially in the tertiary sector). So if the economy doesn't undergo structural transformation, it is susceptible to Middle Income Trap.

Lack of strong Governance framework: Low income countries typically lack State capacity and have poor governance framework. At low income levels, even one or two sectors (like exports of garments) can drive economic growth. However, with an increase in income levels, factors like foreign investments and technology become critical factor in further economic growth. So the State must be able provide a stable economic policy framework, a corruption-free government, a robust institutional and judicial set-up to attract foreign investments and technology (Ease of Doing Business). Lack of State capacity (say to protect investments or to enforce contracts) can result in economic stagnation.

Income Inequality: Concentration of income within few sections of society limit potential of growth. A large and **rapidly expanding middle class population is necessary for continuous demand-driven growth**. Wealth/Income concentration limits upward mobility (poor continue to remain poor), prevents expansion and growth of middle class, lowers domestic demand and hence acts as drag on economic growth.

Economic Cycles: Frequent and severe recessions undo the expansion achieved in the growth years. Many Latin American countries have faced multiple economic crises which has limited their transition to high-income economies. In contrast, successful countries in East Asia—Japan, Hong Kong, Taiwan, Singapore, and South Korea that have been able to sustain high growth for over 50 years.

Population Explosion: Population growth must be stabilized to reap benefits of economic growth e.g., if both economy and population grow at an annual rate of 4%, the per capita income remains stagnant (0% growth).

What factors make India susceptible to Middle Income Trap?

First, there is **rising protectionism** across the world. Due to this, India might not be able to reap the benefits of hyper globalization that benefited China, South Korea & Japan in the last few decades.

Second, Structural transformation from primary to secondary and then tertiary sectors is crucial to become a high-income economy. In India, ~45-50% population is still dependent upon agriculture (primary sector). **'Premature deindustrialization'** (tendency for manufacturing to peak at lower levels of activity and earlier in the development process) is a major concern in India. National Manufacturing Policy and Make in India initiatives have not been able to generate enough employment opportunities in the manufacturing sector. Failure to address this concern, will keep the population trapped in low income jobs in primary sector.

Third, there is still **a lot of State Control** in place. India has not matured into a market economy. Factors like retrospective taxation, lack of stable policies have curtailed growth of private sector and impacted investments in the economy.

Fourth, the **quality of human capital formation** is also lacking in India. The quality of education in schools and colleges is not at par with international standards. Further, around 55% of graduates are not employable as per industry standards.

Fifth, **climate change and weather extremities** have become a recurrent phenomenon. This is a serious threat to India where agriculture is heavily dependent on monsoons. Moreover, climate related disasters (floods, landslides etc.) will consume considerable resources.

What steps can be taken to avoid the Middle Income Trap?

First, It requires **identifying strategies** to introduce new processes and find new markets to maintain export growth.

Second, It is also important to **increase domestic demand**, because an expanding middle class can use its increasing purchasing power to buy high-quality, innovative products and help drive economic growth.

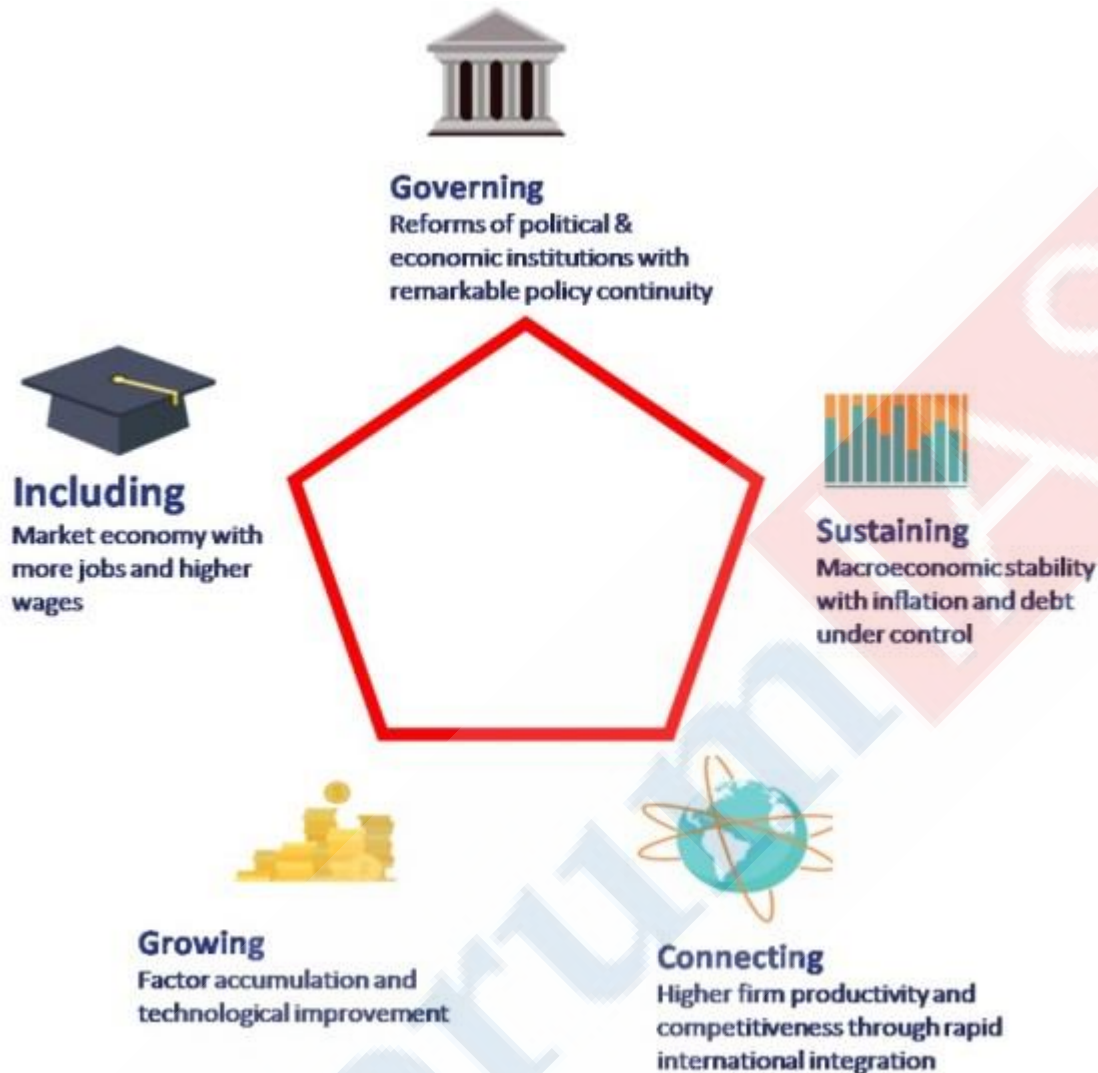
Third, the biggest challenge is to move from resource-driven growth based on cheap labor and cheap capital to **growth based on high productivity and innovation**. This requires **investments in infrastructure and education**—building a high-quality education system that encourages creativity and supports breakthroughs in science and technology.

Fourth, Government must provide a stable policy environment. Additionally, there is need to **enhance capacity of institutions** to address the gaps. For instance, the Government must **improve the resolution process** (under IBC) to enable quick recovery of NPAs and improve the health of Banking sector. This will enable Banks to lend more, improve investments and drive growth.

Read More: [Issues in the IBC Resolution Process and Possible Solutions – Explained, pointwise](#)

Fifth, the focus should be shifted towards **decentralized economic management**. Greater powers should be vested in local governments to ensure speedier decision making. This will also ensure a more inclusive growth, and an increase in income levels in rural areas.

Sixth, there should be **transition from diversification to specialization in production**. Specialization allowed the middle-income Asian countries to reap economies of scale and offset the cost of disadvantages associated with higher wages (E.g. Electronics industry in South Korea). **High levels of investment in new technologies and innovation-conducive policies** are two major requirements to ensure specialized production. Developing **good social-safety nets** and **skill-retraining programs** can ease the restructuring process that accompanies specialization.



Source: Brookings Institution. *Five Key Policy Areas to avoid Middle Income Trap.*

Conclusion

Making India a developed nation and transitioning to a high-income economy by 2047 is a big challenge. A lot of domestic and international factors make India vulnerable to falling into a Middle Income Trap. The new ambitious target makes it all the more important to address these challenges. The next 25 year period will be crucial in determining whether India becomes a high-income economy or becomes another basket case of Middle Income Trap.

Syllabus: GS III, Indian Economy and issues related to growth, development and employment; Inclusive growth and issues arising from it.

Source: [The New Indian Express](#), [Mint](#), [Mint](#), [World Bank](#)

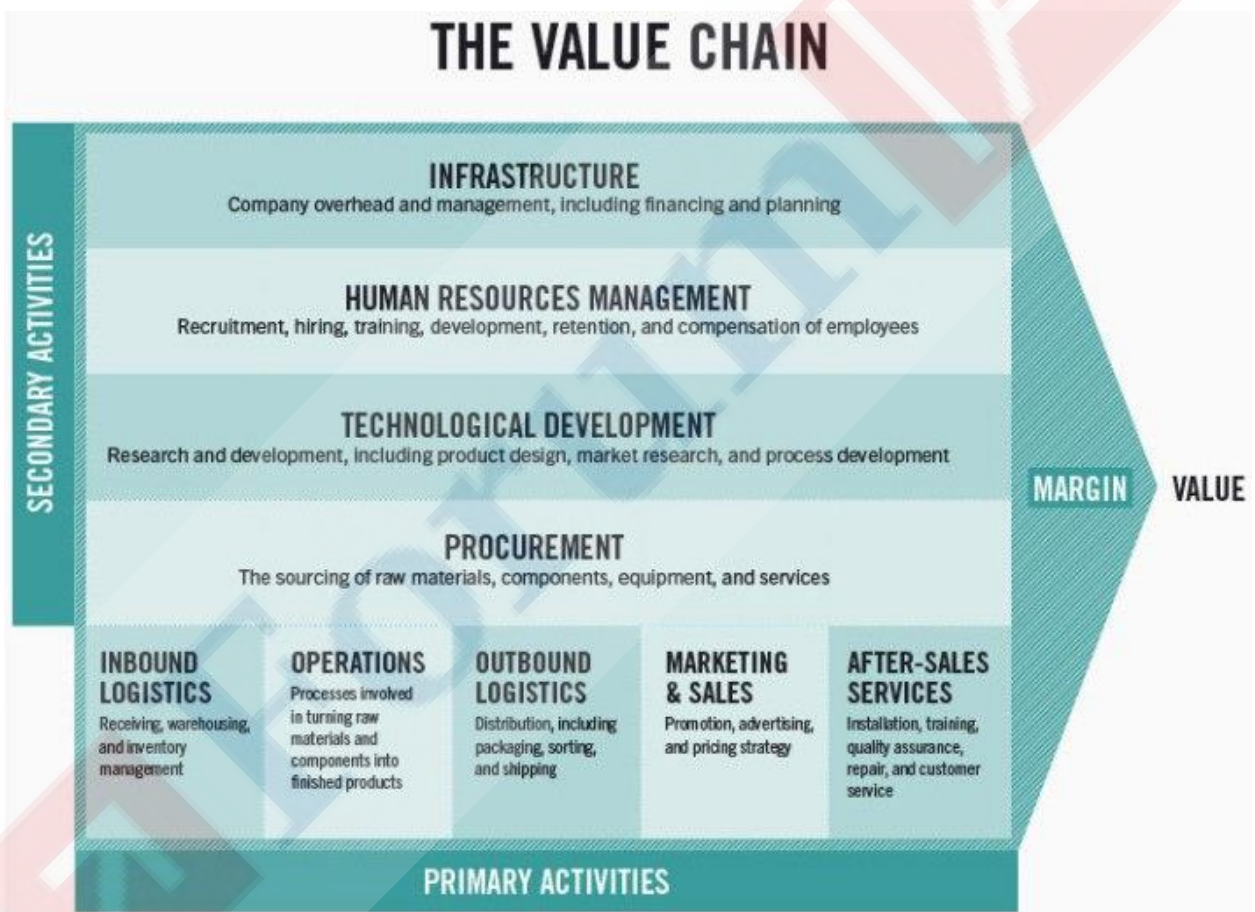
Global Value Chains: Building Resilient GVC linkages in India – Explained, pointwise

Introduction

A report titled '**Building Resilient Global Value Chain Linkages in India: Findings from an Enterprise Survey**' has been published by the Observer Research Foundation. It examines how India can better integrate into the Global Value Chains (GVCs) in the post-COVID world. The report draws on a survey of executives from 200 domestic and foreign companies in India across 6 sectors. The Report lists down constraints faced by global firms in scaling up operations in India. It also suggest possible measures to support GVC integration and how it can benefit India.

What are Global Value Chains (GVCs)?

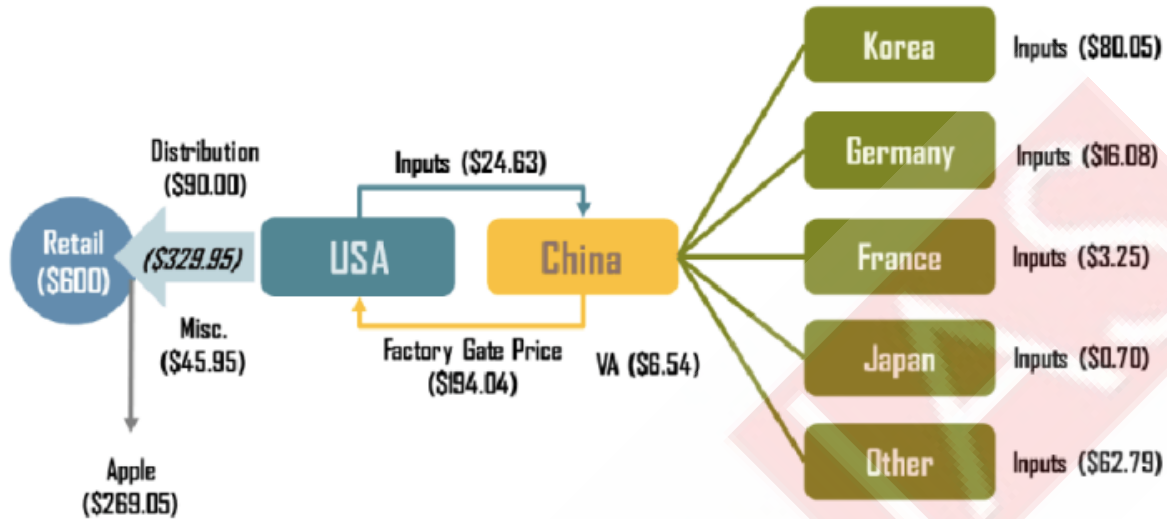
A value chain describes the **full range of activities needed to create a product or service**. This includes conception of a product, procurement of raw material, manufacturing, transportation (logistics), sales, marketing and distribution, and after-sale service.



Source: *hbs.edu. Activities of a Value Chain. The activities include procurement, transportation/logistics, marketing, service, research and development, design, planning and human resource management etc.*

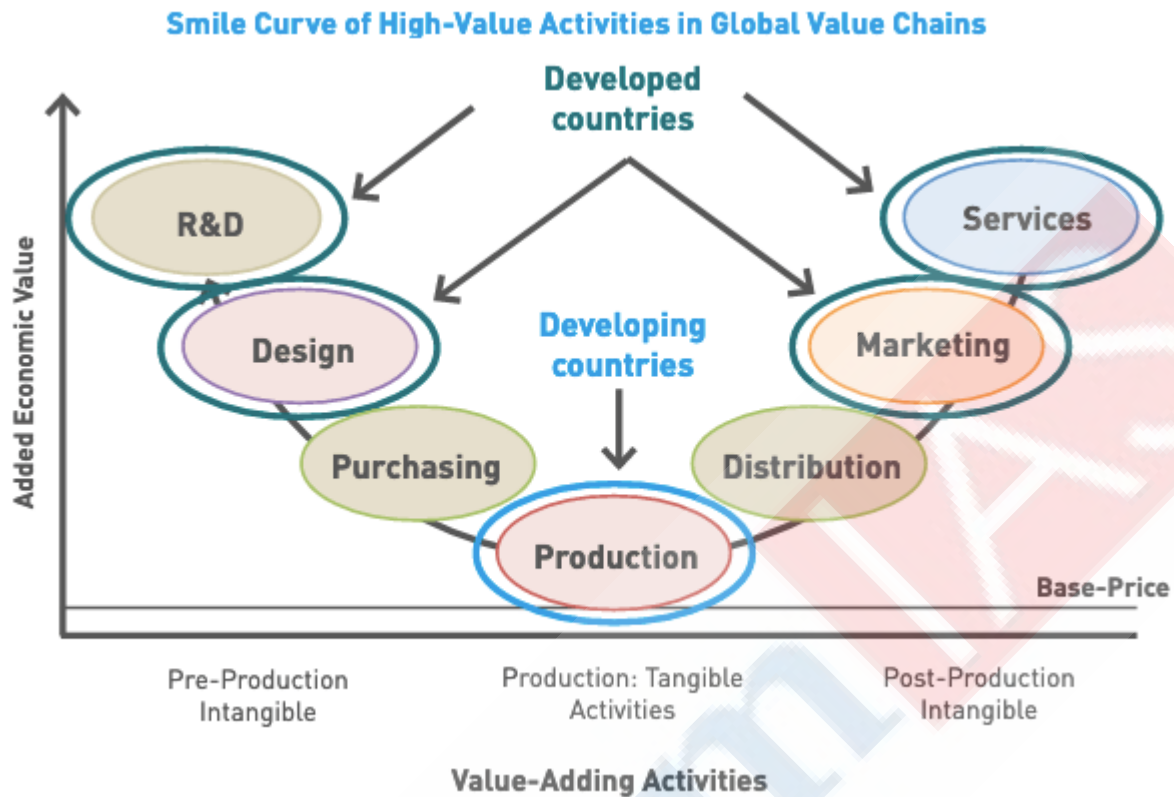
Earlier, all the activities of a value chain (i.e. sourcing of raw material, transportation, manufacturing etc.) were limited to a single country. But the manufacturing model has changed now. Today, a single finished product often **results from manufacturing and assembly in multiple countries**, with each step in the process adding value to the end product. Through

GVCs, countries trade more than products; they trade know-how (knowledge/information/manufacturing process), and make things together.



Source: 'Global Value Chains and Smart Specialisation Strategy' published by the Joint Research Centre, the European Commission. Apple's iPhone is considered the most iconic example of Global Value Chains. The above image shows the input value addition (in terms of US\$) in various countries for an iPhone.

Typically, the upper end of GVCs, which involves **research and development (R&D)**, **design**, **services**, and **marketing are profit-intensive and mainly located in advanced economies**. The lower parts of the GVCs, meanwhile, tend to be **labour-intensive and have lower-value addition**, and are **typically located in developing countries** (lower wage regions).



'Smile Curve' of GVC value addition

What is the significance of Global Value Chains?

First, GVCs are a powerful drivers of **productivity growth, income boost, and increased living standards**. Cross-country estimates suggest that a 1% increase in GVC participation can boost per-capita income by more than 1%, particularly when countries engage in limited and advanced manufacturing.

Second, Countries that embrace GVCs grow faster, import skills and technology, and boost domestic employment.

Third, with GVC-driven development, countries generate growth by moving to higher-value-added tasks and by **embedding more technology and know-how in their agriculture, manufacturing, and services production**. GVCs provide countries the opportunity to leap-frog their development process.

Fourth, the OECD's METRO Model shows that **localised manufacturing and value-addition models are more vulnerable to shocks**, and result in a significantly lower level of economic activity and fall in national incomes as compared to the interconnected regimes. Thus GVCs ensure **better absorption of shocks**.

What are the Key Findings of the Report?

First, despite risks and uncertainties, enterprises consider **further integration into GVCs as being critical for India**. The current geopolitical climate, especially as companies search for alternatives to China, offers a **window of opportunity for India** to attract GVCs looking for new production homes.

Second, India's attractiveness vis-à-vis other countries depends on its ability to **improve the business climate. Investments in human capital development and infrastructure** will be critical and will have co-benefits with other domestic priorities.

Third, Industry's **dependence on both imports and exports is high**, but firms say relatively less attention has been paid to import challenges, which they view as crucial.

Fourth, Companies agree that **India must re-evaluate its trade policies for improving GVC integration**. India's recent trade agreements with the United Arab Emirates (UAE) and Australia are a testament to the country's willingness to enhance and deepen trade relationships.

Fifth, Companies have **clear domestic policy priorities in India**. They say that in the medium term, India should focus on **enhancing its digital and physical infrastructure**, strengthening financial and investment regulations, and ensuring **clarity and certainty around trade policies and tariff rules**.

Read More: [Bringing MSMEs into Global Value Chains](#)

What factors favour India's integration with the Global Value Chains?

First, being a **massive market with a young population** makes India attractive. It is soon going to be the most populous country with the **largest workforce** in the world.

Second, India has also recently decided to **pursue preferential trade agreements** aggressively, which will support integration into GVCs.

Third, The **US-China trade** war has already created further opportunities for India to become part of major GVCs. MNCs headquartered in the US previously established bases in China to leverage China's infrastructure, skills, and low factor cost to manufacture at globally competitive rates and export to the US. However, they are **looking for alternative locations** for manufacturing these goods and reducing their risks by diversifying their sources of supply.

Fourth, The COVID-19 pandemic has caused many bottlenecks in logistics networks, export restrictions on raw materials, intermediates, and supplies, playing havoc on the efficient functioning of GVCs. This has accentuated the **need for both re-shoring and diversification of sources of supply** to make GVCs function efficiently.

What are the challenges in integrating India with the Global Value Chains?

First, Enterprises continue to face **domestic policy challenges**. The most difficult obstacles to efforts in scaling up production in India include **complex tax policies and procedures**, the **substandard quality of infrastructure**, and **uncertainty in trade policy**.

Read More: [The Need for a New Foreign Trade Policy – Explained, pointwise](#)

Second, Indian Firms also face problems in **meeting quality standards, lack institutional support, and inadequate information**. All this impedes their integration into GVCs.

Third, Trade, one of the engines of growth, **has not been fully leveraged** in India in the last decade. Merchandise exports (that create jobs in manufacturing) have remained flat, at around US\$ 300 billion annually. India's trade as a percentage of GDP has plummeted from 56% in 2011 to 40% in 2019. Further, trade recovery is likely to slow down further as a result of the ongoing crisis in Ukraine.

Fourth, India has **not been part of significant trade blocs and is thus a latecomer to the GVC space**. GVCs thrive across geographies that liberalize trade with each other by **reducing**

tariff and non-tariff barriers, actively implementing trade facilitation measures, and protecting investments. Latin American countries, the European Union, ASEAN, Japan, and even China have many plurilateral and mega regional trade arrangements that facilitate GVCs.

What steps can be taken going ahead?

India should prioritize the following policy domains: **(1)** Upgrading infrastructure; **(2)** Improving the business environment; **(3)** Facilitating trade.

(1) Upgrading Infrastructure

(a) Digital infrastructure

- Enhance ICT, broadband, and 5G connectivity.
- Ensure clarity on data protection rules that may impact investment decisions for digital infrastructure.
- Implement cross-border paperless trading.

(b) Physical infrastructure

- Implement the National Logistics Policy.
- Enhance both road and non-road inland transportation networks.
- Address gaps in power supply and distribution.

(2) Improving the business environment

(a) Investment and financial regulations

- Ensure clarity on dispute settlement in the post-Bilateral Investment Treaty system.
- Regularise GST rates with import tariffs to equalise domestic costs and import costs.
- Promote financial access by improving creditworthiness assessments (especially for SMEs).

(b) Institutional support

- Set up a supportive contracting environment.
- Implement legislation to protect Intellectual Property.
- Provide support for regulation compliance.
- Increase investments in research and development (R&D).
- Update and implementation of Labour Rules.
- Giving more momentum to initiatives like Skill India

(c) Addressing information gaps

- Develop a GVC integration action plan with an inclusiveness framework.
- Improve access to digital technologies and establish secure feedback loops and information sharing for technology-enabled sectors.

(d) Tax policies

- Simplify and streamline tax procedures and policies.
- Remove barriers and disincentives for firm formalisation.

(3) Facilitating Trade

(a) Trade policy

- Establish stable tariff rules.
- Pursue further FTAs with partners.
- Review the link between BITs and trade, i.e., trade policy and investment policy.
- Simplify and streamline border procedures.

(b) Improving quality

- Implement the Indian National Strategy on Standardization to increase firms' capacity to meet international standards.

Strategies for Resilience of GVCs

Alongside integration with the GVCs, focus should be on building resilience.



Source: ORF, Building Resilient Global Value Chain Linkages in India: Findings from an Enterprise Survey

Created by | ForumIAS®

Conclusion

GVCs give manufacturing a fillip, bring in infrastructure, develop skills, and increase exports, thereby serving as catalysts for increasing local incomes and economic growth. However, GVC integration does not automatically result in direct economic benefits such as job creation and improved living standards, and therefore policy has an important role to play in ensuring the best possible outcomes. The Government must take all possible steps to enhance India's role in the GVCs. Integration with the Global Value Chains can be the most significant lever in the next stage of India's economic growth.

Syllabus: GS III, Indian Economy and issues related to growth, development; Changes in industrial policy and their effects on industrial growth.

Source: [The Week](#), [ORF](#), [ORF](#), [World Bank](#)

Patent Regime in India: Provisions, Challenges and Solutions – Explained, pointwise**Introduction**

India, the 5th largest economy in the world, has more than 1.2 million businesses and one of the largest workforce. With such a magnitude, it has the potential to create and share a huge amount of patented products with the world. However, India has failed to unleash its potential in the this domain. Further, many other nations including the U.S have criticized India's patent regime for being too lenient on violation of patent rights and placing significant barriers for getting a patent. This situation demands a honest introspection along with a plethora of proactive measures for improving the patent landscape in the nation.

About India's Patent Regime

A patent is an exclusive set of rights granted for an invention, which may be a product or process that provides a new way of doing something or offers a new technical solution to a problem.

In India, patents are governed by the **Patents Act, 1970**. Under the act, patents are granted if the invention fulfils the following criteria: **(a)** It should be novel; **(b)** It should have inventive step/s or it must be non-obvious; **(c)** It should be capable of Industrial application; **(d)** It should not attract the provisions of sections 3 and 4 of the Patents Act 1970

India has **gradually aligned itself with international regimes** pertaining to intellectual property rights. It became a party to the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement following its membership to the World Trade Organization on January 1, 1995. Following this, India amended its internal patent laws to comply with TRIPS, most notably in 2005, when it introduced pharmaceutical product patents into the legislation.

India is also a signatory to several IPR related conventions, including: **(a)** The **Berne Convention**, which governs copyright, the Budapest Treaty; **(b)** The **Paris Convention** for the Protection of Industrial Property; **(c)** The **Patent Cooperation Treaty (PCT)**, all of which govern various patent-related matters.

What is the Global Patent Landscape?

WIPO: It is the **global forum for intellectual property (IP) services, policy, information and cooperation**. It is a self-funding agency of the United Nations, with 193 member states. The mission is to lead the development of a balanced and effective international IP system that enables innovation and creativity for the benefit of all.

TRIPs: Trade Related Aspects Trade-Related Aspects of Intellectual Property Rights is an agreement on international IP rights. It came into force in 1995, as part of the agreement that established the World Trade Organisation (WTO). It **establishes minimum standards for the availability, scope, and use of seven forms of intellectual property**. This includes trademarks, copyrights, geographical indications, patents, industrial designs, layout designs for integrated circuits, and undisclosed information or trade secrets.

IP5: It is a forum of the **world's five largest intellectual property offices**. These offices are set up to improve the efficiency of the examination process for patents worldwide. The forum facilitates greater integration of the global patent system through sharing of patent data.

The members of IP5 are: **(a)** The European Patent Office (EPO); **(b)** The Japan Patent Office (JPO); **(c)** The Korean Intellectual Property Office (KIPO); **(d)** The National Intellectual Property

Administration of the People's Republic of China (CNIPA); (e) The United States Patent and Trademark Office (USPTO)

What is current status regarding creation of patents in India?

India has been ranked **40th out of 53 countries** on the **Global Intellectual Property Index**. India's score increased from 36.04% (16.22 out of 45) in 2019 to 38.46% (19.23 out of 50) in 2020.

India's relative score increased by 6.71%, according to the International IP Index released by the Global Innovation Policy Center of the US Chamber of Commerce.

Read More: [India Patents report](#)

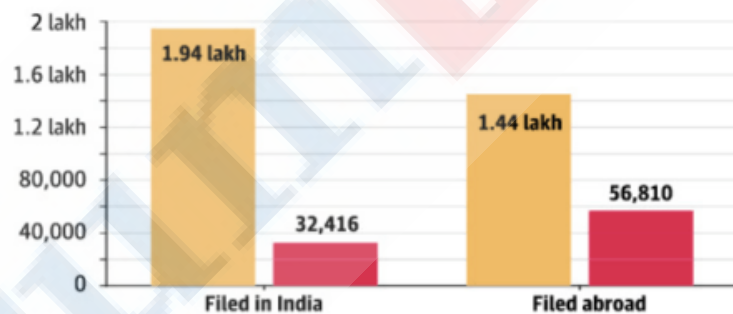
Compared to the five big patent offices (the US, Europe, Japan, Korea and China), the patent offices of India show relatively low application volume. According to the annual report by the Ministry of Commerce and Industry, India has a very minute growth, seeing its application-level increase from 8,538 in 2000, to 50,659 in 2019.

Moreover, a recent study pointed out that between 2000-2020, more than 40% Indian-origin applicants chose to file patents in foreign countries.

1 Filing in India and abroad

Between 2000 and 2020, Indian-origin applicants filed for 1.9 lakh patents in India and 1.4 lakh outside India. Of those filed in India, only 17% (about 32,000) were granted, while of those filed outside India, 39% (about 56,810) were granted

■ Total patents filed ■ Patents granted



Source: The Hindu

Why should India focus on improving its Patent Regime?

First, high technology exports constituted a meagre 0.81% of total exports in 2014 and India still relies heavily on agriculture exports. There is **a huge potential to upgrade India's patent regime and boost exports**.

Second, a robust patent regime is a basic requirement for creating a culture of research and designing innovative products in a country. Patent is simply a reward bestowed on the creator for making his/her invention public. Effective rewards provide incentives to innovate and create new products.

Third, patents would play a pivotal role in **solving the contemporary issues** of poverty, hunger, climate change etc.

Fourth, the world is currently being **dominated by MNCs and the investment** they pour into any nation. Having a robust patent regime will allow India to attract greater investment.

Fifth, India, as a member of the WTO and signatory to the TRIPS is **obliged to align its intellectual property rights laws with the TRIPS agreement**. If the domestic law is not strengthened, then it will undermine India's global image.

What steps have been taken towards improving Patent Regime in India?

National IPR Policy 2016: The policy aims to push IPRs as a marketable financial asset, promote innovation and entrepreneurship, while protecting public interest.

Kalam Program for Intellectual Property Literacy and Awareness: It was launched by the Indian government to increase IP awareness and literacy.

Cell for IPR Promotion and Management: It ensures focused action on issues related to IPRs and addresses the 7 identified objectives of the policy. CIPAM assists in simplifying and streamlining of IP processes, apart from undertaking steps for furthering IPR awareness, commercialization and enforcement.

Digitization: Undertaking a massive digitisation exercise to clear the backlog of patent and trademark applications.

Government Schemes: Recent investments and government initiatives such as Make in India, Skill India, Digital India, and Start-up India have significantly contributed to establishing the country as an attractive destination for Engineering R&D and innovation.

What are the challenges surrounding India's Patent Regime?

First, Although India is a hub of immense economic activity, **its efforts to boost R&D and innovation are lagging.** India spends around 0.7% of its GDP on R&D. This ratio is much higher for the US (2.8%), China (2.1%), Israel (4.3%) and Korea (4.2%). Unlike other economies, **most R&D investments in India are made by the government.** For instance, in 2015 Indian corporates spent a meagre \$17 billion in R&D while their Chinese and American counterparts spent \$286 and \$ 341 billion respectively.

Second, India has been **accused of having weak legislative and enforcement mechanisms** to protect the rights of patent holders. This phenomenon is more prominent in the pharmaceutical industry where violators are not harshly punished for copying the patented product.

Third, some experts argue that stringent provisions like **Section 3d of Patents Act, 2007 and power to issue compulsory licenses** also discourages companies from sharing their patented knowledge with India. They argue that based on the explanations and decisions of the Courts, the Section 3(d) objection should theoretically be raised only for derivatives of pharmaceutical substances. Instead the objection is invariably raised for all applications relating to pharmaceutical drugs even in the case of innovator compounds.

(However, some other experts disagree and argue that the provision has been used rarely in India and there are strict criteria that must be met before compulsory license can be granted e.g., the only such instance of compulsory license was in 2012 for Naxavar, a crucial drug for kidney and liver cancer sold by Bayer. From a price of INR 284,000 for 120 tablets, the drug's price dropped down to INR 8,800 (pack of 120 tablets). Two subsequent requests for compulsory license for cancer and diabetes treatment drugs were rejected by the Indian Patent office).

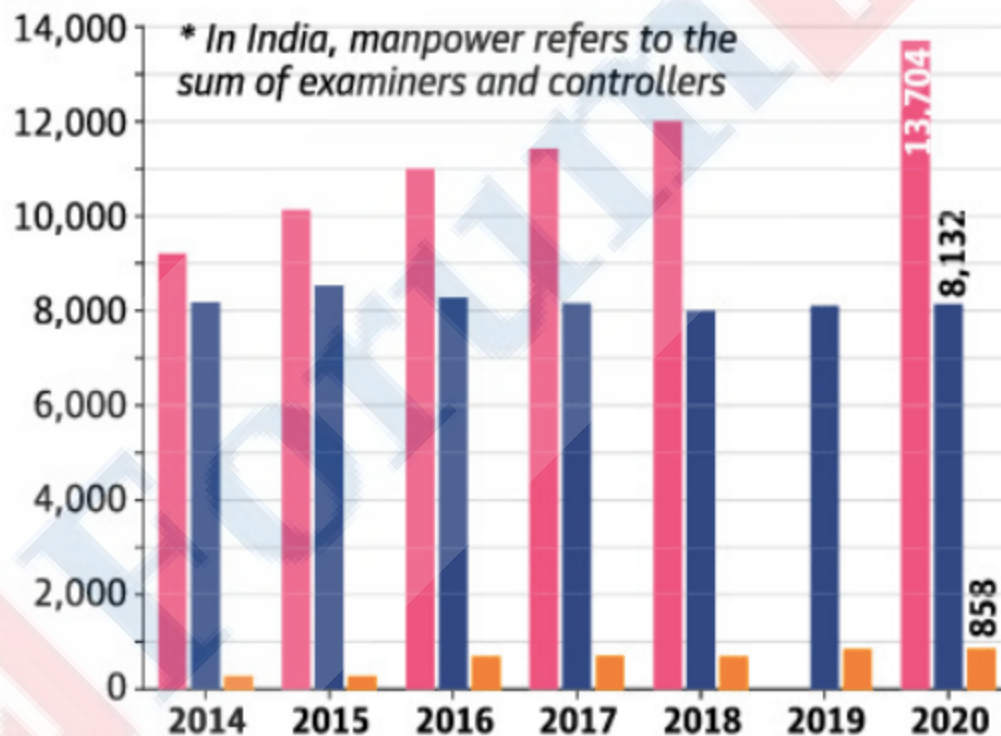
Similarly, Section 3(k) bars patentability of computer programs per se or algorithms. This objection exists as default for all computer-related inventions. The life sciences sector faces hurdles in terms of patentability of in-vitro diagnostic methods and kits because they fall within the category of diagnostic/treatment methods. Isolated DNA sequences are also the subject of objections for not satisfying the novelty requirement.

Fourth, lack of attractive remuneration and facilities for research professionals induces them to migrate to other nations resulting in **brain drain**. This adversely impacts patent creation in India.

Fifth, there is **Low IP literacy in India**. Of the 50,000 patent applications filed in India in 2018-19, only 30% came from local companies or individuals while the rest were foreign applications. Now compare that 1.4 million patent filings China received mostly by its local inventors.

Sixth, due to **poor infrastructure and limited resources**, Indian patent offices are working at sub optimal levels leading to delays in filing and grant of patents e.g., India had only 858 people working in patent offices in India, compared to 13,500+ in the US.

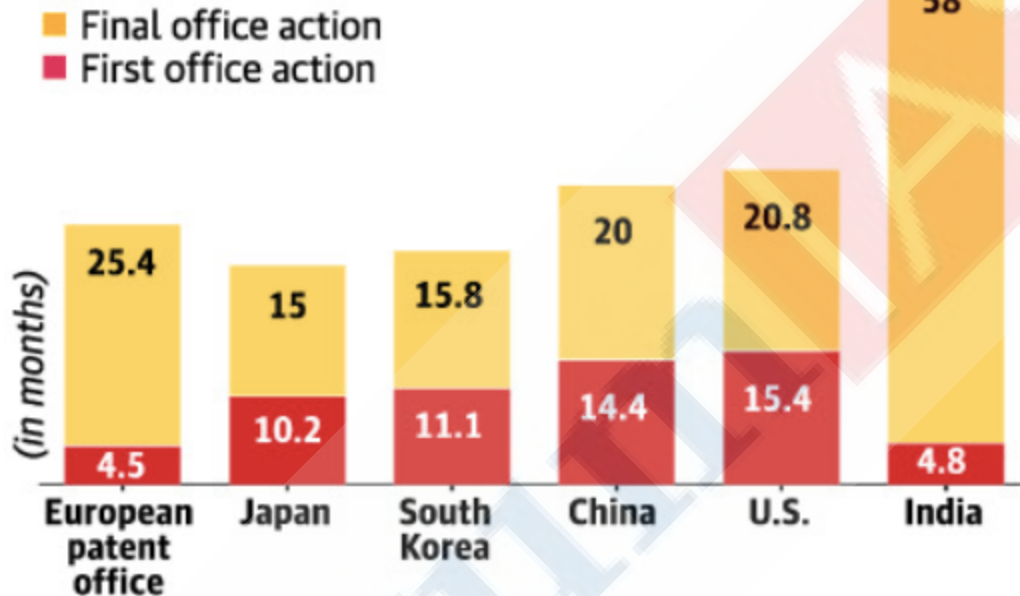
4 Manpower shortage | The number of employees in **India's patent offices** is much lower compared to countries such as the **U.S.** and **China**. This leads to a high pendency rate. The chart shows the employee strength* in patent offices between 2014 and 2020



Source: The Hindu

Lack of manpower is a major reason for slow processing speed of patent applications in India.

3 Slow processing speed | The chart shows the average time taken in select countries* to process patent applications. The time taken in India for the first office action is 4.8 months in 2021-22, among the quickest. But it takes 58 months for the final disposal of applications, the slowest among select nations



* Numbers for India is from the end of 2021-22, while the numbers for other countries are from 2020

Source: The Hindu

Seventh, India is facing pressure from the US, European Union, Switzerland and Japan to adopt stricter intellectual property measures which India calls as **TRIPS plus provisions**. These countries often try to push stricter IP clauses via trade or investment agreements. Recent U.S. Trade Representative's Special 301 report has again criticized India for having stricter patent laws along with poor implementation that discourages patent filing.

Read More: [Special 301 Report 2022: India among most challenging economies, says USTR](#)

Eighth, there are **several challenges in enforcement of Patent Rights in India** e.g., there are no special IP courts set up to deal with cases. A patent lawsuit may take five to seven years to be settled after trial.

What should be done?

First, The government should partner with industry and academics to identify various intellectual property rights issues and proactively address them.

Second, Clear incentives should be provided to firms to invest in research and development through safeguarding their property and innovation.

Third, Effective regulatory regimes should be encouraged to support intellectual property and the longer term investments of firms.

Fourth, Public awareness should be created about the economic, social and cultural benefits of IPRs among all sections of society.

Conclusion

The promotion and protection of intellectual property spurs economic growth, creates new jobs and industries, and enhances the quality and enjoyment of life. They are important not only for individuals or an organization but for the whole of humanity. Thus the need of the hour is to balance between profits of the organization and needs of the poor through a robust Patent Regime.

Syllabus: GS III, Issues related to Intellectual Property Rights.

Source: [The Hindu](#), [The Hindu](#), [ManagingIP](#)

Need for a New Aircraft Carrier for the Indian Navy – Explained, pointwise

Introduction

India's first Indigenous Aircraft Carrier (IAC), the 45,000-tonne INS *Vikrant*, is set to be commissioned on September 2, 2022. The Aircraft Carrier has been built by the Cochin Shipyard Ltd. India had earlier owned and operated two Aircraft Carriers bought from the UK. At present, India has already operational Aircraft Carrier bought from Russia. With the commissioning of INS *Vikrant*, Indian Navy will have two operational Aircraft Carriers. Given the rapidly changing geopolitical scenario, rising importance of the Indo-Pacific and increasing presence of China in Indian Ocean, Navy has requested for a third Aircraft Carrier as well.

What is an Aircraft Carrier?

Aircraft Carrier is a large warship with a **full-length flight deck from which aircraft can take off and land**. It is capable of carrying, arming and deploying aircraft (like fighter jets and helicopters). Thus it serves as a **seagoing airbase**, i.e., having an airbase in the middle of the sea. It allows the naval force to project airpower globally without depending upon local airbases. It enhances attack capabilities of the Navy by providing with air-strike capability.

What is the history of Aircraft Carriers in India?

India's two earlier carriers, the INS *Vikrant* and the INS *Viraat*, were originally the British-built HMS *Hercules* and HMS *Hermes*.

INS *Vikrant*: It remained in service of the Indian Navy from 1961 to 1997. It was being built by the British as HMS *Hercules* during the World War II but was put on hold due to end of the war. India bought it in 1957, and commissioned it in 1961 after completion of construction. INS *Vikrant* played a stellar role in the 1971 Indo-Pakistan war. It was used as a museum until 2012, and was scrapped in 2014-15.

INS *Viraat*: The Ship was commissioned in the British Royal Navy as HMS *Hermes* in 1959 and remained in service till 1984. After being decommissioned by the British Navy, it was refurbished and commissioned in the Indian Navy as INS *Viraat* in 1987. It was decommissioned from the Indian Navy in 2016.

INS Vikramaditya: The Ship was originally commissioned in 1987 and served in the Soviet (as *Baku*) and Russian Navies (as *Admiral Gorshkov*). It was decommissioned in 1996 and bought by India in 2004 at a price of ~US\$ 2.3 billion. The Ship was commissioned as INS Vikramaditya in the Indian Navy in 2013 after extensive refurbishment. It remained India's sole Aircraft Carrier since 2016.

About the New Aircraft Carrier, INS Vikrant

It has been designed by the Indian Navy's Directorate of Naval Design (DND), and built at Cochin Shipyard Limited (CSL), a public sector shipyard under the Ministry of Shipping.

The new warship is comparable to India's existing carrier INS *Vikramaditya* which is a 44,500-tonne vessel and can carry up to 34 aircraft. It will operate the Russian-made MiG-29K fighter aircraft and Kamov-31 Air Early Warning Helicopters, both of which are already in use on the INS *Vikramaditya*.

According to the Navy, over **76% of the material and equipment** on board IAC-1 is **indigenous**. This includes 23,000 tonnes of steel, 2,500 km of electric cables, 150 km of pipes, and 2,000 valves, and a wide range of finished products.

More than 50 Indian manufacturers were directly involved in the project, and about 2,000 Indians received **direct employment** on board IAC-1 every day. Over 40,000 others were **employed indirectly**.

About the proposal for another Aircraft Carrier

Since 2015, the Indian Navy has been seeking approval to build a third aircraft carrier for the country, which, if approved, will become India's second Indigenous Aircraft Carrier (IAC-2).

This proposed carrier, to be named **INS Vishal**, is intended to be a giant 65,000-tonne vessel, much bigger than both INS *Vikrant* (IAC-1) and the INS *Vikramaditya*.

The Navy has been trying to convince the Union Government of the 'operational necessity' of having a third carrier.

What is the need for a third Aircraft Carrier?

First, An aircraft carrier is one of the **most potent marine assets for any nation**. It enhances the capability of the Navy to travel far from its home shores to carry out air domination operations.

Experts consider having an aircraft carrier as essential to be considered a **'blue water' navy**; a navy that has the **capacity to project a nation's strength and power across the high seas**. The carrier will allow the nation to evade hostile attacks from neighboring countries.

Second, more aircraft carriers are a vital requirement if India wants to maintain a **dominant position in the Indian Ocean**. Major countries like the U.S and China are already present in the region and possess much greater naval capabilities. The United States Navy has 11 aircraft carriers.

China too is moving ahead aggressively with its aircraft carrier programme. It has 2 carriers now, a third is in the making, and another two are likely to be commissioned within a decade. Thus Chinese Navy is expected to have 5 Aircraft Carriers by 2030, and it will further increase military asymmetries between India and China. Chinese Navy has already surpassed the US Navy on the basis of number of naval vessels.

The under-construction Type 003 will be the first Chinese aircraft carrier to use Catapult-Assisted Take-Off But Arrested Recovery (CATOBAR) and Electromagnetic Aircraft Launch System (EMALS). This will **permit bigger fighter aircraft with heavier payloads** and longer ranges to operate from its deck.

Third, the new carrier will put India in an elite club of nations that have the capability to design and build giant, powerful warships. It will **enhance India's global standing** and 'Make in India' brand. A retired Admiral of Indian Navy argues that the rising naval capabilities of India made it an 'attractive partner' in the QUAD.

Fourth, three carriers are needed to ensure at least two are **operationally available**, one each for the eastern and western seaboard, while the third undergoes its maintenance-and-refit cycle. Further, India has been **without an operational aircraft carrier for almost two years** now since the 44,500-tonne INS *Vikramaditya* is undergoing a major refit.

Fifth, Another argument favouring a third aircraft carrier is that **the gestation period for such large aircraft carrier is long**. INS *Vikrant* took 17 years to complete. Failure to take an early decision could result in India's shipyards losing the expertise that has been nurtured in recent years.

Sixth, construction of aircraft carriers has the potential to provide a **huge impetus to domestic heavy and medium industries**, and will spawn a **complex of ancillaries in the MSME sector**. It will help in skilling youth and creating job-opportunities.

What are the challenges associated with inducting a new Aircraft Carrier?

First, the **cost** of inducting an aircraft carrier is **very high**. The cost of the indigenously produced INS *Vikrant*, without the aircraft and weapons systems, amounted to INR 23,000 crore. Further, the economy is still recovering from the economic impact of the pandemic and expenditure towards the social sector is bound to rise in future.

Second, many experts argue that **shore based aircraft are a cheaper alternative** than an aircraft carrier. They are increasingly bigger, capable of carrying heavier fuel and weapons payloads and can be supported by airborne re-fuellers. So, Navy should focus on building destroyers and frigates.

Third, the Navy budget is the smallest of the three services. Inducting a 3rd aircraft carrier with such a small budget may **hinder ongoing and planned major naval acquisitions**. These include the Scorpene submarines (P-75 Programme), the Project 75 (India)-class submarines, the Visakhapatnam (P-15B) class destroyers, and the Nilgiri (P17A) class stealth frigates.

What lies ahead?

First, the government should make a prompt decision on IAC-2 as even if the project gets a go-ahead now, it will be over 10 years before the warship can be commissioned. Nonetheless, any decision should be taken keeping in mind the condition of the Indian Economy and its post pandemic growth.

Second, the new carrier should be at least 65,000-tonne to ensure requisite combat capability and cost-effectiveness. This will ensure the carrier can carry more aircraft than the 30 capacity of the IAC-1.

Moreover, the IAC-2 should have CATOBAR (catapult assisted take-off but arrested recovery) configuration to launch fighters as well as heavier aircraft for surveillance, early-warning and

electronic warfare from its deck. Both INS *Vikramaditya* and INS *Vikrant* have only angled ski-jumps for fighters to take off under their own power in STOBAR (short take-off but arrested recovery) operations.

Third, there should be greater devolution of funds towards research and development in the defence sector. This would help in creation of more affordable and reliable defence equipment in future.

Conclusion

India has developed the capability to build indigenous aircraft carriers that will play a pivotal role in ensuring the nation's maritime security. Any decision on their further creation should be taken keeping in mind that the expertise gained in the 'art of maritime aviation' should not be wasted and economic feasibility of acquisition. The Government has to delicately balance the social obligations vis-a-vis ensuring national defense, especially against an increasingly aggressive adversary.

Syllabus: GS II, India and its neighbourhood relations; GS III, Various Security Forces and agencies and their mandate.

Source: [Indian Express](#), [Indian Express](#), [The Times of India](#), [The Hindu](#), [Financial Express](#)

[Kurukshehra August Summary] Livelihood Promotion for Women under DAY-NRLM – Explained, pointwise

Introduction – About National Rural Livelihoods Mission (NRLM)

Deendayal Antyodaya Yojana – National Rural Livelihood Mission (DAY-NRLM) is one of the self-employment programmes of the Government of India. It seeks to organize about 10 crore households into Self Help Groups (SHGs) and link them to sustainable livelihood opportunities. It focuses on building their skills and making available financial, technical, and marketing resources at a grassroots level. In order to achieve its objectives, the Mission focuses on four core areas namely: **(a)** Social mobilisation and promotion of sustainable community institutions of the rural poor; **(b)** Financial inclusion of the poor; **(c)** Sustainable livelihoods; **(d)** Social inclusion, development, and convergence.

The Mission was launched in 2011 with support from the World Bank to improve the livelihoods of poor rural people and boost the rural economy.

The NRLM utilized the **ecosystem of SHGs** in these rural districts to execute the Mission. In 2015, the government renamed the Mission as Deendayal Antayodaya Yojana (DAY-NRLM).

What are the key features of DAY-NRLM?

Social Mobilization: It will bring at least one woman member from each identified rural poor household, under the Self Help Group (SHG) network in a time-bound manner. Special emphasis is, particularly on vulnerable communities like the Particularly Vulnerable Tribal Group (PVTGs), manual scavengers, Persons with Disabilities (PwDs) etc. Target groups are identified by a well-defined, transparent and equitable process of Participatory Identification of Poor (PIP).

Community Institutions: The Mission involves working with community institutions through community professionals to promote self-help.

Financial Inclusion: The mission works on both the demand and supply sides of financial inclusion. On the demand side, it promotes financial literacy among the poor and provides capital to the SHGs. On the supply side, it coordinates with the financial sector to encourage the use of financial technologies.

Implementation by Poor: One of the important aspects of the DAY-NRLM is that those women who came out from the labyrinth of poverty and invisibility would help others in their ventures. In this sense, the Mission is aptly defined as for the poor, of the poor, and by the poor’.

Convergence: The mission places a high emphasis on convergence with other programs of the Ministry of Rural Development and other Central Ministries. Convergence is also sought with programs of State Governments for developing synergies directly or indirectly with institutions of the poor.

Interest Subvention: SHG members are eligible for receiving interest subvention equal to the difference between the borrowing rate of interest and 7 percent. An additional interest subvention of 3 percent is also available on prompt repayment of loan, reducing the effective interest rate to 4 percent.

What are some of the sub-schemes under DAY-NRLM?

Mahila Kisan Sashaktikaran Pariyojana (MKSP): It seeks to improve the present status of women in agriculture, and to enhance the opportunities available to empower women. MKSP recognizes the identity of “Mahila” as “Kisan” and strives to build the capacity of women in the domain of agro-ecologically sustainable practices.

Start-up Village Entrepreneurship Programme (SVEP): SVEP supports entrepreneurs to set up small businesses in rural areas. It is for promoting knowledge about business feasibility, management, and to provide access to credit for start-ups as well as to scale up the existing enterprises.

Aajeevika Grameen Express Yojana (AGEY): AGEY is a programme to provide safe, affordable, and community monitored transport services to rural areas. The vehicles are owned and operated by members of SHG networks and operated in regions which are not served by regular transport services.

Rural Self Employment Training institutes (RSETIs): RSETIs are established in each district of the country in collaboration with the banks and the State Governments. They provide short term residential training with long handholding support to the youth. The post-training support mechanisms include interactive web portal, call centres, network of business counselling centres and alumni conventions.

How has the DAY-NRLM performed?

Coverage: DAY-NRLM is working intensively in 6,812 blocks of 711 districts at present and seeks to saturate household mobilization by the end of FY 2023-24.

SHG Growth: The number of SHGs were 19.29 lakh in FY 2011-2012 to FY 2013-14 lakh. This has reached 76.21 lakh in May 2022 registering a growth of about 300 percent during a decade of implementation of the Mission.

The examples of **Kudumbashree** in Kerala, **Bihan Canteen and Bihan Outlet** run by SHGs in Chhattisgarh, social audits in Odisha by SHGs are positive developments.

Women Participation: Total number of women in SHGs were 2.35 crore in FY 2011-2012 to FY 2013-14. It has been increased to 5.96 crores in FY 2014-15 to May 2022 thereby registering more than 153 percent growth in becoming members of SHGs.

Loan Disbursement: The amount of loan disbursed and amount of capital support given to SHGs have also been increased many fold. It is interesting to note that the Non-Performing Assets (NPA) were 9.58% on March 31, 2014, which has been reduced to 2.35% as on 21 June 2022. This indicates a substantial reduction of NPAs during the decade of the implementation of the Mission.

Sub Schemes: As many as 2,05793 SVEPs have been supported under the Mission. The number of SPVs operational under AGEY are 1,811 and there are 24,381 community managed Custom Hiring Centres (CHC) established under the Mission.

Similarly, *Mahila Kisans* which were 24 lakh in the FY2013-14 have been reached to 170 lakh indicating growth more than 600% during a decade.

A Mid Term Assessment of SVEP conducted by the Quality Council of India (QCI) in 2019 covering 1,038 enterprises across 6 States showed that: **(a)** 82% of entrepreneurs are from SC, ST and OBC categories; **(b)** 75% of the enterprises were owned and managed by women.

What are the challenges?

First, it is a demand driven programme, which needs to focus more on social mobilization. It **requires trained human resources** to build up the capacity of poor women in taking various activities at their levels.

Second, due to **delay in the disbursement of funds** from the State Treasury to the State Rural Livelihood Mission (SRLM) accounts, various desired activities are adversely affected.

Third, the frequent transfer of the SRLM Directors also adversely affects the progress of the Mission.

What should be the approach going ahead?

First, the 5th Common Review Mission 2019 of the Ministry of Rural development has suggested: **(a)** Filling the large number of vacancies; **(b)** Well designed HR manual for contractual or outsourced personnel; **(c)** Implementation of the recommendations by the Task Force for harmonizing personnel across the schemes.

Second, there is a need to give more focus on the States where the impact is less visible like Manipur, Meghalaya and Rajasthan for enhancing group activities for livelihoods.

Third, RSETI may not consider itself as another cog in the wheel. It should identify beneficiaries with due care and apply proper methods. The entire cycle from training, lending, handholding, etc. must be done carefully and systematically.

Conclusion

The DAY-NRLM has been trying its best to unleash oppressed, depressed and suppressed energies of women by way of enabling them to take up micro enterprises individually and collectively. The assessments of the functioning of the mission show that income levels of those who are engaged in the mission have increased more than that of people not covered under it. However, there are some challenges before the Mission which need to be taken care of for better outcomes in future.

Syllabus: GS II, Welfare schemes for vulnerable sections of the population by the Centre and States and the performance of these schemes.

Source: Kurukshetra August 2022

The Debate on Euthanasia – Explained, pointwise

Introduction

A Bengaluru-based woman had recently filed a petition before the Delhi High Court. The woman had appealed the Court to stop her friend from travelling to Switzerland to undergo euthanasia. The man is suffering from Chronic Fatigue Syndrome since 2014. According to the petition 'the man is completely bed bound and just able to walk a few steps inside home'. This has deteriorated his 'quality of life' and he is allegedly looking forward to travel to Switzerland for a physician-assisted suicide. The petition was subsequently withdrawn. Nevertheless, the whole episode has reignited debate on euthanasia or mercy-killing.

What is Euthanasia?

The word euthanasia is derived from the Greek words 'eu' which means good and 'thanatos' which means death. Thus the word literally means 'good death'. The idea is that instead of condemning someone to a slow, painful, or undignified death, euthanasia would allow the patient to experience a relatively 'good death'. The term is commonly known as 'mercy killing' and is legally and medically defined as 'an act of terminating or ending the life of an individual who suffers from an incurable disease or situation especially painful'.

There are different types of euthanasia practised across the world. **Active euthanasia** where a patient is killed a patient by active means, for example, injecting a lethal dose of a drug.

There's also **Passive euthanasia**, which is described as letting a patient die by withholding artificial life support such as a ventilator or a feeding tube.

Understanding Key Terms:

- **Physician Assisted Suicide (PAS):** PAS, sometimes called as aid-in-dying, is a semi-passive method of euthanasia in which a medical practitioner prescribes or introduces the appropriate amount of lethal dose to end life at the patient's request.
- **Permanent Vegetative State (PVS):** It is a state in which a patient is unable to sustain himself or herself and requires the assistance of one or more life support systems or even other people to perform basic human functions.
- **Terminal disease:** It refers to a medically confirmed incurable and irreversible sickness or condition that will, within reasonable medical judgement, result in death.
- **Advanced medical directive:** It is also known as a 'living will,' and it is a direction issued by a person who wishes to avoid receiving extraordinary medical care if he or she is diagnosed with a fatal illness. To be legal, such a direction must be voluntary, competent, and given in advance.

What is the Status of Euthanasia in India?

Under the IPC, both suicide (Section 309) and abetment to suicide (Section 306) are criminal offences. While person attempting suicide can be imprisoned up to 1 year, the punishment for abetment is imprisonment up to 10 years.

(Section 309 has been restricted by the Mental Healthcare Act, 2017).

Regulation 6.7 of the Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002 explicitly prohibit the practice of euthanasia.

Multiple judgments have been passed by the Supreme Court in this regard (discussed later in the article).

In March 2018, the Supreme Court passed an order that **allowed passive euthanasia** (Common Cause Judgment). The Court declared that **right to die with dignity is a fundamental right**.

What is the Global Status regarding Euthanasia?

There are many countries that permit passive euthanasia, but just a handful of them allow active euthanasia.

Switzerland is probably the most famous spot where assisted suicide is considered a legitimate way to end one's life. Many people from countries that forbid assisted suicide come to Switzerland to end their lives as assisted suicide is legal under Swiss law.

In the Netherlands, euthanasia is allowed in cases where someone is experiencing unbearable suffering and there is no chance of improving.

Belgium, Luxembourg, Canada, New Zealand, Spain and Colombia are other countries where assisted dying is permitted for adults with serious and incurable "disease, illness or disability".

What are the arguments in favor of Euthanasia?

First, forcing terminally ill patients to live undermines their dignity and exposes them to **pain and suffering**. In such a scenario, euthanasia ensures a dignified death.

Second, allowing those who are in a vegetative state to undergo euthanasia prevents them from **futile treatments** and becoming a further **financial burden** on the family.

Third, the Indian Judiciary has time and again recognized that the **right to life means more than a mere animal existence**. In such cases, withdrawal of life support is considered valid.

Fourth, some experts argue that in a civilized society, people should have **full autonomy over their lives** and be able to choose when they want to die.

Arguments for Euthanasia by Campaign for Dignity in Dying

- **Compassion argument:** Allowing people to 'die with dignity' is preferable to forcing them to live in pain.
- **Autonomy argument:** Each patient has the right to decide when they want to die.
- **Public policy argument:** The Government law can safely regulate assisted suicide.

Source: Campaign for Dignity in Dying

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What are the arguments against Euthanasia?

First, death is decided by **fate and a person should live his/her due share of life**. No human has a right to take the life of another human. More religious doctors believe that PAS should not be considered since it would be against their faith.

Second, it causes ‘irreparable loss’ and ‘hardship’ to one’s parents, other family members, and friends.

Third, many activists argue that legalising the practice would lead to a ‘slippery slope’ phenomenon which leads on to more number of non voluntary euthanasia — where the **patient’s consent isn’t known or taken**.

What is the Judicial View regarding Euthanasia?

P. Rathinam v. Union of India (1994): The Supreme Court ruled that Section 309 (Attempt to Suicide) of the Indian Penal Code, 1860 is violative of Article 21 of the Indian Constitution. The Court stated that Section 309 of the Penal Code should be repealed in order to make our penal rules more humane.

Gian Kaur v. The State of Punjab (1996): Article 21, which deals with the ‘right to life,’ was deemed to exclude the ‘right to die.’ The constitutionality of Sections 306 (Abetment to Suicide) and 309 of the 1860 Code was confirmed.

Aruna Ramchandra Shanbaug v. Union of India (2011): It was recognized that the patient (Aruna Shanbaug) was no longer a living person and her life was devoid of any human element. The Supreme Court directed a team of three doctors to submit a report to them after assessing the mental and physical conditions of the patient. Accordingly, **passive euthanasia was permitted** for the first time in the history of India. The Supreme Court also **laid down the guidelines** for the grant of permission for passive euthanasia.

Common Cause v. Union of India (2018): The Supreme Court ruled that under Article 21 of the Indian Constitution, **an individual has the right to die with dignity** as part of his or her right to life and personal liberty. An adult of competent mental capacity is entitled to make an informed decision and **has a right to refuse medical treatment** including withdrawal from life-saving devices. As a result of this judgement, life-support systems for the terminally ill or those in incurable comas can be removed.

The Court also recognised the importance of **writing a living will (Advanced Medical Directive) and allowed people to opt out of artificial life support**.

Chandrakant Narayanrao Tandale v. the State of Maharashtra (2020): Active euthanasia is a form of euthanasia that is illegal. The Court expressed sympathy towards the petitioner in this case but his petition of active euthanasia was not allowed.

What should be done going ahead?

First, passive euthanasia should strictly be done according to the guidelines of Supreme Court.

An application under Article 226 has to be filed with the Chief Justice of the High Court. The High Court shall constitute a bench of at least two judges to decide the application. Before deciding the same, the bench should seek the opinion of a committee of three reputed doctors. Preferably, one of the three doctors should be a neurologist, one should be a psychiatrist and the third should be a physician. The report of the doctors shall take into account the following factors: **(a)** Examination of the patient; **(b)** Records of the patient; **(c)** View of the hospital staff.

Second, suicide prevention is not just a social and public health goal in India, but also a traditional mental health practice. As a result, the time has come for mental health practitioners to take a more proactive approach to suicide prevention. In addition, the Government should initiate a national discourse on suicide prevention.

Conclusion

The Judiciary has made it clear that Active Euthanasia is prohibited in India in any form and under any circumstances. But a lenient view has been taken when it comes to passive euthanasia. The Supreme Court has recognized that a person with Persistent Vegetative State (PVS), with no scope of improvement has a right to end his life with dignity. Thus, passive euthanasia has been recognized in India as a facet of the Right to Life under Article 21 of the Indian Constitution.

Source: [Firstpost](#), [Indian Express](#), [The Hindu](#)