

## 7 PM COMPILATION

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

The Draft Drugs, Medical Devices and Cosmetics Bill, 2022: Provisions and Concerns – Explained, pointwise

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**Sub topic:- Government policies and interventions for development in various sectors and issues arising out of their design and implementation.**

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## The Draft Drugs, Medical Devices and Cosmetics Bill, 2022: Provisions and Concerns – Explained, pointwise

### Introduction

The Ministry of Health and Family Welfare has released a draft of the proposed Drugs, Medical Devices and Cosmetics Bill, 2022 . The Bill seeks to replace the existing Drugs and Cosmetics Act, 1940, and several sets of rules which are currently followed by the industry. It focuses on regulating medical devices as a separate entity, makes provision for fines and imprisonment for injury and death related to clinical trials or investigations, and seeks to regulate e-pharmacies. The new Bill has been drafted to keep pace with changing needs, times and technology.

### What are the key provisions of the Drug and Cosmetics Act, 1940?

The Act establishes regulatory control over the import, manufacture, distribution, and sale of drugs and cosmetics in India. It makes the **sale of substandard drugs a punishable offence**, as these drugs are capable of bringing harm to patients.

It also established the Central Drugs Standard Control Organization (CDSCO) for discharging functions assigned under the Drugs and Cosmetics Act. The State Health department has to regulate the manufacturing, sales, and distribution of drugs. Drug Inspectors control the implementation at ground level.

Further, if the drugs are found to be substandard, then the drugs can be recalled from the market and the manufacturer has to conduct a root cause analysis for the faulted reason. The Act also has provisions to compensate the families of victims of adulteration. It calls for the penalty to be extracted from a convicted manufacturer and given to families of the victims.

### When is the medicine considered substandard, adulterated, and spurious?

- **Substandard:** A drug is considered substandard when it doesn't have what is mentioned on the cover. It could be one of several things like the medicine has less than 90-95% of the amount of active ingredient claimed on the label; contains impurities apart from the active ingredient, etc.
- **Adulterated:** It is the one that contains a poison or other noxious matter.
- **Spurious:** A spurious drug is one that pretends to be a genuine drug. It is a drug with no active ingredient in it.

### What are the key provisions of the Drugs, Medical Devices and Cosmetics Bill, 2022?

The Bill proposes **new definitions** for clinical trials, over-the-counter drugs, manufacturers, medical devices, new drugs, bioavailability studies, investigational new drugs and imported spurious drugs, among others e.g., diagnostic equipment, their software, implants, devices for assistance with disabilities, life support, instruments used for disinfection, and reagents come under the ambit of medical devices. The 1940 Act has medical devices as one of four categories of “drugs”.

It seeks to introduce **regulation for online pharmacies and medical devices**. Though there is no separate chapter on e-pharmacies, the Bill suggests that the Union government should formulate rules to regulate online pharmacies.

It proposes to **empower the Drugs Control Officer** with prior approval of the controlling authority to enter any premises related to clinical trials to inspect the facilities, records, data, documents, books and drugs.

It proposes **stringent penalties** such as imprisonment and compensation in case of injury or death during clinical trials for drugs. It lays the onus of providing medical management for any injury arising due to the trial on the investigators.

A **Drugs Technical Advisory Board (DTAB)** and a **Medical Devices Technical Advisory Board (MDTAB)** are planned to submit recommendations to the Government from time to time on policy matters.

The draft proposes to allow the Union government to **waive the requirement of conducting clinical investigations** for the manufacture or import of a new medical device in public interest.

### **What is the significance of the Drugs, Medical Devices and Cosmetics Bill, 2022?**

**First**, it is a positive move by the Government to **update an over 60-year-old law on drugs**. India is third-largest pharmaceutical producer in the world. It is important that the regulatory legislation keeps pace with the changing times.

**Second**, a separate Medical Devices Technical Advisory Board (MDTAB) will help in **catering to the specific and varied needs of the medical device** sector vis-a-vis drugs.

**Third, online pharmacies are currently working completely outside the law**. Most of the websites have perhaps a license for a physical shop or storage unit. In case of a violation, drug inspectors are unaware of the provisions of the law or Rule under which they can proceed against the websites. Further, drug inspectors often find that the licenses these websites hold are from another state, over which they have no jurisdiction. Sometimes the websites don't have any licenses at all, and actually use the license of the pharmacies with which they have tied-up. This makes it even more difficult to take any action.

Thus their inclusion in the new bill was a much needed step.

**Fourth**, the Bill prohibits clinical trials or clinical investigations of drugs and medical devices without permission from the central licensing authority. While companies have to seek permission from the regulator to conduct trials even now, this is not specifically mentioned in the existing law.

**Fifth**, the current clinical trial Rules have fines, but a fine of few lakh rupees is not enough to deter a big pharma company. However, the **provisions for imprisonment under the draft Bill might act as a deterrent**.

### **What are the shortcomings of the Drugs, Medical Devices and Cosmetics Bill, 2022?**

**First**, industry's aspirations for a **separate act for medical devices has not been addressed** and startups, developers and engineers will still need to grapple with a complex joint law. Further, it can become a barrier to Make in India or Innovate in India initiatives.

**Second**, the draft Bill **completely misses post-marketing surveillance**, especially for medical devices, because implants can remain within a patient's body for years. There should also be provisions for recalling medicines or devices if any issues are detected.

**Third**, the draft Bill defines provisions for imprisonment or fines for 'adulterated' or 'spurious' medical devices. The draft states that a medical device will be considered to be adulterated if it is rusted, corroded, filthy, putrid, or decomposed, packed or stored in unsanitary conditions etc. However, many experts believe that these are engineering products, not homogeneous powders,

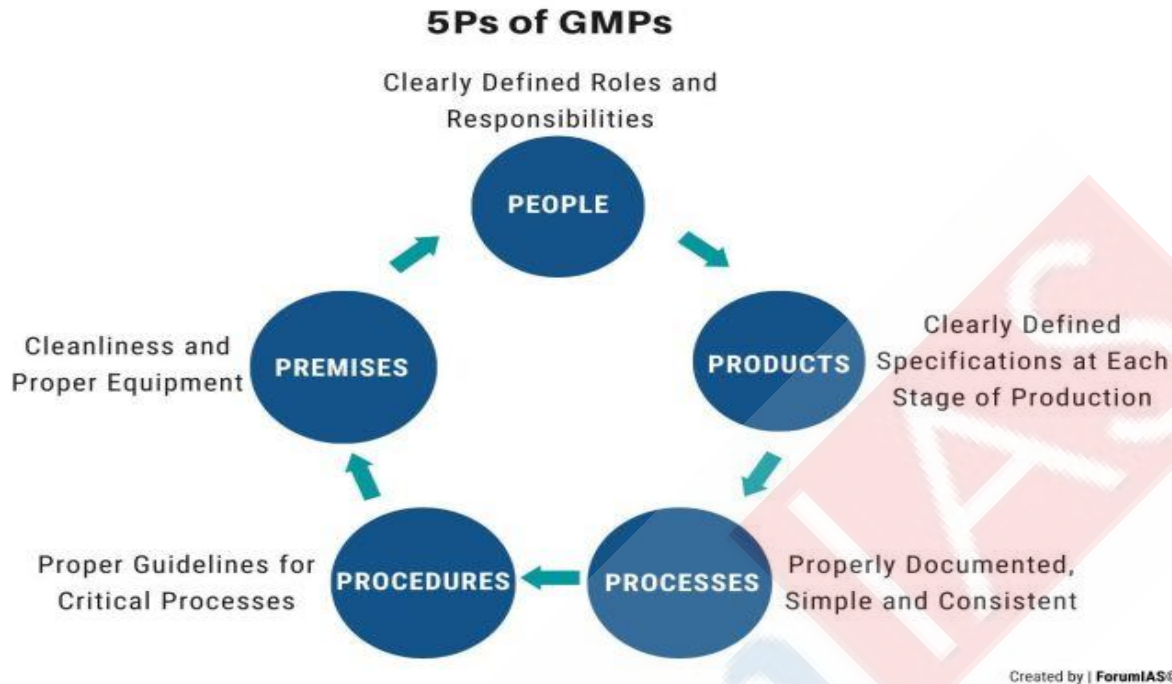
tablets, or liquids that can be adulterated. Therefore, treating a rusted part of a medical device as adulterated and a criminal offence is absurd.

**Fourth,** The new Bill **does not provide for the enforcement of provisions of good manufacturing practices (GMPs)**. GMPs are necessary to ensure quality of the pharmaceuticals. In the US, the drugs manufactured in a facility that fails to comply with GMPs is considered 'adulterated'. The US Drug Inspectors are mandated to publish their inspection reports. In contrast, the Draft Bill envisages no criminal penalties for pharmaceutical companies failing to comply with GMPs. At most, licenses may be canceled, but since inspection reports are never published, citizens have no idea if drug inspectors are conducting GMP compliance-related inspections.

## Good Manufacturing Practices (GMPs)

- According to the WHO, Good Manufacturing Practice (GMP) is a **system for ensuring that products are consistently produced and controlled according to quality standards**. It is designed to **minimize the risks** involved in any pharmaceutical production that cannot be eliminated through testing the final product.
- **Risks:** The main risks are:
  - Unexpected contamination of products, causing damage to health or death;
  - Incorrect labels on containers, which could mean that patients receive the wrong medicine;
  - Insufficient or too much active ingredient, resulting in ineffective treatment or adverse effects.
- **Scope:** GMP covers all aspects of production; from the starting materials, premises and equipment to the training and personal hygiene of staff.
- **Impacts:** GMPs ensure several benefits
  - Prevent unintended therapeutic effects.
  - Poor quality medicines are health hazards. GMPs avoid these hazards and save money.
  - Boost exports as most countries accept import and sale of only those medicines that have been manufactured to internationally recognized GMPs.

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**Fifth, India has 37 agencies along with the Central Drugs Standard Control Organization (CDSCO), for enforcing drug regulation across the country. The Bill does not address the need for a single regulator.** Critics argue that States such as Himachal Pradesh, which account for a bulk of pharmaceutical manufacturing on account of tax benefits for the industry, do a poor job in enforcing the Drugs and Cosmetics Act. The fear of scaring away investments by the pharmaceutical industry likely plays a key role in the State's decision to not enforce the law.

Drugs manufactured in Himachal Pradesh are sold across the country and even States with relatively more competent drug regulators can do little to stop the flood of these substandard drugs.

**Sixth,** the Bill is silent on this **critical issue of transparency** because it is structured largely on the basis of the original colonial-era legislation. It vests huge discretionary power in the hands of unelected bureaucrats with very few requirements of public disclosure.

#### What more can be done?

**First,** the **Mashelkar Committee** in 2003 had recommended centralizing drug licensing with the central regulator. This should be created for improving efficiency as witnessed in the U.S which has a single regulator.

**Second,** the Bill should have provisions for proactive disclosures related to critical documentation associated with regulatory decisions like disclosure of data related to new drug approval (including clinical trial data), GMP compliance data etc.

**Third,** Public hearings or citizen's petitions should be allowed to enable citizens to participate in the regulatory process and register their objections. For example, every drug approval process should be accompanied by a public hearing to allow doctors and ordinary citizens to question regulators and explain their rationale for approving the new drug.



**Conclusion**

The Drugs, Medical Devices and Cosmetics Bill has some promising provisions but also leaves critical gaps that must be addressed. The Government must address these gaps to make the law more holistic and inclusive in nature. A robust regulatory arrangement will further enhance the global standing of India's pharmaceutical industry.

Syllabus: Government policies and interventions for development in various sectors and issues arising out of their design and implementation, Issues relating to development and management of Social Sector/Services relating to Health

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

**The Supreme Court's Judgment on PMLA – Explained, pointwise****Introduction**

The Supreme Court, in the **Vijay Madanlal Choudhary and Ors versus Union of India** case, has upheld the provisions of the PMLA (Prevention of Money Laundering Act) and retained the powers of the Enforcement Directorate (ED). A number of petitions had been filed in the Supreme Court challenging the amendments to the PMLA Act through the Finance Acts. The petitioners claimed that these amendments would violate personal liberty, procedures of law and the Constitutional mandate. The Court said that the provisions pertaining to arrest and bail are reasonable and have direct nexus to the objectives of the Act. However, several experts have criticized the Judgment and raised concerns regarding misuse of the Act by the State.

**What is Money Laundering?**

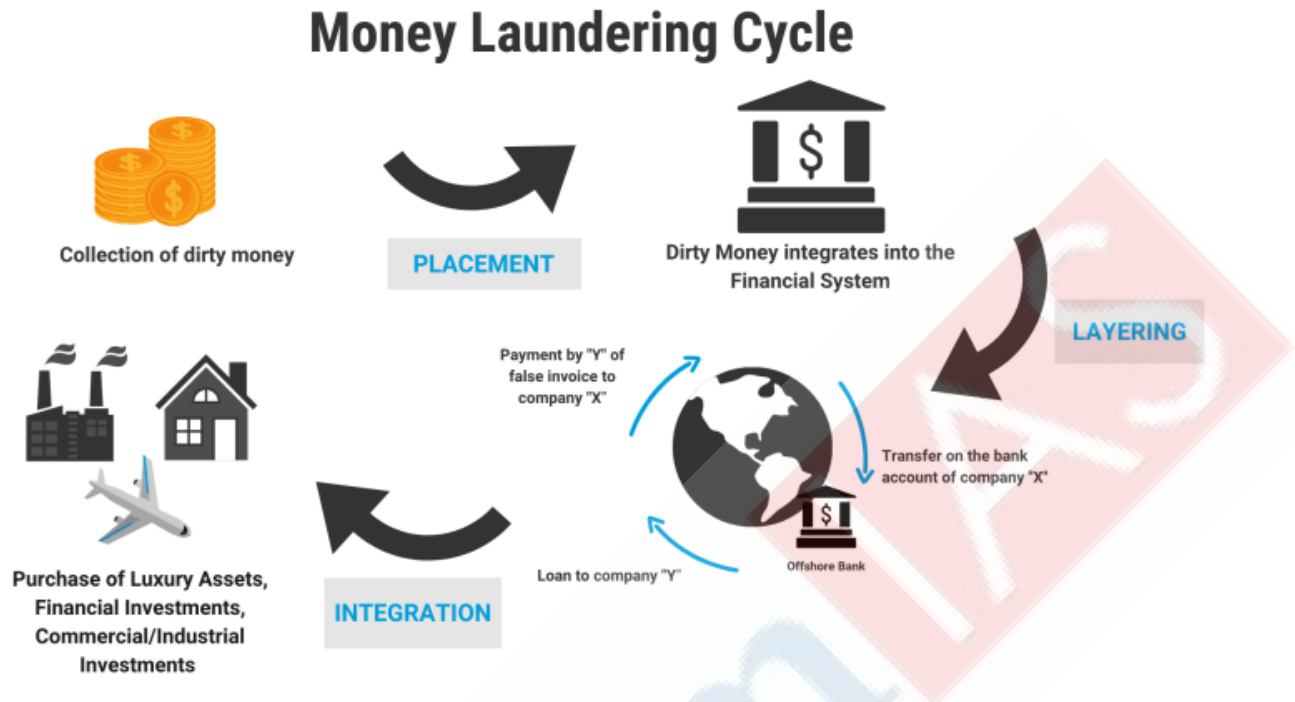
Money laundering is the **method adopted to mask the criminal proceeds to disguise their illegal origin**. Money laundering enables the criminal to enjoy these profits without jeopardizing their source. In a developing country like India, the main source of criminal proceeds could be corruption, extortion, blackmailing, illegal arms sales, smuggling, and the activities of organized crime. Other sources would include fraud, theft, insider trading, bribery and Ponzi schemes etc.

The possessors of the ill-gotten wealth devise clever methods to avoid attention and scrutiny of the law-enforcement agencies. They do so by disguising the sources, changing the form, or moving the funds to a place where they are less likely to attract attention. Money Laundering has been defined under the Article 3.1 of the **UN Vienna 1988 Convention** (United Nations Convention Against Illicit Traffic in Narcotics Drugs and Psychotropic Substances, 1988).

**UN Vienna 1988 Convention Article 3.1**

*"The conversion or transfer of property, knowing that such property is derived from any offense(s), for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in such offense(s) to evade the legal consequences of his actions"*

Money laundering is generally undertaken through a 3-step process: **(a) Placement:** The criminals place the proceeds of the crime into the normal financial system; **(b) Layering:** Money introduced into the normal financial system is layered or spread into various transactions within the financial system so that any link with the origin of the wealth is lost; **(c) Integration:** The benefit or proceeds of crime are available with the criminals as untainted money.



Source: United Nations Office on Drugs and Crime

### How has the legal framework to counter money laundering evolved Globally and in India?

Since the mid-1980s, there has been global concern over the proceeds of criminal activities such as drug-trafficking being 'laundered' or and used in financing terrorism.

The **UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances** adopted in Vienna in 1988 (Vienna Convention) was the first treaty that called upon nations to adopt domestic laws to combat drug trafficking. As part of these laws, countries were asked to prohibit the conversion or transfer of property gained through dealing in narcotics to conceal its illicit origin. India acceded to the Treat in March, 1990.

The **Financial Action Task Force (FATF)** was established in the G-7 Summit in Paris in 1989 in response to mounting concern over money-laundering. The Task Force made recommendations from time to time to strengthen laws on the subject.

The **UN Convention against Transnational Organized Crime of 2000** (Palermo Convention) also advocated legislative and other measures to combat organised crime, and specifically called for 'criminalizing the laundering of proceeds of crime'.

The **Prevention of Money Laundering Act (PMLA)** was enacted in 2002 and came into force in 2005. Its provisions **gave effect to India's obligations to abide by International Conventions**. The Union Government used this background to argue that PMLA provisions as well as subsequent amendments were valid and necessary to fulfil India's obligations to combat the menace of money-laundering.

In its verdict, the Supreme Court agreed with the Government's contention. *"Every provision in the 2002 Act will have to be given its due significance while keeping in mind the legislative intent for providing a special mechanism to deal with the scourge of money-laundering recognised world over and with the need to deal with it sternly"*.

## Salient Provisions of the PMLA

- Prevention of Money Laundering Act was enacted to deal with money laundering and has three main objectives:
  - Prevent and control money laundering.
  - Provide for confiscation and seizure of property obtained from laundered money.
  - Deal with any other issue connected with money-laundering in India.
- The **Enforcement Directorate** is empowered to conduct a Money Laundering investigation.
- The provisions of this act are applicable to **all financial institutions** like banks, mutual funds, insurance companies, and their financial intermediaries.
- According to the Act, there can be punishment of **imprisonment up to 3-7 years with fine up to INR 5 lakh.**

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### What is the SC Judgment on various Sections of the PMLA?

**Section 3:** The Section defines the offence of money laundering. In the original Act, to prove the offence of money laundering, the prosecution had to establish that: (a) The accused was in possession of proceeds of crime and concealing it; (b) The accused was projecting the proceeds as 'untainted property' (i.e., clean money gained through legitimate means). In 2012, the Act was amended to bring it in line with the recommendations of the FATF. The SC upheld the amendment, and observed that projecting proceeds as untainted property is no longer necessary and mere possession and concealment will suffice as crime. The Court held that **generating black money is also money laundering**, even without proof of actually laundering it or converting it to white money.

Further, the SC made it clear that the offence of money laundering gets triggered **only if there are proceeds of crime resulting from criminal activity relating to a scheduled offence** (mentioned in the Schedule to the Act). Absent proceeds of crime, the authorities cannot initiate any prosecution.

**Section 5, 8(4), 17 and 19:** Under this, the ED has discretionary powers to attach property of the accused, enter and search suspected property without judicial permission and power of arrest.

The Court rejected the notion that the ED has been given blanket powers of arrest, search of person and property and seizure. The SC said there were 'in-built safeguards' within the Act, including the recording of reasons in writing while effecting an arrest.

**Section 24:** The Section reverses the usual **burden of proof** in criminal law. In a PMLA case, **burden of proof is on the accused** to prove that the assets in question are not proceeds of a crime. The Court upheld this provision and said that this provision did not suffer from the "*vice of arbitrariness or unreasonableness*".

**Section 45:** The Section deals with the conditions of bail. The SC **upheld the stringent 'twin bail conditions'** required under the law for granting bail to an accused. It requires a court to hear the public prosecutor against the bail plea and reach a satisfaction that there are reasonable

grounds to believe that: **(a)** The accused is not guilty of the offense; **(b)** The accused is not likely to commit any offence while on bail.

The SC said that stringent bail conditions can be imposed in exceptional circumstances such as anti-terrorism laws, but cannot be manifestly arbitrary. The SC also relied on Article 39 of the Constitution to uphold the stringent bail conditions under PMLA. It is a part of the Directive Principles of State Policy that mandates the State to prevent concentration of wealth.

**Section 50:** The SC held that proceedings under Section 50 are an inquiry, not a criminal investigation. **ED officers are hence not police and CrPC rules for investigation do not apply to the ED.** Therefore, it is not mandatory for the ED to provide a copy of the Enforcement Case Information Report (ECIR) to the accused. For the same reason, **any statement recorded by the Directorate is admissible in evidence.**

#### What are the concerns associated with the SC Judgment?

**First**, in upholding the reverse burden of proof condition for grant of bail, the Court overruled its own order of November 2017 that had declared the bail criteria unconstitutional. In **Nikesh Tarachand Shah vs Union of India (2017)**, the Court had declared the 'twin test' of bail under PMLA as unconstitutional since it was manifestly arbitrary.

**Second**, the list of crimes included in the PMLA overrides similar crimes in other parts of the law. It can override the safeguards of the Criminal Code of Procedure.

**Third**, the burden of proof is on the accused. Given the long drawn process of criminal law in India, and the tough conditions associated with grant of bail, the process of proving innocence itself is the punishment.

**Fourth**, critics argue that International treaties are often used to override domestic rights safeguards. By fulfilling India's global commitment under the Vienna Convention, the Government has restricted civil liberties and the value of dissent.

**Fifth**, the conviction rate under PMLA is less than 0.5%. But every year thousands of cases are registered and people are arrested.

**Sixth**, there are also concerns that the provisions of the PMLA and the ED can be used by the Government to target political opponents.

#### What lies ahead?

**First**, the petitions had questioned the Amendments to the PMLA through Finance Act (Money Bill). The SC has referred the issue to the larger bench.

**Second**, various activists and organizations are contemplating filing review petition before the SC. There is possibility that the Judgment might be referred to a larger bench.

**Third**, setting up and strengthening institutions dealing with illicit money like the Directorate of Criminal Investigation Cell for Exchange of Information, Tax Research and Investigation Division of the CBDT is needed to reduce the menace of black money and money laundering.

#### Conclusion

Money laundering and its use in terror financing is a big security threat. However, critics argue that the stringent provisions of the PMLA are disproportionate to the threat and provide too much power to the ED. By upholding these provisions, the Court has diluted some well established principles of criminal law. Thus the verdict must be revisited.

Syllabus: GS II, Important Aspects of Governance; GS III, Money Laundering and its prevention

Source: [Indian Express](#), [The Hindu](#), [The Hindu](#), [Mint](#), [India Today](#)

## Issues faced by Jute Industry in India – Explained, pointwise

### Introduction

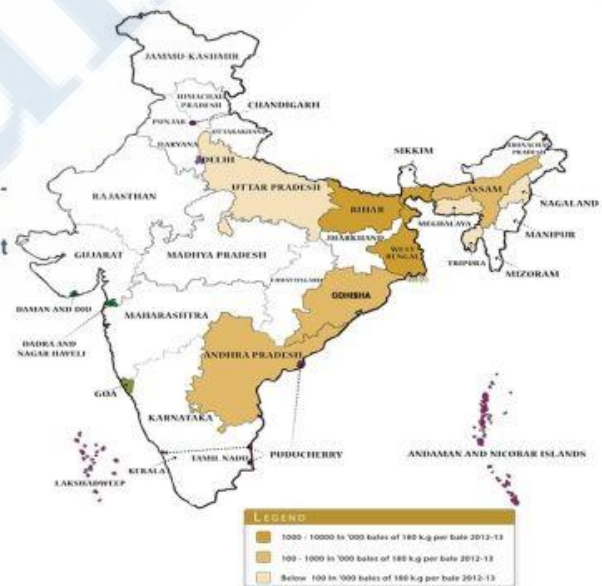
The Jute Industry in West Bengal is in a state of disarray. The area under jute cultivation has been falling and so is the price of jute. Several mills are on the verge of closure, putting the livelihood of thousands of people dependent on them in jeopardy. In contrast, the jute industry in Bangladesh is thriving, with Bangladesh accounting for 75% of global jute exports. The Member of Parliament from Barrackpore constituency recently met the Union Minister for Textiles to apprise him about the gravity of the crisis. The situation calls for a focused intervention by the Government to save the livelihoods of thousands of mill workers as well as farmers who are directly or indirectly dependent on the jute industry for their survival.

### What is the current status of the Jute Industry in India?

The Jute Industry in India is 150 years old. According to the Indian Jute Mills Association (IJMA), there are about 93 jute mills in India, of which 70 are in West Bengal. Of the 70, 54 are located in the three districts of North 24 Parganas (25), Howrah (15) and Hooghly (14).

## Some Facts About Jute

- Jute is the **2nd important fibre crop** in India, after cotton. Jute is in demand because of its softness, strength, lustre, uniformity of fibre and its cheap price.
- **Climate:** Jute requires hot and humid climate. It requires **24°C-35°C** temperature, **rainfall in the range 120-150 cm** with **80-90% humidity** in the period of growth. Large amount of water is required for growth and processing the crop after harvesting. **Light sandy and clayey soils** are the best for growth.
- **Jute Growing Regions:** They are largely concentrated in Eastern India. 5 States West Bengal, Bihar, Assam, Odisha and Andhra Pradesh account for 99% of Jute production.
- **Global Status:** India is the **largest producer of Jute** in the world with ~1.7 Million Tonnes production in 2019. **Bangladesh** closely follows India with ~1.6 MT production in 2019. China is distant 3rd.



Map Source: farmer.gov.in

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The factors behind present localization of the jute industry in Eastern India especially West Bengal are: **(a) Raw material:** West Bengal is the largest producer of jute and most mill are located there; **(b) Water supply:** High rainfall and presence of rivers ensure abundant water for processing raw jute; **(c) Easy Transportation:** The region is well connected by a good network of railways, waterways, and roadways to facilitate the movement of raw materials to the mills. Inexpensive water transport is also provided by the Hugli river; **(d) Labour:** Availability of cheap labour from West Bengal and the adjoining States of Bihar, Orissa, and Uttar Pradesh; **(e)**

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**Kolkata** as a port and large urban centre, provides banking, insurance, and port facilities for the export of jute goods.

### What is the significance of the Jute Sector?

**Multiple Uses:** It is used in insulation (replacing glass wool), packaging, geo-textiles, activated carbon powder, wall coverings, flooring, garments, rugs, ropes, gunny bags, handicrafts, curtains, carpet backings, paper, sandals and furniture. About 80% of the finished product – or B. Twill jute bag — is bought by the Government for packaging food grains and agricultural produce like sugar.

**Employment Generation:** Jute production is a labour-intensive industry. Jute sector provides direct employment to 3.7 lakh workers and support livelihood of more than 40 lakh farm families.

**Environment Friendly:** Jute provides a sustainable and environment-friendly alternative to single-use plastic. It is biodegradable and recyclable. Cultivation of jute improves fertility of soil if grown in crop rotations. It does not produce toxic gases while burnt.

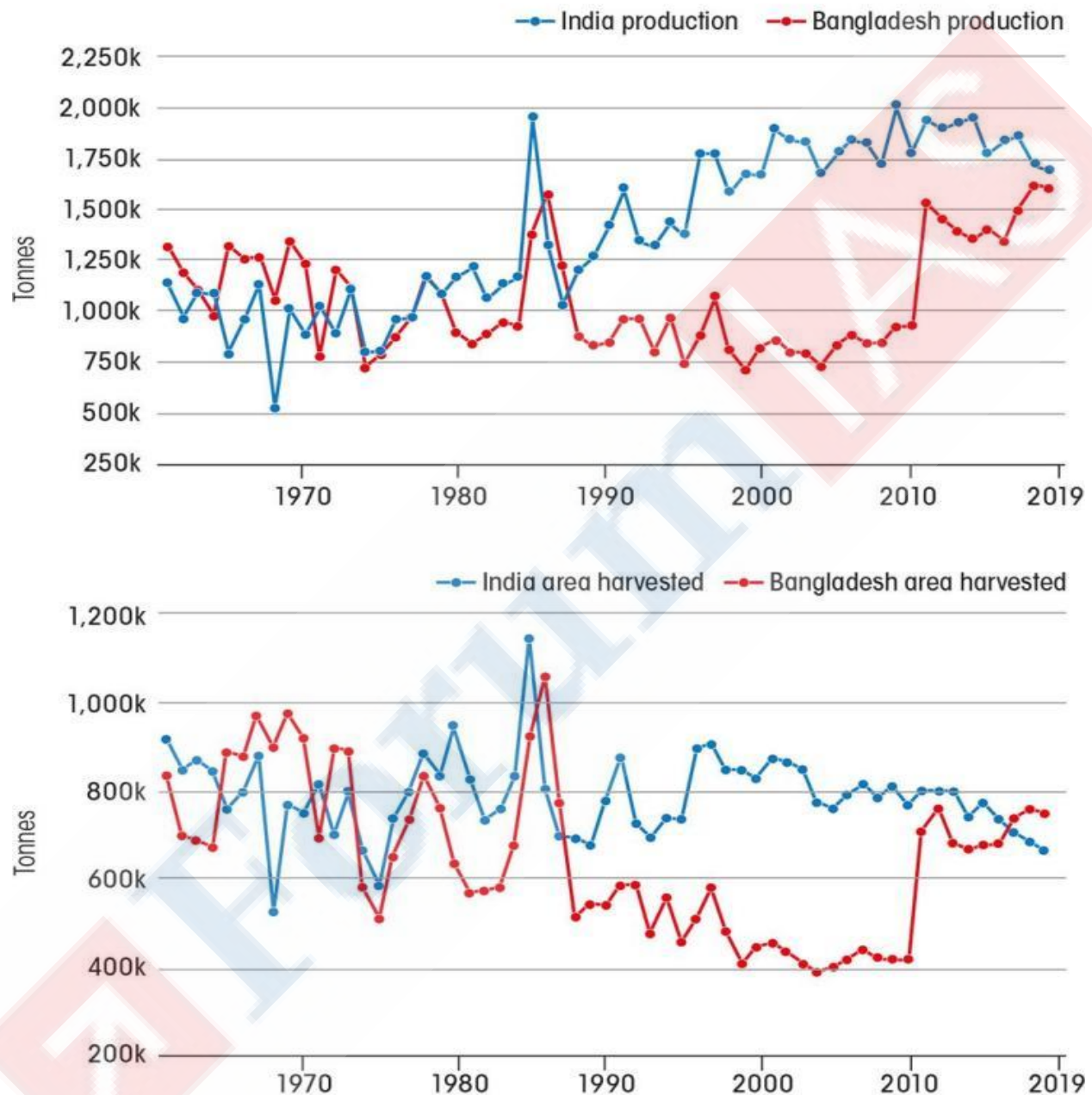
**Agriculture Development:** The sustenance of jute industry is crucial for jute cultivators. According to the Indian Jute Mills Association (IJMA), about 40 lakh farmers are associated with the production and trade of the golden fibre.

### What are the challenges faced by the Jute Industry?

**Stiff Competition:** India lags behind Bangladesh in producing superior quality jute fibre. Bangladesh accounts for 75% of global jute exports while India's share is only 7%. Even India imports jute products like yarn, floor coverings and jute hessian from Bangladesh.

## Study in contrast

Production and area under jute has declined in India in the past decade, but in Bangladesh the cash crop has shown a significant rise



Source: Food and Agriculture Organization

Source: Down to Earth

**Climate Change:** Intensified cyclonic activity in the region as a result of climate change has impacted production of jute e.g., In May 2020, Cyclone Amphan caused considerable damage to the crop. A report by the Commission for Agricultural Costs and Prices (CACP) said that a lower

quality of jute fibre was produced in 2020-21 due to the cyclone. Farmers had to harvest the crop prematurely due to water-logging.

**Availability of Cheap Alternatives:** Jute products costs higher than synthetic fibers and packing materials, particularly nylon and thus losing its market.

**High procurement cost:** The mills procure raw jute at higher prices than what they sell them at after processing. Mills do not acquire their raw material directly from the farmers, but instead through intermediaries due to cumbersome procurement process (many farmers are far-off from location of mills). The middlemen charge mills for their services which involve procuring jute from farmers, grading, bailing and then bringing the bales to the mills.

The government has a fixed Minimum Support Price(MSP) for raw jute procurement from farmers which is INR 4,750 per quintal for the 2022-23 season. However, jute reaches mill at INR 7,200 per quintal.

**Policy Issues:** The recent crisis began with the recent notification of Office of Jute Commissioner which capped the price of raw jute at INR 6,500 per quintal. However, mills are procuring material at INR 7,200; INR 700 more than the price cap on the final product. A mill owner in West Bengal estimated INR 12 Lakh loss per day forcing him to shutdown his mill. 10 mills have already closed down, and more mills are feared to follow suit.

Another issue is the **non-implementation of the Tariff Commission's report** for fair price of B. Twill jute bags (bought by the Government). At present, the bags are priced on the basis of provisional rates of 2016. The price was meant to last for only 6 months till Tariff Commission recommended new price. The Commission submitted report in March 2021 but it has not been implemented. This has led to a loss of INR 1,500 crore to the industry, according to jute mill owners.

The losses have hampered to ability of mill owners to invest in new machines/technology or undertake innovation to diversify the products.

**Raw material supply:** India is not self-sufficient in the supply of raw material. To meet the growing need of the industry, raw material is imported from Bangladesh, Brazil, and Philippines.

### How has Bangladesh improved its Jute Exports?

**First**, Jute produced in Bangladesh is of superior quality. This is because Bangladesh has favourable conditions that allow better retting of the crop. Under retting, jute bundles are kept under water at a depth of about 30 cm. This process gives the fibre its shine, colour, and strength. It should ideally be done in slow moving, clean waterbodies like rivers. But Indian farmers do not have access to such resources.

**Second**, Bangladesh provided 3-4 different kinds of subsidies to the jute industry. For instance, it gives 9-10% export subsidy for food-grade packing bags, which is much higher than India's 1.5-3% subsidy.

**Third**, Bangladesh has been successful in capturing the diversified jute products market, for which there is a huge international demand. India's major jute exports, in contrast, are sacking and hessian bags.

**Fourth**, jute production in Bangladesh is more cost competitive than India. This is because of lower procurement cost, lower wages and lower power tariffs etc. compared to India.



These factors provide a comparative advantage to Bangladesh vis-a-vis India in the export of jute products

#### **What steps have been taken to support the Jute Industry in India?**

**Jute-ICARE:** It was launched by National Jute Board (NJB) in technical collaboration with ICAR-Central Research Institute for Jute and Allied Fibers (ICAR- CRIJAF). The objective of the scheme is to support the small and marginal jute growers with adequate pre- and post-harvesting operations so that they can grow good quality jute & receive higher prices for their produce.

**Jute Packaging Material (Compulsory use in Packing Commodities) Act, 1987:** It mandates that 100% production of foodgrains and 20% sugar production must be packaged in jute bags.

#### **What steps are required to support the jute industry?**

**First,** the recommendations of the Tariff Commission's report should be implemented in order to cut the losses of mill owners and prevent their closure.

**Second,** focus can be placed on innovative products like the Jute Geo-Textiles (JGT). It can be made through the special treatment and weaving processes. JGT can be applied to many fields including soil erosion control, civil engineering, protection of river banks and road pavement construction.

**Third,** Diversification is key if India wants to make the jute market successful. Demand for diversified products has to be created even domestically. This can be a big boost for a plastic-free India as well. At present, 92% of the total domestic jute produced is used for packaging purposes and just 8% is for other products.

#### **Conclusion**

Bio-degradable, eco-friendly jute products have a very big international market. But there is an urgent need for the domestic jute market to diversify. The need of the hour is to upgrade and adopt new technology, new manufacturing standards and evolve with time. The Government must support the jute industry and enhance its competitiveness through appropriate policy interventions.

Syllabus: GS I: Factors responsible for the location of the primary, secondary and tertiary sector industries, GS III: Major crops, cropping patterns in various parts of the country.

Source: [Down to Earth](#), [The Hindu](#), [The Hindu](#)

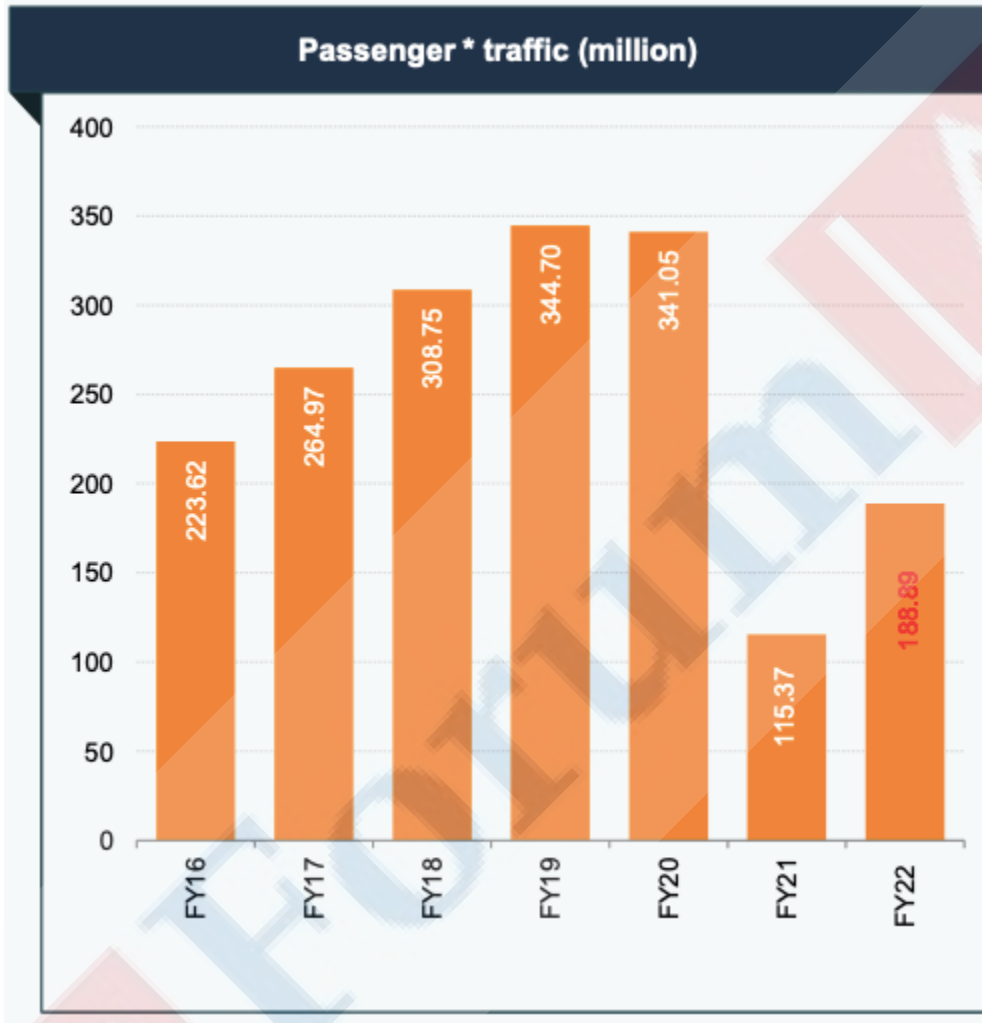
### **Aviation Sector in India: Status, Opportunities and Challenges – Explained, pointwise**

#### **Introduction**

Aviation is integral to equitable economic growth and for the economy to be globally competitive. The civil aviation sector in India has the potential to become one of the largest in the world. India has become the third largest domestic aviation market in the world and is expected to overtake the UK to become the third largest air passenger market by 2024. However, the sector is also facing some critical issues which are hindering its progress. While the aviation industry is still recovering from the aftermath of the pandemic, a spate of incidents related to safety has forced the Directorate General of Civil Aviation (DGCA) to step-in. Experts have also raised concerns about the financial health of the airline operators in India.

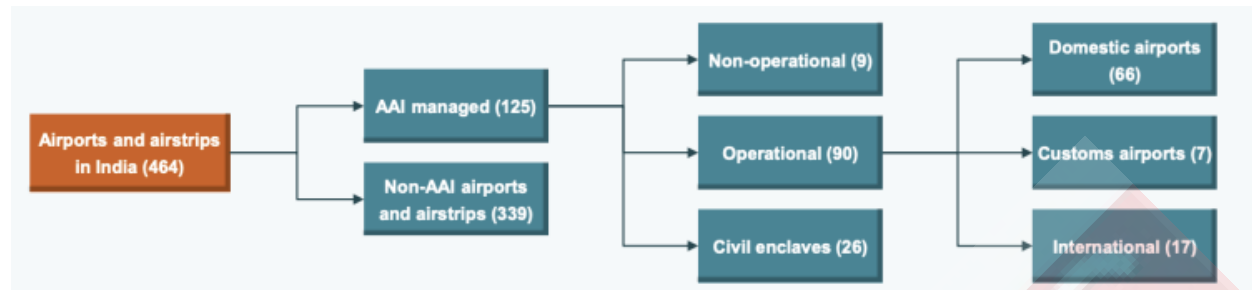
**What is the current status of the Aviation Sector in India?**

India is the 7th largest civil aviation market in the world and is set to become the world's 3rd largest by 2024. Total Passenger traffic (International + Domestic) had been constantly increasing before the drastic fall in FY2020-21 due to COVID-19. However, the recovery has been strong with 64% increase in traffic in FY2021-22 (with respect to FY2020-21). By 2036, India's total passenger traffic (International + Domestic) is expected to be 480 million surpassing combined traffic of Japan and Germany.



Source: India Brand Equity Foundation

There are 464 Airports and Airstrips in India, of which 125 are managed by the Airports Authority of India. India plans to open 100 additional airports by 2024.



Source: India Brand Equity Foundation

### Airports Authority of India (AAI)

It was established in 1994 under the Airports Authority Act. AAI is responsible for developing, financing, operating and maintaining all Government airports in India. The Aircraft Act (1934) governs the remaining airports.

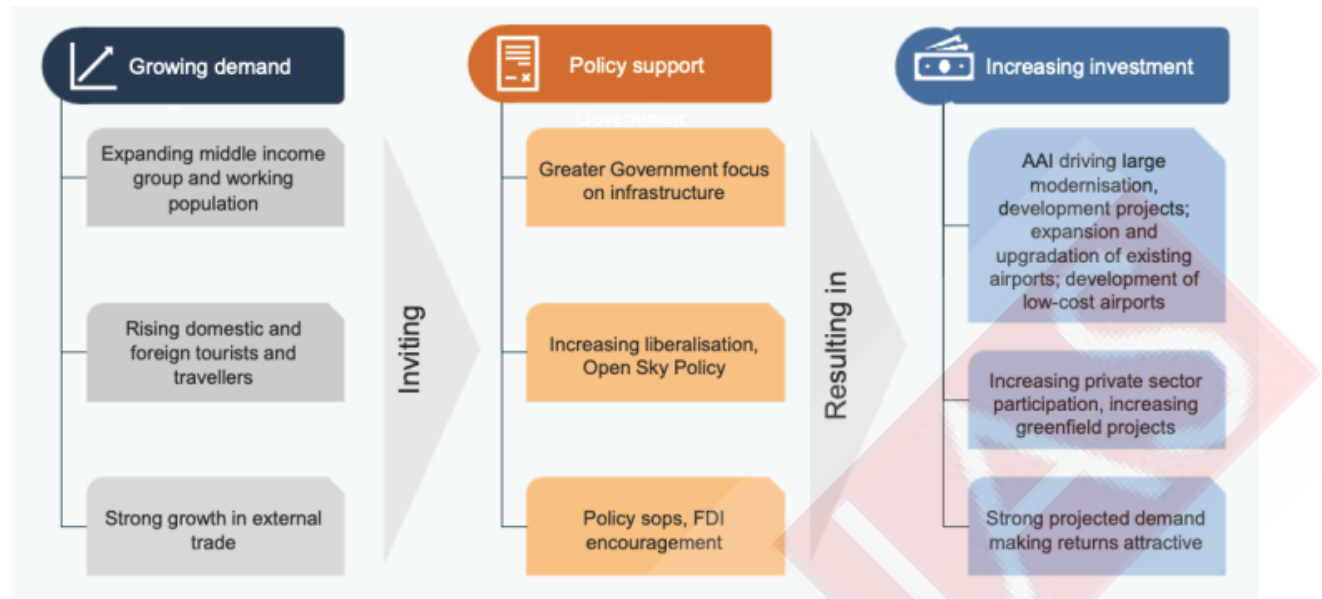
### What is the need to focus on the Aviation Sector?

**Robust Demand:** Rising working group and widening middle class demography is expected to boost demand for air travel. Emergence of business hubs like Mumbai (Finance), Bengaluru (IT), Chennai (IT), and Delhi (Manufacturing, IT) is likely to boost business travel as well. The passenger traffic is expected to increase manifold in coming years. Aviation sector will need 2,380 new commercial airplanes by 2038. In line with the anticipated demand, the Government has envisaged increasing the number of operational airports to 190-200 by FY40. This necessitates a focused approach towards boosting investments to support infrastructure in the sector.

Further, as India's international trade increases, the demand for cargo services will see a rise.

**Huge potential to develop India as an MRO hub:** As the aviation market expands, and number of aircraft increase, the demand for Maintenance, Repair and Operations (MRO) will also rise. (MRO centres can be considered as service centres for aircraft). India's MRO industry is expected to grow from US\$ 800 million in 2018 to more than US\$ 2.4 billion by 2028. Indian airline companies will spend over 12-15% of their revenues on maintenance, which is the second highest cost component after fuel. There is lack of adequate MRO facilities at present and India's share is only 2.5% in the Global MRO market.

**Regional Connectivity and Development:** Aviation sector will be crucial in ensuring balanced regional growth especially in rural and Northeast India. Aviation sector acts as a hub of various activities. The Airports function as a **growth pole**. They propel growth in the region as a result of spill-over & trickledown effect. The sector can give **boost to tourism sector** which in turn drives the supporting infrastructure in a region, like roads, railways, hotels, markets, etc. providing direct and indirect livelihood opportunities for the locals.



*Growth Drivers of India's Aviation Sector. Source: India Brand Equity Foundation*

### **What steps have been taken by the Government to support growth of the Aviation Sector?**

**Northeast India:** Over 30 airport development projects are under progress across various regions in Northeast India. AAI plans to develop over 20 airports in Tier-II and Tier-III cities in the next 5 years. It also plans to develop Guwahati as an inter-regional hub and Agartala, Imphal and Dibrugarh as intra-regional hubs.

**Greater focus on infrastructure:** AAI plans to invest INR 25,000 crore (US\$ 3.58 billion) in the next 5 years to augment facilities and infrastructure at airports. The Government is planning to invest US\$ 1.83 billion for development of airport infrastructure along with aviation navigation services by 2026.

**Liberalization and Open sky policy:** With the opening of the airport sector to private participation, 6 airports across major cities are being developed under PPP. Currently, 60% of airport traffic is handled under PPP, while the remaining 40% is managed by AAI. Participation by the private sector has improved the service levels and enhanced the passenger experience.

Increased traffic rights are being enjoyed under bilateral agreements with foreign countries. India has signed Open Sky Agreements with multiple nations like the US, Greece, Jamaica, Japan, Finland, Sri Lanka etc. An Open Sky Air Service Agreement allows for airlines from the two countries to have an unlimited number of flights as well as seats to each other's jurisdictions.

**National Civil Aviation Policy, 2016:** The policy covers 22 areas of the civil aviation sector. Under the policy, Airlines can commence international operations and will have to deploy 20 aircrafts or 20% of their total capacity (whichever is higher) for domestic operations. This will improve international footprint of India-based airline services.

**Regional Connectivity Scheme (RCS)/UDAN (*Ude Desh ka Aam Nagrik*)** has been launched under the policy. This has expanded access to air travel. In 2016, India's top 6 airports handled 66% of India's domestic air traffic. This has come down to ~55% in June 2022. This indicates shift of traffic pattern away from Metro routes.

**Taxes and duties:** 100% tax exemption has been provided for airport projects for a period of 10 years. Indian aircraft Manufacture, Repair and Overhaul (MRO) service providers are exempted completely from customs and countervailing duties. The Airport Authority of India plans to abolish royalty and offer steep discounts in lease rent to encourage MRO units to set up facilities at its airports.

**Union Budget 2022-23:** The Government has allocated INR 10,667 crore for the Ministry of Civil Aviation. INR 600 Crore has been provided for UDAN Scheme.

**Encouragement to FDI:** The Government has allowed 100% FDI under automatic route for greenfield projects, whereas 74% FDI is allowed under automatic route for brownfield projects. 100% FDI is allowed under automatic route in scheduled air transport service, regional air transport service and domestic scheduled passenger airline. FDI over 49% would require Government approval. FDI inflows in India's air transport sector (including air freight) reached US\$ 3.54 billion between April 2000-March 2022.

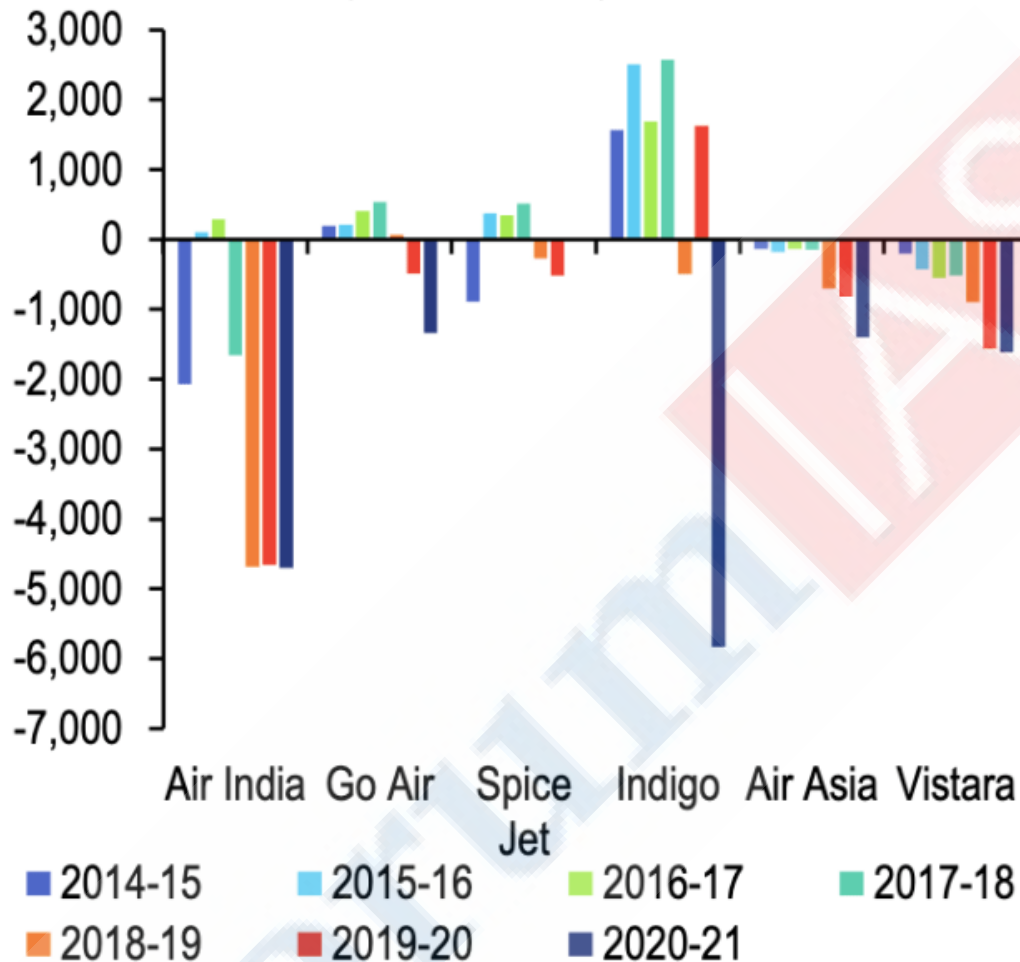
### What are the challenges faced by the Aviation Sector?

**Safety Concerns:** Last couple of months have witnessed several instances of malfunctions before/during flights resulting in diversions/delays. The malfunctions are being attributed to lower turnaround times by airlines to maximize profits after a pandemic-induced slowdown. Experts have argued that low-cost airlines (which dominate the sector) give low priority to maintenance in order to save costs e.g., many snag rectifications are being undertaken by technicians rather than qualified engineers.

Moreover, the ongoing Russia-Ukraine war has created shortage of spare parts, especially those containing titanium.

**Profitability of the Sector:** Most airline operators have poor financial health. The situation worsened during the COVID-19 pandemic due to lockdowns and flight restrictions. Consistent losses drive down number of operators impacting competition and efficiency. To reduce losses, operators increase turnaround times of aircraft and cut-down on maintenance/safety aspects.

## Operating Profit/Loss of major airlines in India (in Rs crore)



Source: PRS. Most airline operators have returned consistent losses since 2014. Only Indigo was profitable for 5 of the 6 years period between 2014-15 to 2019-20. During COVID-19 pandemic, the sector suffered huge losses.

**Absence of robust competition:** While the policy is being liberalized; still, there are stiff regulations which act as barrier to the expansion of the sector. According to Mr. GR Gopinath (founder of Air Deccan) **tough entry barriers** for new entrants reduce competition, **high fuel prices** on account of taxes reduce **profitability of airlines** which prohibit the sector from operating at full efficiency. Public sector airports are inefficient and still have a monopoly in the airport segment.

**Poor rural connectivity:** With mega airports controlling air and ground space, it is almost impossible to connect rural and small towns from the large metros. Although UDAN has showed some positive impact, regional connectivity still remain poor.

**Policy Lacunae:** There are many policy gaps that remain to be addressed e.g., the Aircraft Act, 1934 and Aircraft Rules, 1937 have not kept pace with modern technology in aerospace. This has increased costs to the industry and ultimately affected passenger growth.

#### What more steps can be taken going ahead?

**First,** the statutory regulatory authority, the Directorate General of Civil Aviation (DGCA) should be modernized, well-staffed and incentivised. Experts recommend that DGCA should be headed by aviation professionals rather than by bureaucrats from the government.

**Second,** The 'Start-up India' initiative must be promoted to the aviation sector. Young entrepreneurs are the driving force in hi-tech companies and disrupting many conventional businesses.

**Third,** Airport developers can now draw on wider revenue opportunities such as retail, advertising and vehicle parking. Future operators will benefit from greater operational efficiency due to satellite-based navigation systems like 'Project Gagan' which is in development phase.

**Fourth,** reforms should be undertaken in all areas of aviation for passenger airlines to grow. This includes air cargo, airports, aviation fuel taxes (State and Central, which in India are among the highest in the world) and Maintenance, Repair and Overhaul (MRO).

**Fifth,** since there are thousands of pilots and technicians unemployed in India, airlines should not look for foreign pilots and engineers as it can further push up the costs.

**Sixth,** there is a need to modify the India's Aircraft Act, 1934 and Aircraft Rules, 1937 as it is necessary to keep pace with modern technology in aerospace, growth of industry and passenger.

#### Conclusion

India has a huge aviation market with large untapped potential. There is a need for continuous support to the sector from the Government through appropriate policy interventions. This will benefit domestic economy, as well as enhance the global footprint of India's aviation sector, both in passenger and freight traffic.

**Syllabus: GS III, Infrastructure: Airports**

Source: [Indian Express](#), [Mint](#), [Mint](#), [The Hindu](#), [Business Standard](#), [IBEF](#)

### Issues with the Working of the PMFBY – Explained, pointwise

#### Introduction

The Union Agriculture Ministry recently announced that Andhra Pradesh has decided to rejoin the crop insurance scheme *Pradhan Mantri Fasal Bima Yojana* (PMFBY) from the ongoing kharif season. Andhra Pradesh was one of six states that have stopped implementation of the scheme over the last four years. The States had opted out citing various issues with the design and implementation of the Scheme.

Agriculture insurance is vital to provide income security to the farmers, and to achieve the Government's target to double farm incomes. However, since inception, the PMFBY Scheme has faced several issues; so much so that the Union Government had to undertake major revisions in the Guidelines in September 2018 and February 2020. Nevertheless, the Government has

shown flexibility in its approach and has addressed the concerns of Andhra Pradesh and persuaded to join back. Other States may follow suit.

### About the PMFBY Scheme

PMFBY is the flagship agriculture insurance scheme being implemented by the Union Government. It was launched in 2016 by the Ministry of Agriculture. The aim of the scheme is to provide **comprehensive insurance cover to the farmers against failure of crops** and help in stabilizing the income of farmers. The Scheme covers food crops, oilseed crops, commercial and horticulture crops.

According to the Union Government, PMFBY is the largest crop insurance scheme globally in terms of farmer participation and the third largest in terms of the premium.

The prescribed premium is 2% for Kharif Crops, 1.5% for rabi crops and 5% for commercial and horticulture crops. Balance of the actuarial premium (95%-98.5%) is shared equally between Union and State Governments. However, in 2020, the share of the Union Government was capped at 25% for irrigated areas and 30% for un-irrigated areas.

The Scheme was initially compulsory for the loanee farmers but has been made voluntary since 2020.

It is a **yield-based index scheme** and is implemented on an **area approach basis**. This approach is distinct from 'individual farm' based approach. Area based approach assumes that **villages are homogenous from the point of view of crop production**, whose annual yield and variability of crop production is similar. This approach is logical in the absence of granular level historical data of farm yields at individual farm levels.

The claims are worked out on the basis of shortfall in the actual yield vis-à-vis the threshold yield in the notified area e.g., if the long-term yield of rice in an area is 2.5 tonnes/hectare and a production has fallen to 1.5 tonne in a farm of 1 hectare due to drought, the claim will be on (2.5-1.5) tonne of rice.

The risks covered include: **(a) Yield Losses** (on standing crops) due to non-preventable risks like Natural Fire and Lightning; Storm, Hailstorm, Cyclone, Typhoon, Tempest, Hurricane, Tornado etc.; Flood, Inundation and Landslide; Drought, Dry spells; Pests/ Diseases etc.; **(b) Prevented Sowing** due to adverse weather conditions; **(c) Post-harvest losses**; **(d) Localized calamities** like hailstorm, landslide, and inundation affecting isolated farms in the notified area.



## Need for Agriculture Insurance

- According to the Ministry of Agriculture, Rainfed agriculture occupies about 51% of the net sown area and accounts for nearly 40% of the total food production in India.
- Rainfed agriculture is complex, highly diverse and risk prone.
- Due to lack of irrigation and other infrastructure, crop production is **prone to failures**. Besides the vagaries of weather over wide areas, there are a lot of **localized calamities** which can damage crops.
- Traditional ways to mitigate risks (like crop diversification) fail in extreme weather events. Looming threat of climate change will increase risk of crop failures.
- Insurance is necessary to provide **cover to farmers against the losses**.
- Agriculture insurance provides income security cushion to farmers and reduces the necessity to take loans. Thus insurance is crucial to **address the problem of farm indebtedness**.

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### What are the issues associated with the PMFBY?

Since the launch, **6 states have opted out** of the scheme viz., Gujarat, Bihar, West Bengal, Andhra Pradesh (joining back), Telangana and Jharkhand while Punjab had never joined. There are several reasons:

**First, Fiscal Burden on States:** The Scheme limits farmer's **share of actuarial premium** to 1.5-5%. The rest was to be **shared equally by the Union and State Governments**. However, in 2020 the Government **capped its share to 25%-30%** (irrigated and unirrigated areas respectively). This has increased the **fiscal burden** of States. Consequently, many States have opted out.

**Second, Delayed Pay-outs and Denial of Claims:** There are **frequent disputes** related to compensation. Farmers complain the compensation paid by insurance companies is less than the losses. There are **long delays in payments**, sometimes up to 18 months. **Yield-related disputes, delayed transmission of yield data and delay in release of their share in premium subsidy by State Governments** are the major reasons for delays in settlement of claims.

Farmers claim that the private insurers are not following the **assessment by the government officials based on Crop Cutting Experiments (CCEs)** and **rejecting many claims** on the basis of their own assessment.

*Note: CCEs are conducted just before harvest to assess crop loss by estimating average yield for all notified crops in the notified insurance units. Insurance companies are bound to settle the claims within two weeks of receiving the yield data.*

**Third, Implementation Issues:** Farmers face hurdles in uploading the documents and claiming damages as network connectivity is poor in rural areas.

Under the scheme, both Public and Private insurance companies bid their premium rates for a district in a State. The lowest bidder is awarded the contract to provide insurance under the scheme for **one agricultural season only**. This discouraged the companies from investing in that district in terms of awareness activities, assigning personnel or setting up offices. This led to farmer grievances.

In 2020, the Government has increased the contract duration to 3 years in one district (6 agriculture seasons). It is hoped that companies would set up help centres and employ more personnel to gather yield data and faster claim settlement.

**Fourth, Absence of Grievance Redressal Committees (GRCs): Only 15 States and UTs have notified GRCs** at both the State and District level, as mandated under the PMFBY scheme. Farmers are left with no resort in case of under-payment or delay in claim settlement.

**Fifth, Opposition from States:** States have cited multiple reasons for opting out e.g., Bihar Government wanted zero premium from farmers. Jharkhand left after the revised guidelines were issued in 2020 that mandated strict timeline for the State Government to pay their share of premium. Gujarat opted out because of high premiums quoted by the insurance companies. Telangana faced hurdles on payment of its share of premium which have been pending since 2018-19 season.

**Sixth, Opposition from Farm Leaders:** Farm leaders claim **insurance companies have made windfall gains** at the behest of the public exchequer and farmers. Data from Maharashtra show that Insurance companies often earn more in premiums than paid in claims. However, for some years the trend is opposite.

PMFBY IN MAHARASHTRA		
Year	Premium collected	Claims paid
2016-17	₹ 3,995.02 cr	₹ 1,924.72 cr
2017-18	₹ 3,544.33 cr	₹ 2,707.81 cr
2018-19	₹ 4,914.16 cr	₹ 4,655.46 cr
2019-20	₹ 4,925.57 cr	₹ 5,511.68 cr
2020-21	₹ 5,801.73 cr	₹ 823.19 cr*

\* Rabi claims for 2020-21 yet to be finalised

Source: Indian Express. The premiums collected far exceeded the claims in 2016-17 and 2017-18. However, the situation was reverse in 2019-20.

In several states, the claims have exceeded the gross premium. Between 2017-19, claims exceeded premiums collected in several state like Chhattisgarh, Haryana, Madhya Pradesh, Odisha, Kerala and Tamil Nadu. The Union Government replied in Rajya Sabha (July 2021) that, out of the total gross premium of INR 107,449 crore collected by the insurance companies in

four years (2016-17 to 2019-20) about INR 92,426 crore (86%) has been paid to farmers to settle insurance claims.

**Seventh, High Premiums:** Insurance companies tend to charge high premiums in order to ensure that claims do not exceed premiums collected. This is more common in areas more prone to crop loss.

Data from the PMFBY dashboard show that since 2016, there has been a 62% decrease in farmers covered under crop insurance during kharif season to 15.1 million in 2021, and 46% decrease during rabi to 9.2 million in 2021. Area insured has also reduced — 57% under kharif crops and 22% under rabi crops.

### What is the 'Beed Model' of Farm Insurance?

In March 2022, the Government of Maharashtra suggested the Union Government to adopt the Beed Model in the implementation of the scheme. Beed Model was first experimented in Beed district of Maharashtra in 2020.

Under this model, insurance companies provide **cover to an extent of 110% of the premium collected**. In case the claims exceed this amount, the **State government will bridge the extra amount**. In case the compensation amount is less than the premium collected, the **company will refund 80% premium surplus** (gross premium – surplus) to the State government and keep 20% for its administrative expenses.

Through this model, the windfall gains made by insurance companies can be checked. At the same time, in a particularly poor year, the Government will support by paying excess of claims over premium. This will ensure that Insurance Companies do not suffer from huge losses and remain interested in providing insurance coverage.

The profits of the insurance companies will be reduced and the **State governments would access another source of funds**. The reimbursed amount can lead to lower provisioning by the State for the following year. This will **help in financing the paying the bridge amount** in case of a year of crop loss.

# Working of the Beed Model

Beed Model is also called 80-110 Model and balances the interests of Insurance Companies and the Government.

## ✓ Claims exceed Premiums

Premiums Collected: INR 100  
 Claims: INR 125  
 Claims Paid by Insurance Company: INR 110  
 Amount Paid by the State Government: INR 15  
 (Bridge Amount)

## ✓ Premiums exceed Claims

Premiums Collected: INR 100  
 Claims: INR 60  
 Premium Surplus: INR 40  
 Premium Surplus retained by Insurance Company: 20%\*INR 40 = INR 8  
 Premium Surplus returned to the Government: INR 32

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### What is the way forward?

**First**, the Union Government should consult with State Governments and explore the possibility of replicating the Beed Model in the PMFBY.

**Second**; The Parliamentary Standing Committee on Agriculture had given several recommendations on reforming the Scheme. These include: **(a)** Using technology and the coordination of all institutional mechanisms to ensure faster claim settlement; **(b)** Implementing timeline for settlement of claims by insurance companies; **(c)** Uploading the contact details of officials insurance companies on the insurance portal so that they are accessible to farmers; **(d)** Penalising defaulting insurance companies in a time-bound manner; **(e)** Ensure the **formulation of GRCs in all States**. Nominate local public representatives (including Members of Parliament) in the Committees to ensure accountability.

**Third**, the disputes related to yields should be addressed by enhancing quality of yield data and making it readily available. State Government should also be prompt in release of their share of premium subsidy

Farm insurance is critical to provide income security to the farmers. The Union and State Governments must take appropriate steps to remove all the bottlenecks in the proper implementation of the scheme.

Syllabus: GS III, Issues related to direct and indirect farm subsidies.

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Source: [Indian Express](#), [Indian Express](#), [Hindu BusinessLine](#), [Down to Earth](#)

## China-Taiwan Crisis and its Implications for India – Explained, pointwise

### Introduction

The tensions between the US and China are at their worse in the recent times over the visit of Speaker of the US House of Representatives to Taiwan and the consequent China-Taiwan Crisis. China had been warning the US about grave consequences before the visit. Since the Speaker went ahead with her visit, China's People's Liberation Army is now conducting massive military drills in the Taiwan Strait. Although, the US has played down the visit and has called the visit a private affair of the House Speaker. The US has confirmed that nothing has changed about the US' 'One-China Policy' and the US does not support Taiwan's independence. Nevertheless, tensions in the Taiwan Strait will have profound implications for India as well. Some foreign policy experts have argued that it's time India should review its 'One-China' Policy amid tensions on the northern borders.

### About the China-Taiwan Dispute

The Taiwan dispute has roots in the early decades of the 20th century. After the collapse of the Qing dynasty and the revolution that made China a republic in 1911, there was a bitter power struggle between the nationalist Kuomintang (KMT) under Chiang Kai-shek and the Communist Party of China (CPC).

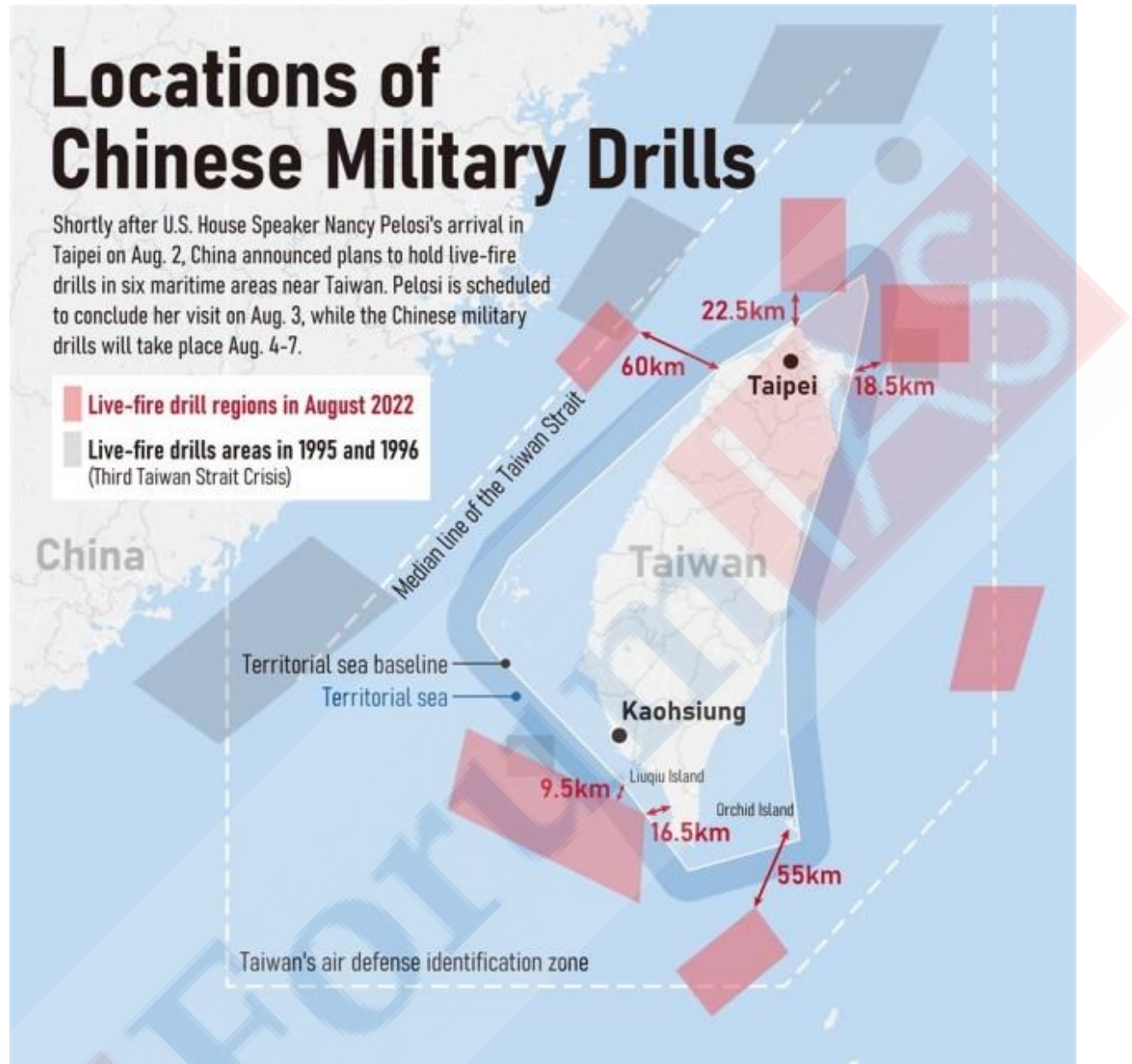
In 1927, after a massacre in Shanghai, the Communist Party rose up against the Kuomintang government, leading to a bloody civil war. The internal war was put on a pause during the World War II (WW II) and the Japanese invasion, but resumed again in full force after the WW II.

In 1949, the Communists under Mao Zedong won the war. The leaders of Kuomintang fled to the island of Taiwan, established Republic of China (ROC) Government and moved their capital from Nanjing to Taipei. The Communist Party took over mainland China and established People's Republic of China (PRC) Government. Taiwan was a Japanese Colony from 1895 to 1945. The Communist Party of China (CPC) views Taiwan as a renegade province and aims to unify it with Mainland China. Taiwan argues that it was never a part of the modern Chinese State (PRC).

The relationship between the two nations improved in the 1980s. In 1992, China's CPC and Taiwan's KMT leaders signed an understanding although there were differing interpretations regarding One-China.

However, in 1995-96 the two countries came close to a military conflict. Taiwan's President was steering the country's foreign policy away from the 'One-China' theory to a 'State-to-State' principle that meant China and Taiwan ought to engage as two separate States. Economic relations improved in late 1990s with the last Kuomintang government adopting a more Beijing-friendly position.

The relationship has soured since 2016. The main reasons are more aggressive nationalism under China's Xi Jinping and the firm stance of Taiwan's Tsai Ing-wen (President) regarding independence from China. The relationship is at a new ebb with the Speaker's visit and given rise to the current China-Taiwan crisis.



Source: Reuters

From 1949 to 1979, the US had recognised Taiwan (ROC) as China. However, when the US established ties with the Communist Party and the PRC, it recognised PRC as the 'sole legal Government of China'. and de-recognised Taiwan (ROC).

As of 2022, only 15 countries recognise the ROC. Even international inter-governmental bodies like the United Nations and the World Trade Organization don't officially recognise the ROC.

### What is the political significance of the US House Speaker's Taiwan visit?

The visit has reassured the US' allies of its commitment towards the Indo-Pacific. The visit further establishes Taiwan as a part of the US' Indo-Pacific strategy even though Taipei was not invited to be a part of the Indo-Pacific Economic Framework (IPEF).

The visit sends an important message to other countries in the Indo-Pacific that the US is indeed serious about Taiwan as part of its countering the China challenge.

### What are the reasons behind current China-Taiwan Crisis?

**First**, top leaders of Taiwan and China have shown a **contradictory stance over their relationship**.

**Taiwan's View:** It will not accept the China's use of 'one country, two systems' to downgrade Taiwan and undermine the cross-strait status quo.

**China's View:** Resolving the Taiwan question and realizing China's complete reunification is a historic mission. China calls for resolute action to utterly defeat any attempt towards Taiwan's independence.

**Second**, the Taiwanese have **democratically elected governments**, and greater prosperity and political rights, so they strongly oppose reunification. But formal secession would be costly because a Chinese law from 2005 warns of military action in case of secession.

**Third, Taiwan's legal status is a grey area**, despite China's rising global clout. Majority of countries don't recognise Taiwan (ROC) as a separate nation, but 15 nations do recognise it. This recognition challenges the notion of 'One-China Policy' and China fears that more nations will give recognition to Taiwan in future.

**Fourth, Taiwan-U.S closeness** is deteriorating China's relationship with Taiwan. While the US has long maintained strategic ambiguity, the previous US administration (under President Trump) broke with this diplomatic policy by engaging more directly with Taiwan, infuriating China.

### What is the status of India-Taiwan Relationship?

India **does not have formal diplomatic ties with Taiwan yet**, as it follows the **One-China policy**. However, during the Chinese premier's visit to India in December 2010, India did not mention support for the One-China policy in the joint communique. There has been no official mention of One-China since then. In fact, the ambassador of Taiwan was invited to the Official inauguration of the Government of India after the 2014 General Elections.

While following the One-China policy, India has an office in Taipei for diplomatic functions — India-Taipei Association (ITA) is headed by a senior diplomat. Taiwan has the Taipei Economic and Cultural Center (TECC) in New Delhi. Both were established in 1995.

India-Taiwan ties focus on commerce, culture and education. Although the relationship is its third decade, the ties have been kept low-profile deliberately, owing to China's sensitivities e.g., Parliamentary delegation visits and legislature-level dialogues have stopped since 2017, around the time the India-China border standoff happened in Doklam.

However, more recently, India has tried to play up its relationship with Taiwan, as its ties with China have been strained. In August 2020, the Government formally condoled the death of former President of Taiwan, Mr. Lee Teng-hui. He was described as 'Mr. Democracy'; a political message directed to China (with poor democratic credentials). The present Taiwanese Government is keen on expanding areas of cooperation with India as it is one of the priority countries for Taiwan's New Southbound Policy.

Till now, the relationship had largely been an economic and people-to-people relationship. However, amid rising tension with China, India and Taiwan are paying attention to bolster their ties.

### **What are the implications of China-Taiwan Crisis?**

**First**, Taiwan is the world's leading chipmaker, and home to **Taiwan Semiconductor Manufacturing Corporation (TSMC)**, which holds 90% of the market for advanced chips that power computers and phones. Disruption in the exports of chips will lead to global shortage of electronic goods and appliances, automobiles and other manufacturing industries dependent upon semiconductor chips.

**Second**, it will lead to **militarization of the region**. China has started its military operations against Taiwan while the U.S stationed four warships close to the East of Taiwan. The intensification of the situation may invite more players to the conflict and fuel more militarization.

**Third**, any extreme military action and forced annexation attempt might result in a **Russia-Ukraine-like conflict**. This will be detrimental for the global economy, which is already facing recession fears amid the war in East Europe.

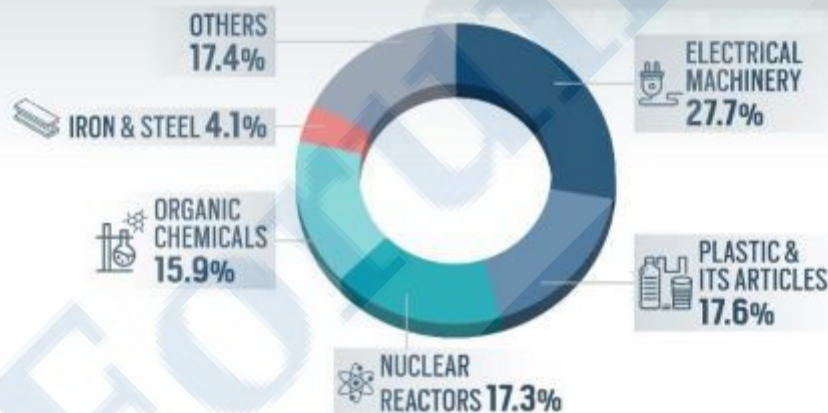
**Fourth**, India's trade with Taiwan has risen rapidly in the last decade. India imports iron and Steel, electrical machinery, electronics and chemicals among other things from Taiwan. Disruption in the India-Taiwan trade and a global recession will further add to domestic inflation and slowdown economic growth.



## INDIA'S RISING IMPORTS FROM TAIWAN



### % of total imports in 2021-22



Source: Department of Commerce, India  
Graphics: Samrat Sharma & Mudita Singh



Source: India Today

### What lies ahead?

**First**, China can intensify its attacks on and around Taiwan's territory. It will only worsen the China-Taiwan Crisis. There were cyberattacks on Taiwanese government websites. Exports of some limited items from Taiwan has also been banned by China. There have been encroachments into Taiwan's Air Defence Identification Zone.

**Second**, the western countries may impose sanctions on China if it continues its intrusion in Taiwan's territory. It is doubtful if China can withstand economic sanctions at this stage as it already needs to stabilize its rapidly nosediving economy. An indication of political and economic

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response by the Western Governments in the form of economic sanctions, in case China doesn't reduce its aggression, can send a message to China.

**Third**, India should try its best to be part of all attempts to scale down the crisis situation without getting drawn into the vortex of the flashpoint.

Greater economic partnership with Taiwan should be followed up by encouraging the domestic manufacturing sector, removing all impediments, liberalizing tax laws and strengthening the supply chain mechanism.

**Fourth**, some foreign policy experts argue that India must be more forthright in its criticism of Chinese aggression on India's borders. A small nation like Taiwan withstood immense pressure and went ahead with the Speaker's visit with high-profile meeting. India on the other hand, continues to downplay border stand-off with China domestically as well as at international fora. The fear of disruption in economic ties may be unfounded, as China is stand to lose more than India if trade ties are cut-off.

**Fifth**, India should also focus on finding alternate destinations of critical import/export items that are traded with Taiwan as escalation of conflict can choke the supply. Amongst them, the most critical item is semiconductor chips.

### Conclusion

For the international community, it is vital to consider the meaning of isolation of Taiwan. It means an aggressive and emboldened China and greater chances of China invading Taiwan. This situation can't be beneficial for geo-political stability of the region and maintenance of international order.

**Syllabus: GS II, Effect of Politics of Developed and Developing Countries on India's Interests.**

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

## India's New Climate Targets (INDCs) – Explained, pointwise

### Introduction

The Union Government has revised India's INDCs (Intended Nationally Determined Contributions) under the Paris Agreement. The Paris Agreement is a global treaty wherein some 200 countries have agreed to cooperate to reduce GHG emissions and rein in the climate change. The Agreement seeks to 'limit global warming to well below 2°C, and preferably to 1.5°C, in comparison to the pre-industry levels'. According to the Paris Agreement's provisions, countries must 'update' their pledges every 5 years to make higher commitments to greenhouse gas (GHG) emissions reductions. In this regard, the Government has given approval to India's New Climate Targets. The pledge will lay out India's clean energy transition pathway from now through 2030 and will be communicated to the United Nations Framework Convention on Climate Change (UNFCCC).

### About India's INDCs

India had submitted its first pledge in 2015. India's first pledge had three primary targets: **(a)** Reduce emissions intensity of the economy by 33–35% below 2005 levels; **(b)** Have 40% of

installed electric power from non-fossil-based energy resources by 2030; **(c)** Create an additional (cumulative) carbon sink of 2.5-3 gigatonnes of carbon dioxide equivalent (GtCO<sub>2</sub>e) by 2030 through additional forest and tree cover.

### What are India's Updated INDCs?

In 2021, the Prime Minister of India had announced a new 5-point set of targets at COP-26 (*Panchamrit*) **(a)** India will increase its non-fossil fuel energy capacity to 500 gigawatt (GW) by 2030; **(b)** It will meet 50% of its energy requirements from renewable sources by 2030; **(c)** The total projected carbon emissions will be reduced by 1 billion tonnes from now through 2030; **(d)** The carbon intensity of its economy will be brought down to less than 45%; **(e)** India will achieve its target of **Net Zero by 2070**.

**Read More:** [India announces new climate targets at COP26 – Explained, pointwise](#)

A press statement on August 3 confirmed that 2 of these, viz. Reduction in Emission Intensity by 45% and Achieve 50% cumulative electric power installed capacity from non-fossil fuel-based technology by 2030, were upward revision of existing targets and would become part of India's INDCs.

The notable change from COP-26 declaration is that the 50% installed power capacity target will now be from non-fossil sources, which include large hydropower and not just from renewable energy (RE) sources like solar and wind.

The statement issued by the Government also noted that the Net Zero is a long-term target and does not qualify to be included in the NDCs which seeks five to 10 year climate targets from countries.

The remaining two targets linked with carbon intensity and carbon sink, announced at Glasgow COP-26, have not been converted into official targets. But these are closely linked with others, and any progress on official targets would get reflected in these goals as well.

India's INDCs do talk about the need for low-cost international finance and transfer of technology, but do not make achievement of targets contingent on their availability.

### What has been the progress regarding India's INDCs?

India's emissions intensity was **24% lower than the 2005 levels in the year 2016** itself, the latest year for which official numbers are available. It is very likely that the 33 to 35% reduction target has already been achieved, or is very close to being achieved. A further reduction of 10-12% from here, to meet the new target, does not appear too challenging.

The other target (having at least 40% of electricity coming from non-fossil fuels) has officially been reached. According to the latest data from the Ministry of Power, **41.5% of India's current installed electricity capacity** of 403 GW is now powered by non-fossil fuels. Renewables (wind, solar and others) alone account for more than 28% of this capacity while hydropower contributes over 11%.

### What is the significance of India's New Climate Targets?

**First**, it demonstrates India's commitment at the highest level for decoupling of economic growth from greenhouse gas emissions (GHGs).

**Second**, it takes forward the Prime Minister's vision of sustainable lifestyles and climate justice to protect the poor and vulnerable from adverse impacts of climate change. The Prime Minister

had proposed a 'One-Word Movement', to the global community; [LIFE i.e. Lifestyle For Environment](#).

**Third**, the updated INDCs also represents the framework for India's transition to cleaner energy for the period 2021-2030.

**Fourth**, the updated framework, together with many other initiatives of the Government will provide an opportunity for enhancing India's manufacturing capabilities and enhancing exports. It will lead to an overall increase in green jobs.

#### **Why have the other two targets been dropped?**

The 500 GW non-fossil fuel electricity capacity target for 2030 is not easy. Of the current installed capacity of 403 GW, over 236 GW, or 58.5% comes from fossil fuel sources, while non-fossil fuels make up only 167 GW. Capacity additions from non-fossil sources would have to **triple in the next 10** years to reach the 500 GW target.

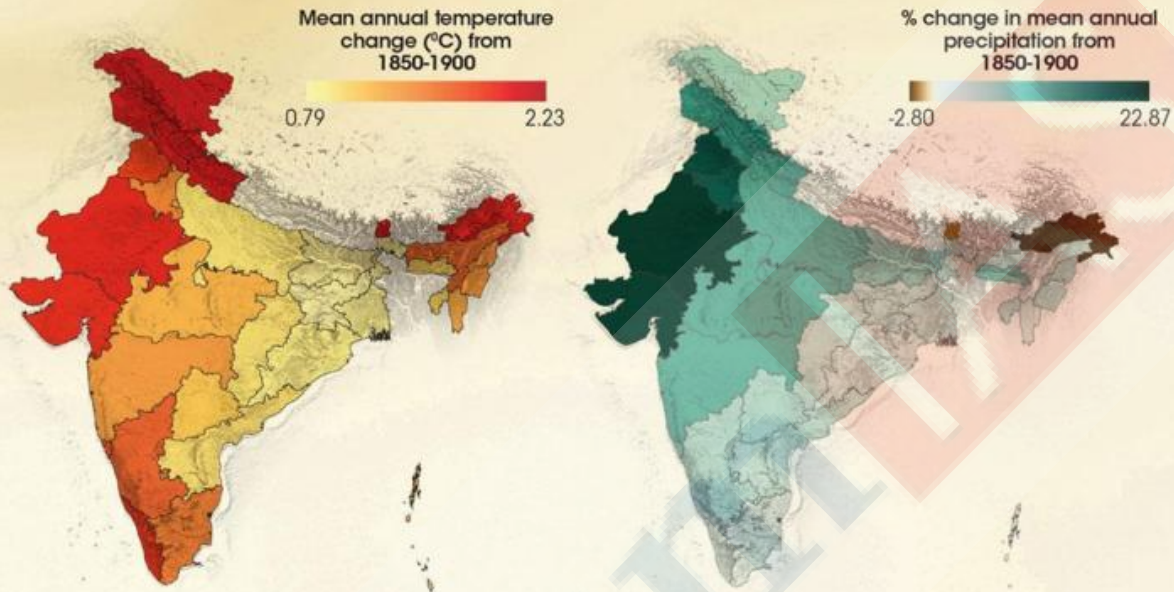
The promise to reduce at least one billion tonnes of carbon dioxide equivalent from the cumulative projected emissions till 2030 has been even more problematic. India does not have any official projection of its emissions in 2030. The emissions pathway from now to 2030 is also not clear. In the **absence of a baseline, the target would have been meaningless**.

#### **What would be the adverse impacts of 1.5 degree temperature rise on India?**

According to a study undertaken by the Centre for Science and Environment (Down to Earth) based on the information released by the IPCC Assessment Report 6 (Working Group I); **(a)** India could become 1.2°C warmer and receive almost 10 per cent more rainfall every year; **(b)** Ladakh is likely to be the worst hit (2.23°C warmer). Annual mean temperatures may rise in five other Himalayan states / UTs by more than 1.5°C (Refer image). Arid Rajasthan and Gujarat will likely see 1.43°C and 1.33°C increases respectively in annual average temperatures; **(c)** The temperature rise is most likely to trigger the **rapid melting of glaciers and precipitation change**; **(d)** The northern and western parts of India will likely be more vulnerable than the eastern part, in terms of temperature rise; **(e)** The warmer temperatures may translate into an **increase in the number of days of heatwaves**. Rajasthan can record 13 additional days with temperatures beyond 40°C, followed by Delhi, Gujarat (12 additional days each), Telangana (10 additional days) and Andhra Pradesh (8 additional days); **(f)** Most of India is **expected to see an increase in rainfall**, the distribution of this increase is likely to be uneven. The maximum increase in rainfall is expected in northwestern India. Rajasthan can receive up to 22.87% more rain than the 1850-1900 average, followed by Gujarat with 22.16% and Punjab with 20.54%.

## India in a 1.5°C warmer world

Northern and western parts of the country are likely to see a drastic increase in annual average temperature and precipitation; a moderate rise in eastern parts



	Mean annual temperature change (°C)	Annual precipitation change (%)		Mean annual temperature change (°C)	Annual precipitation change (%)
Andaman & Nicobar	1.14	-0.19	Lakshadweep	1.23	7.84
Andhra Pradesh	1	4.19	Madhya Pradesh	1.07	11
Arunachal Pradesh	1.47	-2.8	Maharashtra	1.16	10.84
Assam	1.21	1.45	Manipur	1.16	4.98
Bihar	0.81	8.04	Meghalaya	1.04	8.81
Chandigarh	1.26	18.17	Mizoram	1.12	2.65
Chhattisgarh	1	3.99	Nagaland	1.16	5.29
Dadra & Nagar Haveli	1.2	19.77	Odisha	0.9	2.5
Delhi	1.1	16.26	Puducherry	1.06	3.19
Goa	1.25	8.83	Punjab	1.27	20.54
Gujarat	1.33	22.16	Rajasthan	1.43	22.87
Haryana	1.17	19.41	Sikkim	1.55	-1.76
Himachal Pradesh	1.73	13.92	Tamil Nadu	1.18	1.68
Jammu & Kashmir	1.76	13.51	Telangana	1.05	5.41
Jharkhand	0.79	4.56	Tripura	1.03	4.87
Karnataka	1.21	5.32	Uttar Pradesh	0.98	11.18
Kerala	1.31	2.01	Uttarakhand	1.62	11.72
Ladakh	2.23	6.23	West Bengal	0.81	4.11

Note: State-wise temperature and rainfall deviation calculated for a period when the global temperature increases by 1.5°C from 1850-1900 average.

Source: Down to Earth analysis of the IPCC Working Group I Interactive Atlas. The raw data is based on CMIP6 modelling for 1.5°C warming from 1850-1900 on the SSP5-8.5 pathway

Source: Down to Earth. Impact of Global Warming on India's Average Temperature and Precipitation.

### What is the criticism of India's INDCs?

The Paris Agreement advocates revision of the INDCs every 5 years to nudge the countries to continually improve their self-determined ambition. Hence the revised INDCs should reflect more aggressive targets compared to earlier targets. However, critics argue that India's revised INDCs do not result in significant improvement over earlier target.

**First**, India's 2015 INDCs contained a target to create new forest cover capable of absorbing 2.5 billion tons of carbon from the atmosphere by 2030. However, this has been dropped from the new INDCs altogether. This was an ambitious target. Critics argue that there was little clarity on its actual scope and it was dropped because India was unlikely to meet it.

**Second**, India's emission intensity had already fallen by 24% (of its 2005 levels) by 2016. The new target of 45% is thus not a significant improvement, but more of 'business-as-usual' target, because this reduction can be achieved without any significant enhancement in climate action.

**Third**, India hasn't made the target of 500 GW non-fossil fuel electricity by 2030 as official target. This shows continued dependence on coal for power generation in the near future.

Environmentalists are saying that India has dropped the tough-to-achieve targets from its INDCs.

### What should be the approach going ahead?

**First**, No developed economy has declared INDCs reflecting their 'fair share' to historic emission. Neither has the climate finance target been met. Developed countries must accept historical responsibility and provide financial resources to the developing countries based on equity and justice principle. Experts say India needs US\$ 1.4 trillion over next 2 decades to decarbonize its energy sector. Developed countries must step-in here.

**Second**, India's PAT Scheme (Perform, Achieve, Trade) has proven to be ineffective in curbing emissions from energy intensive sectors. According to a study, the emission reduction under the scheme has been only 1.57% and 1.44% over the two cycles. The scheme must be revised, and there should be sector-specific targets. This would make the scheme more effective to realise the actual emission reductions.

**Third**, countries must switch to **Green GDP or Green Accounting** in order to decrease damage to the environment.

**Fourth**, Adaptation efforts must go hand in hand with ambitious reductions in greenhouse gas emissions. As with increased warming, the effectiveness of many adaptation options declines. In this regard, the successful local level adaptation plans in cities such as Surat, Bhubaneswar and Indore can be adopted. They have enabled its people to make cities resilient to climate change.

**Fifth**, the general public should be made more aware towards climate change by taking support of NGOs. Lifestyle for Environment (LIFE) must become a popular movement.

**Read More:** [Breathing LiFE into the climate narrative](#)

### Conclusion

India's INDCs do not bind it to any sector specific mitigation obligation or action. India's goal is to reduce overall emission intensity and improve energy efficiency of its economy over time. At

the same time, India aims to protect the vulnerable sectors of the economy and segments of our society.

Syllabus: GS III, Conservation, Environment Pollution and Degradation

Source: [Down to Earth](#), [Down to Earth](#), [Down to Earth](#), [Indian Express](#), [PIB](#), [The Diplomat](#)

### Data Protection Framework in India – Explained, pointwise

#### Introduction

The Union Government has withdrawn the Personal Data Protection Bill, 2019 from the Parliament. The Government has said that it is considering a ‘comprehensive legal framework’ to regulate the online space. This includes bringing separate laws on data privacy, the overall Internet ecosystem, cybersecurity, telecom regulations, and harnessing non-personal data to boost innovation in the country. The Government has withdrawn the Bill after nearly 4 years of the Bill being in the works. It had gone through multiple iterations, including a review by a Joint Parliamentary Committee (JPC). The Bill had faced major pushback from a range of stakeholders including big tech companies (like Facebook and Google), privacy and civil society activists.

The Joint Committee of Parliament had proposed 81 amendments to the Bill and gave 12 recommendations on creating a comprehensive legal framework for the digital ecosystem in India. The Government will consider the report of the JPC and work on the new framework.

#### Timeline of the Personal Data Protection Bill



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#### What were the key provisions of the Personal Data Protection Bill, 2019?

**Personal data definition:** The Bill defined ‘personal data’ as any information which renders an individual identifiable. Also, it defined data ‘processing’ as collection, manipulation, sharing or storage of data.

**Territorial applicability:** The Bill included the processing of personal data by both government and private entities incorporated in India. It also covered the entities incorporated overseas if they systematically deal with data principals within the territory of India.

**Grounds for data processing:** The Bill allowed data processing by fiduciaries if consent was provided by the individual.

**Sensitive personal data:** It included passwords, financial data, biometric and genetic data, caste, religious or political beliefs. The Bill specifies more stringent grounds for the processing of sensitive personal data, such as seeking explicit consent of an individual prior to processing.

**Data Protection Authority:** The Bill provided for the establishment of a Data Protection Authority (DPA). The DPA would have been empowered to: **(a)** Draft specific regulations for all data fiduciaries across different sectors; **(b)** Supervise and monitor data fiduciaries.

**Cross-border storage of data:** The Bill stated that every fiduciary shall keep a 'serving copy' of all personal data in a server or data centre located in India.

**Transfer of data outside the country:** Personal data (except sensitive personal data which is 'critical') may be transferred outside India under certain circumstances.

**Read More:** [Draft Personal Data Protection Bill – Explained, pointwise](#)

#### What was the criticism of the Bill?

**First**, the technology companies had questioned a proposed provision in the Bill called **data localisation**. Under this, it would have been mandatory for companies to store a copy of certain sensitive personal data within India, and the export of undefined "critical" personal data from the country would be prohibited.

**Second**, the activists had criticized the provisions that allowed the Union government and its agencies **blanket exemptions** from adhering to any and all provisions of the Bill.

#### What were the recommendations of the Joint Parliamentary Committee?

The JPC had called for expanding the scope of the proposed law to **cover discussions on non-personal data**. It had thus changed the mandate of the Bill from personal data protection to broader data protection. Non-personal data are any set of data that does not contain personally identifiable information.

It had recommended changes on issues such as regulation of social media companies, and on **using only "trusted hardware" in smartphones**, etc.

It proposed that **social media companies that do not act as intermediaries** should be treated as content publishers — making them liable for the content they host.

#### What is the need for Data Protection Law in India?

**First**, India has one of the **highest numbers of data breaches** each year and many sites, both government and private, suffer from data losses and leaks. Recently, data of almost 28 crore Indian citizens registered in the Employees' Provident Fund Organization (EPFO) were leaked online. This included sensitive information like full name, nominee details, Aadhaar details, bank account details, etc.



**Second**, With a billion population, India has the second highest internet user base in the world. India has 450 million internet users and is expected to increase up to 730 million by 2020. Therefore, a strong data protection law is needed to protect their personal data.

**Third**, for efficient management of data in the age of digitisation, a data protection law is needed. One of the major challenges to big data is information privacy which necessitates a robust data protection. Further, the Supreme Court (SC) in ***K.S Puttaswamy vs Union of India case***, maintained the **right to privacy** as an inherent part of the fundamental right under Article 21 of the constitution.

**Fourth**, the delay will result in an **unnecessary vacuum for many of the laws** already taking shape, like the Criminal Procedure Identification Act used for police surveillance and digital policing.

**Fifth**, To curtail the perils of unregulated and arbitrary use of personal data. As most of the servers like Google and Facebook are outside India.

**Read More:** [Data protection and privacy core tenets](#)

### What is the status of Data Protection in other Nations?

**The EU:** The most important data protection legislation enacted to date is the General Data Protection Regulation (GDPR). It governs the collection, use, transmission, and security of data collected from residents of any of the 28 member countries of the European Union. The law applies to all EU residents, regardless of the entity's location that collects the personal data. Fines of up to € 20 million or 4% of total global turnover may be imposed on organizations that fail to comply with the GDPR. Some important requirements of the GDPR include: **(a) Consent:** Data subjects must be allowed to give explicit, unambiguous consent before the collection of personal data; **(b) Data Breach:** Organizations are required to notify supervisory authorities and data subjects within 72 hours in the event of a data breach affecting users' personal information in most cases; **(c) Rights of the Users:** Data subjects (people whose data is collected and processed) have certain rights regarding their personal information.

### Rights of Users under the GDPR

- **The right to be informed:** Data subjects must be informed about the collection and use of their personal data when the data is obtained.
- **The right to access their data:** A data subject can request a copy of their personal data via a data subject request. Data controllers must explain the means of collection, what's being processed, and with whom it is shared.
- **The right of rectification:** If a data subject's data is inaccurate or incomplete, they have the right to ask to rectify it.
- **The right of erasure:** Data subjects have the right to request the erasure of personal data related to them on certain grounds within 30 days.
- **The right to restrict processing:** Data subjects have the right to request the restriction or suppression of their personal data (though it can still be stored).
- **The right to data portability:** Data subjects can have their data transferred from one electronic system to another at any time safely and securely without disrupting its usability.
- **The right to object:** Data subjects can object to how their information is used for marketing, sales, or non-service-related purposes. The right to object does not apply where legal or official authority is carried out, a task is carried out for public interest, or when the organization needs to process data to provide customized services.

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The **e-Privacy Regulation (ePR)** was supposed to come into force alongside the EU's General Data Protection Regulation in 2018 but has been stalled for years. It is now expected to come into force in 2023. The e-Privacy Regulation, if passed, would create privacy rules for traditional electronic communications services and entities such as WhatsApp, Facebook Messenger, and Skype. It would create **stronger rules on electronic communication's privacy**. It would cover content of the communications as well as metadata. Service providers and electronic communications networks have to get prior consent from the user before processing their electronic communications metadata.

**The US:** There is no one comprehensive federal law that governs data privacy in the U.S. There's a complex patchwork of sector-specific and medium-specific laws like: **(a)** The Children's Online Privacy Protection Act (COPPA), which governs the collection of information about minors; **(b)** The Health Insurance Portability and Accounting Act (HIPAA), which governs the collection of health information.

In addition, many States in the US have their own data protection and privacy acts like California Consumer Privacy Act (CCPA), California Privacy Rights Act (CPRA), Virginia's Consumer Data Protection Act (CDPA), Colorado Privacy Act (CPA), New York SHIELD Act etc.

### What should be done going ahead?

Legal and Privacy Experts have proposed that:

**First**, the new Law should focus on personal data and **exclude non-personal data**. Personal data protection falls in domain of privacy and allows an individual to control how information about her is used. Non-personal data regulation more related to economic aims. The mandate of BN Srikrishna Committee was to suggest framework for protection of personal data. Bringing in non-personal data, the Government had diluted the proposed law.

**Second**, there must be **checks on the use of the data by the Government** and its Agencies. Privacy advocates have been calling for reform of Indian surveillance laws. The new law must minimize the amount of data collected by security agencies, limiting how long it can be stored, requiring agencies to adopt security measures to safeguard the data.

**Third**, there is a **need for a strong data regulator**. The new regulator should work closely with other regulators and stakeholders like the RBI, TRAI etc. for sector specific regulations e.g., RBI has already issued some data related regulations like mandating local storage of payments data, barring merchants and payment aggregators from storing card data.

**Fourth**, the Government should also **allow cross-border flow of data**. Data localisation should be limited only to clearly and narrowly defined critical data. Cross-border data flows add to the economy growth. A McKinsey Global Institute paper from 2016 estimates that global data flows contributed US\$ 2.8 trillion to the global GDP.

**Fifth**, the new legal framework should be finalized only after **extensive public consultation**. This will ensure that the protection of the rights of Indian citizens is the cornerstone on which this new legal framework is built.

It has been close to 10 years since the (Justice) A P Shah Committee Report on privacy, 5 years since the Puttaswamy Judgment and 4 years since the Justice B N Srikrishna Committee's Report. All of this signals an urgency for a data protection law and surveillance reforms.

**Syllabus:** GS II, Government policies and interventions for development in various sectors and issues arising out of their design and implementation; GS III, Awareness in the field of IT.

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

### **The Issue of Jobless Growth in India – Explained, pointwise**

#### **Introduction**

India's GDP has grown at the annual rate of 7-8% in the last decade. However, this growth hasn't translated into creation of more employment opportunities for the labour force. No other major economy has been expanding as fast as India lately. But beyond the headlines lies the grim reality of rising unemployment. At present, output is increasing as a result of pandemic-related spending by the Government. The private sector remains wary of new investments and is deterred by the rapidly changing geo-political scenario. Economists have been raising concerns regarding the jobless growth for quite some time now, as it further exacerbates inequalities in an already unequal Indian society. The Governments, Union and State, must take remedial steps urgently before the job crisis deepens further.

#### **What has been the trend with respect to Unemployment?**

The unemployment rate in India has been hovering around 7% or 8%, up from about 5% five years ago, according to the Centre for Monitoring Indian Economy (CMIE). At the same time, the workforce shrank as millions of people pulled out of the job market due to weak prospects since the pandemic.

The labor force participation rate has dropped to just 40% from 46% six years ago, according to the CMIE. By comparison, the participation rate in the US was 62.2% in June 2022. Between 2010 and 2020, the number of working women in India dropped to 19% from 26%, according to data compiled by the World Bank.

The situation turned worse with the setback to the economy by the COVID-19 pandemic. According to CMIE, the female labour force participation has plummeted to 9% for January-April 2022 period. This puts India in the league of war-torn Yemen.

CMIE estimated the unemployment in the 20-24 age group was 43.7% in June 2022. On the other hand, it was 18.4% in May 2022 for the 16-24 category in China.

## Jobless Growth

India's economic growth has failed to create enough job opportunities



Source: CMIE, Bloomberg

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### What are the reasons behind India's Jobless Growth?

**First**, India has **failed to create enough jobs in the manufacturing and services sector**. For an emerging economy, the path to higher incomes, productivity and growth must lead workers away from agriculture. However the transition has failed to happen in India. In fact, the share of manufacturing in employment has been declining. According to CMIE, manufacturing sector employed 51 million Indians in 2016-17, which had come down to 27.6 million in 2020-21. Manufacturing sector in India has been capital intensive rather than employment intensive. Moreover, most of the jobs in the manufacturing and services are limited to skilled or semi-skilled professionals.

**Second**, in contrast to Bangladesh, India has not witnessed an export boom of low-skill, labour-intensive products. India's **economic growth has been largely services led in contrast**. A leap from the primary to the tertiary sector hasn't been able to generate sufficient jobs. Further, the bulk of the jobs in the service sector case are in petty retailing, small eateries, domestic help, sanitation, security staffing, transport and similar other informal economic activities. They seldom provide reasonable pay and adequate social security benefits.

**Third**, India's **poor system of education and job-training** means that graduates have limited skills and are not valued by the employers. In large-scale surveys, employers have said that less than 50% of the college graduates entering the workforce have the cutting-edge skills they need or the ability to pick them up in the workplace. So many would-be job seekers decide instead to **(a)** Continue their studies; **(b)** Join family members in farming (this enhances disguised unemployment); **(c)** Just stay home, surviving on rental income, pensions received by elderly household members or government transfers.

**Fourth**, the Government has made efforts to generate jobs but these are hindered by legacy issues of poor infrastructure, complex and variable rules, skill deficiencies, hidden costs and more.

**Fifth**, India's growth **elasticity of employment is on decline**. It is a measure of how output expansion generates jobs. A 10% growth in gross domestic product is associated with only a 1% rise in employment.

**Sixth**, many women are opting for unpaid work at home, taking care of elderly relatives and kids. In most Indian families, care work is the **exclusive responsibility of the female members**.

**Seventh**, enhanced adoption of new technologies like AI, Automation etc. is decreasing the demand for manpower. With these technologies, the **companies are able to generate higher revenues with minimum manpower**. Some economists worry that this may worsen the jobless growth scenario.

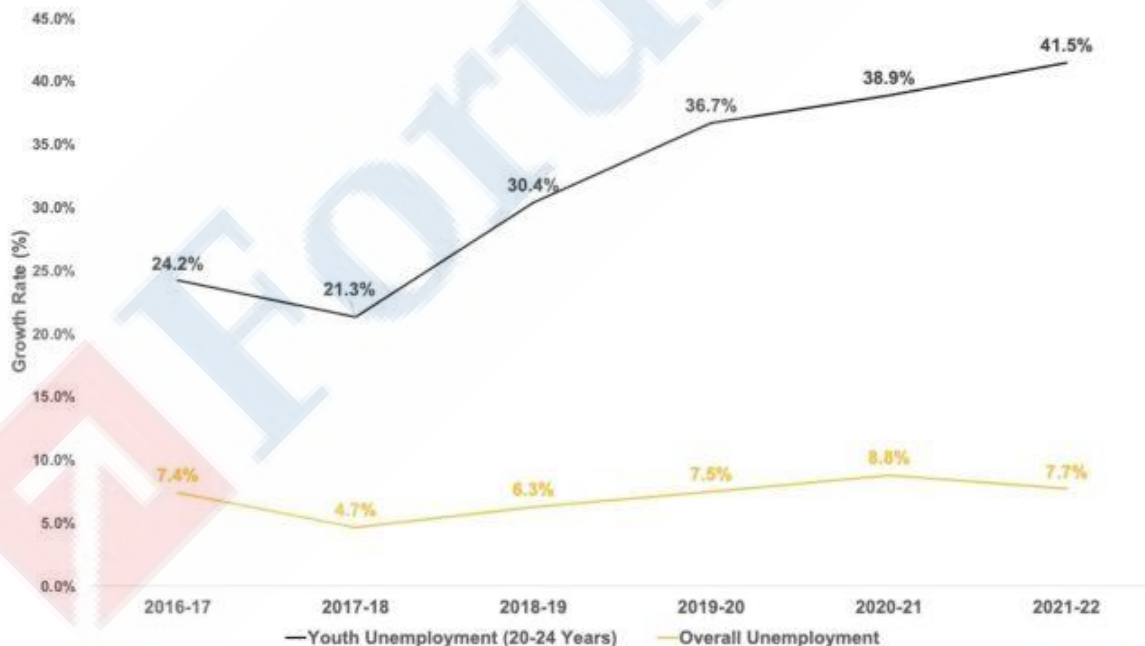
### Why is Jobless Growth a cause for concern?

**First**, India has the advantage of youth, half the population is under 30; but it will start ageing in the coming decades. Therefore a significant number of jobs are desired to reap this **demographic dividend**.

What is more worrisome is that the rate of unemployment among the youth (20-24 years) is much higher than the overall unemployment rate.

## Youth Unemployment (20-24 Years)

India's youth unemployment rate is much higher than the overall unemployment rate



Source: CMIE, Bloomberg

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**Read More:** [Reaping the demographic dividend](#)

**Second**, to sustain **the growth and attract global investments**, India needs to ensure there's a trained workforce for the industry.

**Third**, in the absence of meaningful livelihood opportunities, the society will be susceptible to **social unrest**. This was evident by the protests that erupted in June over the *Agnipath* Scheme.

**Fourth**, poor people have little to no savings which makes it very difficult for them to survive in extreme situations like the COVID-19 pandemic, or natural calamities etc., especially if they have no job or a temporary job. They starve for food, clothing and other basic things which **undermines their right to a dignified life**.

**Fifth**, weak structural transformation and persistence of informality induces the masses, especially the rural families, to **pursue multiple livelihoods**. Many of them cling on to their small plots of lands, even while earning incomes wholly or predominantly from non-farm sources. It is these very tiny holdings, along with free government food rations, that saved the day during the post-Covid economic collapse.

#### **What steps have been taken to improve the situation?**

The Union Government has announced plans to **hire a million people** by the end of 2023 to fill vacancies in government departments.

**Read More:** [Union Government's 1 Million Job Promise: Need and Challenges – Explained, pointwise](#)

**National Education Policy, 2020:** The Aim of the policy is not only be cognitive development, but also building character and creating holistic and well-rounded individuals **equipped with the key 21st century skills**.

**Sector Skills Councils** were set up from 2009-10 onwards, and competency frameworks were prepared for short- and long-duration skill programmes. Industrial Training Institutes (ITIs), polytechnics and other skill-oriented institutions were brought on a common platform. As a result, apprenticeships increased. Over 100,000 training institutions came forward to work with 55 million youth to prepare them for the job market.

#### **What more steps are required to address Jobless Growth?**

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

**Second**, a more focused approach is necessary with respect to skilling and educating the youth according to the demand of the 21st century. They should be **encouraged to learn new age skills** like 5G technology, Big Data, Digital Marketing etc. that would enhance their probability of employment.

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

**Fourth**, the focus should also be placed on **tackling the inefficiencies of government setup which includes corruption, maladministration, red tapism** etc. This will ensure optimum utilization of resources and ensure creation of more jobs with minimum inputs. Further, it should **avoid sudden introduction of reforms and policies**. For instance, since 2017, the dual

impact of demonetisation and the rushed introduction of goods and services tax has caused many small and medium businesses to shut down.

**Fifth**, the educational institutions must focus on **inculcating an entrepreneurial mindset in the students**. This will ensure that students become job givers rather than job seekers in future thereby helping to solve the unemployment crisis.

**Sixth**, the local governments and community organisations like women self-help groups and youth organisations should be fully involved in the skilling plan for a local area. A database of all men and women seeking employment or enterprise support needs to be drawn up for each and every local body, rural or urban. Equally important is a detailed micro credit plan for each and every household developed after assessing the asset base of a poor household.

### Conclusion

Jobless growth remains the single biggest challenge to the Indian economy. To create jobs on a mass scale there is a need to boost manufacturing that hinges on creating infrastructure, removing red tape and reviving investor sentiment. A robust manufacturing sector is a must for absorbing the excessive workforce of the agriculture sector as well as enabling the nation to reap its demographic dividend.

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

**Source:** [Indian Express](#), [Business Standard](#), [Business Standard](#), [Mint](#), [Bloomberg](#), [CMIE](#)

## Carbon Markets: Benefits and Challenges – Explained, pointwise

### Introduction

The Union Government has introduced the Energy Conservation (Amendment) Bill, 2022 in the Parliament. The purpose of the Bill is to strengthen the Energy Conservation Act, 2001. The Amendments are expected to facilitate the achievement of more ambitious climate change targets and ensure a faster transition to a low-carbon economy. The Energy Conservation Act, 2001 had powered the first phase of India's shift to a more energy-efficient future. Over the years, the energy intensity (energy consumed per unit of GDP) of India's economy has declined consistently. However, as India embarks on more ambitious climate action pledged under the Paris Agreement, there is a need to widen the scope of Act to include instruments that will aid the achievements of these ambitious goals. One of the proposed amendment is to establish domestic carbon market to facilitate trade in carbon credits.

**Read More:** [India's New Climate Targets \(INDCs\) – Explained, pointwise](#)

What are the proposed amendments under the Energy Conservation (Amendment) Bill, 2022?

The Bill has two main objectives: **(a)** It seeks to make it **compulsory** for a select group of industrial, commercial and even residential consumers to **use green energy**. A prescribed minimum proportion of the energy they use must come from renewable or non-fossil fuel sources; **(b)** It seeks to **establish a domestic carbon market** and facilitate trade in carbon credits. It seeks to widen the scope of energy conservation to include large residential buildings as well. Till now, the energy conservation rules applied mainly on industrial and commercial complexes.

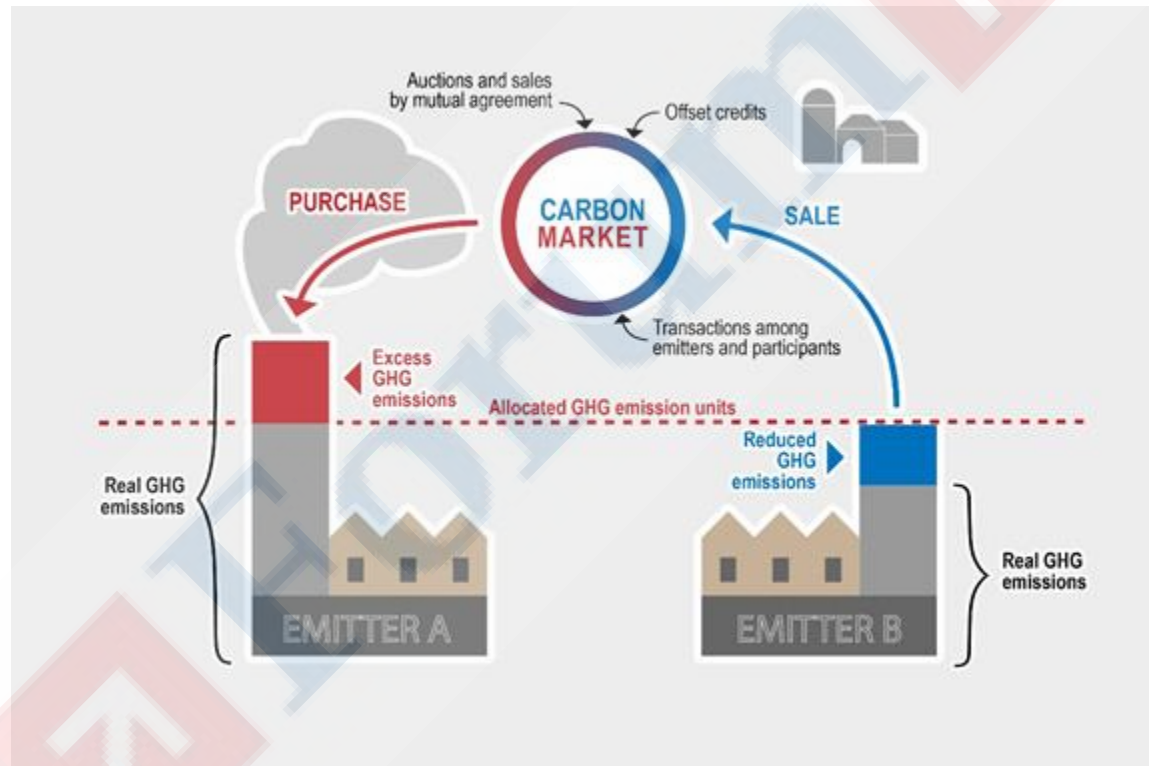
**Read More:** [Explained | The Energy Conservation \(Amendment\) Bill 2022](#)

### What is a Carbon Market?

Carbon Markets and Carbon Credits are components of emissions trading, a **market-based approach to to reduce the concentration of Greenhouse gases** (GHG) in the atmosphere. It works by **providing economic incentives** for reducing the emissions of the designated pollutants. A carbon market allows investors and corporations to trade both carbon credits and carbon offsets simultaneously.

Carbon credits (or allowances) work like permission slips for emissions. When a company buys a carbon credit, they gain permission to generate more CO<sub>2</sub> emissions. One tradable carbon credit equals one tonne of carbon dioxide or the equivalent amount of a different greenhouse gas reduced, sequestered or avoided.

Credits are measured against 'benchmarks' or allowed GHG emissions. If emissions are below the allowed limit, the emitter earns carbon credits (reducing 1 tonne of CO<sub>2</sub> earns 1 carbon credit). If emissions are above the allowed limit, the emitter must buy carbon credits from those who have excess credits. Thus, crossing the emissions limit imposes a cost (amount spent on purchase of carbon credits) on the emitter. The idea is that this cost will force the emitters to be more efficient and reduce emission.

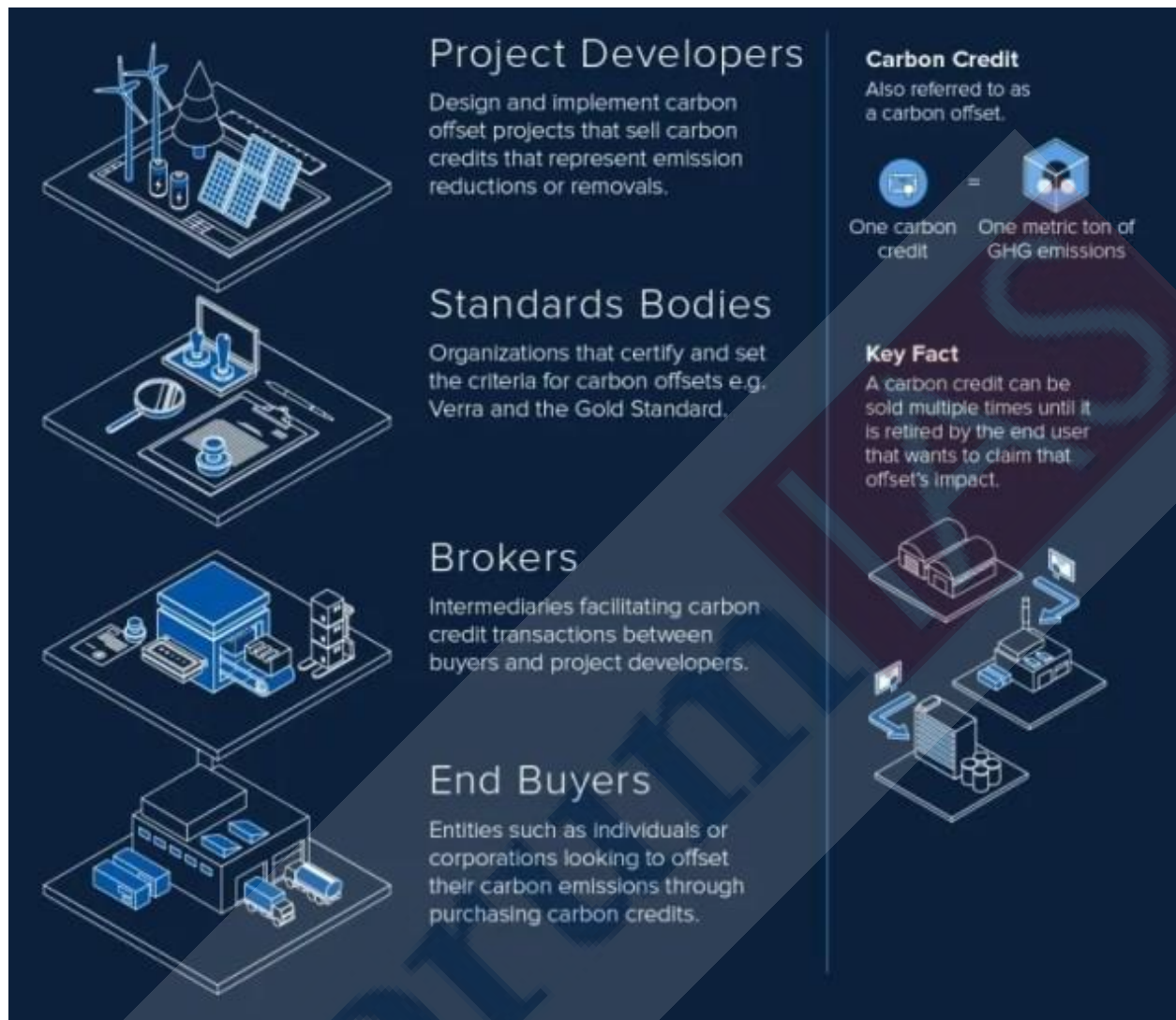


Source: [climatechange.org](http://climatechange.org)

There are two types of carbon markets: **(a)** One is a regulated market, set by “cap-and-trade” regulations at the regional and state levels; **(b)** The other is a voluntary market where businesses and individuals buy credits (of their own accord) to offset their carbon emissions.

Carbon Markets were allowed under the 1997 UN Kyoto Protocol. Its Clean Development Mechanism (CDM) allowed industrialized countries to reduce emissions abroad where that might be cheaper than at home, such as by planting trees in the tropics.





Source: Visual Capitalist. Components of Carbon Market

### How can companies offset carbon emissions?

There are multiple ways for companies to offset carbon emissions. They are broadly classified into **(a)** Carbon Avoidance/Reduction Projects (i.e., reduce the amount of carbon emitted); **(b)** Carbon Removal/Sequestration Project (i.e., remove the carbon already emitted from the atmosphere).



*Source: climatechange.org*

**Investing in renewable energy** by funding wind, hydro, geothermal, and solar power generation projects, or switching to such power sources wherever possible.

**Improving energy efficiency** across the world, for instance by providing more efficient cookstoves to those living in rural or more impoverished regions.

**Capturing carbon from the atmosphere** and using it to create biofuel, which makes it a carbon-neutral fuel source.

**Returning biomass to the soil** as mulch after harvest instead of removing or burning. This practice reduces evaporation from the soil surface, which helps to preserve water. The biomass also helps feed soil microbes and earthworms, allowing nutrients to cycle and strengthen soil structure.

**Promoting forest regrowth** through tree-planting and reforestation projects.

**Switching to alternate fuel types**, such as lower-carbon biofuels like corn and biomass-derived ethanol and biodiesel.

**What is the status of Carbon Markets across the world?**

National or Regional

Domestic or regional carbon markets are already functioning in several places, most notably in **Europe**, where an **Emission Trading Scheme (ETS)** works on similar principles. Industrial units in Europe have prescribed emission standards to adhere to, and they buy and sell credits based on their performance. China, too, has a domestic carbon market.

A similar scheme for incentivising energy efficiency has been running in India for over a decade now. This BEE scheme, **called PAT**, (or perform, achieve and trade) allows units to earn efficiency certificates if they outperform the prescribed efficiency standards. The laggards can buy these certificates to continue operating.

**International**

Under the **Kyoto Protocol**, carbon markets have worked at the international level as well. The Kyoto Protocol had prescribed emission reduction targets for a group of developed countries (Annex I Developed Countries). Other countries did not have such targets, but if they did reduce their emissions, they could earn carbon credits. **These carbon credits could then be sold off to those developed countries which were unable to meet their reduction targets.** This system functioned well for a few years. But the market collapsed because of the lack of demand for carbon credits.

As the world negotiated a new climate treaty in place of the Kyoto Protocol, the developed countries no longer felt the need to adhere to their targets under the Kyoto Protocol. A similar carbon market is envisaged to work under the successor **Paris Agreement**, but its details are still being worked out.

**Read More:** [Paris Climate Change Agreement -From Kyoto Protocol to Paris Agreement](#)

**What are the advantages of a Carbon Market?**

**First**, it will help in **mitigating the adverse impacts of climate change** by reducing the GHG emissions.

**Second**, there are multiple **co-benefits of offset projects** such as: ecosystem management, forest preservation, sustainable agriculture, renewable energy generation in third-world countries, etc.

**Third**, the voluntary carbon market for offsets is smaller than the compliance market, but **expected to grow much bigger** in the coming years. It's open to individuals, companies, and other organizations that want to reduce or eliminate their carbon footprint, but are not necessarily required to by law.

**Fourth**, consumers are increasingly aware of the importance of carbon emissions. Consequently, they're increasingly critical of companies that don't take climate change seriously. By contributing to carbon offset projects, companies signal to consumers and investors that they're paying more than just lip service to combat climate change.

**Fifth**, it opens an **additional revenue stream** for environmentally beneficial businesses. For instance, Tesla, the electric car maker, sold carbon credits to legacy car manufacturers to the tune of \$518 million in just the first quarter of 2021.

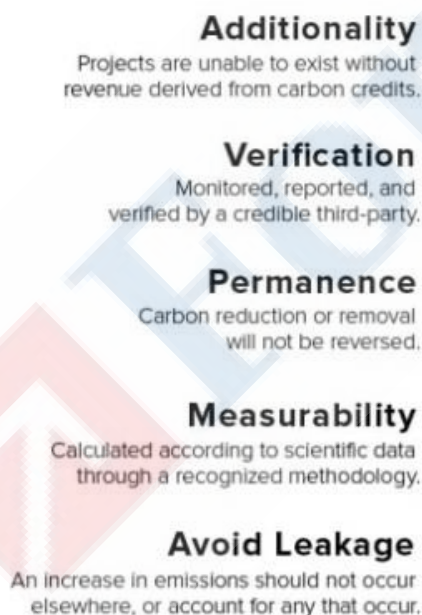
### What are the challenges in the functioning of Carbon Markets?

**First**, there are concerns regarding the **effectiveness of carbon markets in curbing emissions**. Some companies simply buy credits without making any effort to reduce emissions themselves. It is **cheaper for them to buy carbon credit than to invest in emission reducing technologies** e.g., an analysis by the Center for Science and Environment of the PAT scheme for thermal power plants found that the value of one ESCert\* is very less — INR 700 — compared to the actual investment of INR 4,020 that has to be made for reducing energy equal to one tonne equivalent. Unless, the price of carbon credits is higher than the cost of reducing emissions, there is no incentive for high emitters to make efforts to reduce their emissions (i.e., companies have to invest more in purchasing credits than investing in emission reduction technologies).

*\*(ESCCerts are similar to carbon certificates that will be sold and purchased under the carbon market scheme).*

**Second**, environmental activists argue that **only high-quality carbon offsets are effective in reducing emissions**. High quality carbon offsets have certain features like **(a) Additionality**: Emission reductions must be additional i.e., they would *not* have occurred in the absence of a market for offset credits e.g., a renewable project could be set up only because a high emitter paid for it; **(b) Verifiable**: There must be proper audits to ensure monitoring, reporting and verification of emission cuts; **(c) Permanence**: The emission reduction should not be reversed.

## High-Quality Carbon Offset?



Source: Visual Capitalist

However, many credits available in markets are of poor quality i.e., they do not meet the above criteria. Most of the credits are not 'additional' i.e., the emission reduction projects would have

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happened even in absence of carbon credits (without any prospect for project owners to sell carbon offset credits). Also it is **very difficult to establish 'additionality'**. According to a US-based environmental group more than 60% percent of credits on the market are from projects that have 'questionable additionality claims'.

In some cases, the emission reduction is not permanent. There have been instances where afforestation projects were undertaken to buy carbon credits. However, later on the planted trees were cut-off, thus reversing the reduction.

**Third**, buying carbon credits can **deviate the rich nations from the path of reducing emissions**. They can simply continue to emit and buy cheap carbon credits from developing countries.

**Fourth**, there has been **huge surplus of carbon credits in the voluntary markets**. According to an estimate, credits for about a billion tons of CO<sub>2</sub> have been put up for sale on the voluntary market. But there have been more sellers than buyers. Supply exceeding demand suppresses the price of carbon credits and it become easier for emitters to offset, while continuing high emissions.

**Fifth**, It is difficult to establish the amount of carbon reduced by offset projects (like afforestation or wind energy project). The **complexity is in establishing baseline emissions** (Emissions baseline represents what would happen if your project did not occur i.e., the emissions in the absence of the project). This makes it difficult to verify emission reductions and **assigning carbon credits**.

India's own PAT (Perform, Achieve, Trade) Scheme has failed to achieve meaningful emissions reduction. According to an analysis by the Center for Science and Environment, the emission reduction under the scheme has been only 1.57% and 1.44% over the two cycles.

#### **What should be done going ahead?**

**First**, there is a need to create a **national level environment regulator** on the lines of SEBI (Stock Market Regulator), RBI (Banking Regulator) in order to ensure **carbon markets work efficiently**.

**Second**, there must be strong regulatory safeguards to ensure that the **emission offsets traded are of high quality**. Else, as experts contend, an ineffective carbon market can end up doing more damage.

**Third**, there is a need to **develop environmental consciousness** in the general public so as to make them understand their environmental responsibilities. For instance, consumers can purchase offsets for emissions from a specific high-emission activity, such as a long flight, or buy offsets on a regular basis to eliminate their ongoing carbon footprint.

**Fourth**, it's crucial that cap-and-trade does not end up as an inspect-and-extort regime in India. For this, a tech-enabled model of open verification can be adopted by the government.

#### **Conclusion**

The establishment of a domestic carbon market is a progressive step. However, the actual benefit will depend upon the effectiveness of the market. For this, the Government must ensure that proper regulations are established. Moreover, there must be periodic assessment of its functioning and corrective steps its necessary. Climate Change is real and imminent, Government must take all possible steps to mitigate the challenges.

Syllabus: GS III, Conservation, environment pollution and degradation.

Source: [Indian Express](#), [The Guardian](#), [Yale Environment360](#)

## [Kurukshetra August Summary] Unlocking Rural Industrial System – Explained, pointwise

### Introduction

Rural India can be seen as a resource for drawing immense human capital with 68.8% of India's population and 72.4% of the workforce. These areas offer immense opportunities to develop rural industries that can be used to support India's future growth. In rural areas, businesses operate primarily in agriculture, forest, handloom and small-scale industries. A spree of schemes has been implemented across ministries that support various small and micro-level enterprises in rural areas. This has led to some industrial development. However, much more needs to be done to unlock the potential of rural areas.

### What is the current status of the rural economy?

Agriculture and allied sectors grew at a growth rate of 3.6% during 2020-21 with a share of 18.8% in the total Gross value Added (GVA) in 2021-22.

Allied sectors including animal husbandry, dairying and fisheries play a vital role in the economy and are steadily emerging to be a progressive contributor to the overall growth of the agriculture sector. The livestock sector has been growing at a Compound Annual Growth Rate (CAGR) of 8.15% (at constant prices) from 2014-15 to 2019-20. Production of milk, egg and meat is growing at a CAGR of 6.28%, 7.82% and 5.15% respectively from 2014-15 to 2019-20.

About **two-third of rural income is now generated in non-agricultural activities** and **more than half of the value added in the manufacturing sector in India is contributed by rural areas**. It is contrary to the common perception about predominance of agriculture in the rural economy.

### How are the rural industries classified?

There are different types of rural Industries in India, classified on the basis of scale and primary functions. According to the Eighth Plan, **four groups of industries** are classified that can be expanded or developed in rural areas:

**Traditional Village Industries:** These include Khadi, leather tanning, woodwork, artisan industries, cotton cloth, handloom, power loom and fabrics, handicrafts, coir, sericulture and wool development, etc.

**Heavy Industries:** These include mini-steel plants, fertilizer plants which use biomass, pesticide manufacturing plants using biological inputs, ancillary engineering units, etc.

**Medium Group Industries:** These include mini-cement plants which use molasses or coal as energy, minor paper plants, etc.

**Light Industries:** These include animal feed and fodder industries, industries producing binding materials like hinges, screens, doors, windows frames and roofing materials etc.

### What is the need to focus on the development of Rural Industries?

**First**, it will help in the **economic development** of the country and move it a step closer towards achieving a US\$ 5 trillion economy.

**Second**, it will lead to **employment generation** in the hinterland regions thereby helping in reducing unemployment rate among rural youth. It would result in three kinds of employment opportunities viz. regular employment for relatively better educated; casual employment of a daily wage type for less educated; and self-employment for entrepreneurs. Further, India has one of the largest working populations in the world which demands dignified jobs, else **demographic dividend can easily get converted into demographic disaster**.

**Read More:** [Reaping the demographic dividend](#)

**Third**, with better livelihood opportunities, **the social indicators of rural regions** and the overall nation will improve. This includes poverty levels, hunger rates, literacy rate, life expectancy rate etc.

**Fourth**, it will also **curtail forced migration to urban regions** in wake of good job opportunities thereby reducing pressure on urban resources and decongesting them.

**Fifth**, it will also **release pressure on agriculture** that currently employs the majority of rural youth and in many cases showcases disguised unemployment. Further, a robust industrial sector will also ensure employment in off season months.

**Sixth**, it will allow **farmers to do more contract farming** especially if industries like food processing, apparel etc. get developed; as their main input is an agricultural commodity.

**Seventh**, it will **improve standard of living** as the industrial sector requires development of robust infrastructure and services to support it. Hence, these would get automatically developed along with industry thereby improving living conditions.

**Eight**, rural areas have a **high female labor force participation** rate in comparison to urban counterparts therefore rural industry can generate a high degree of women empowerment. In 2011-12, workforce participation rate for urban male and urban female was 54.6% and 14.7% whilst rural male and rural female participation were 54.3% and 24.8% respectively.

#### **What steps have been taken by the Government for the promotion of Rural Industries?**

**Prime Minister's Employment Generation Programme (PMEGP):** PMEGP is a credit-linked subsidy scheme initiated for setting up new micro-enterprises in rural as well as urban areas of the country. It is supported through Khadi and Village Industries Commission (KVIC), State Khadi and Village Industries Board (KVIB) and District Industries Centre (DIC).

**Women entrepreneurs** are covered as a Special Category under the PMEGP scheme. They are entitled to 25% and 35% subsidies for setting up projects in urban and rural areas, respectively.

**Scheme for Promoting Innovation, Rural Industry and Entrepreneurship (ASPIRE):** The ASPIRE programme was launched in 2015 and includes training and incubation support to prospective entrepreneurs in the agro-rural sector through rural Livelihood Business Incubator (LBO), Technology Business Incubator (TBI) and Fund for start-up.

**Innovation and Agri-Entrepreneurship Development:** It was started in 2018-19 under *Rashtriya Krishi Vikas Yojana* (RKVY-RAFTAAR). It provides technical and financial support in nurturing the incubation ecosystem.

**Pradhan Mantri Kisan Sampada Yojana (PMKSY):** It has been implemented by the Ministry of Food Processing industries (MoFPI) since 2017 for development of the food processing sector. Its components include: **(a)** Mega Food Parks; **(b)** Integrated Cold Chain and Value Addition

Infrastructure; (c) Creation /Expansion of Food Processing and Preservation Capacities; (d) Infrastructure for Agro-Processing Clusters etc.

**Scheme of Fund for Regeneration of Traditional Industries (SFURTI)**: It was initiated to recognise the talent, creativity, and enterprise of hard work of rural artisans in a variety of fields. It covers a wide range from food products to handicrafts; leather products to ayurvedic medicines. It organizes traditional industries and artisans/small farmers into clusters and provides them with sustainable employment by making their products competitive through value addition.

#### **How have the Government schemes performed till now?**

**Prime Minister's Employment Generation Programme (PMEGP)**: Since its inception up to December 2021, about 7.38 lakh new micro-units have been assisted utilizing margin money subsidies of INR 17,819.23 Crore. About 80% of the assisted units are in rural areas and about 50% units are owned by SC, ST and women categories.

**Scheme for Promoting Innovation, Rural Industry and Entrepreneurship (ASPIRE)**: A total of 31 Livelihood Business Incubators (LBIs) were sanctioned during the financial year 2020-21 and now 61 LBIs have become functional. 54,801 persons have been trained in LBIs across the country as per impact assessment data till December 2021.

**Innovation and Agri-Entrepreneurship Development**: A total of 799 start-ups in the field of agriculture and allied sectors including agritech startups are supported by Innovation and Agri-entrepreneurship Development programme.

**Pradhan Mantri Kisan Sampada Yojana (PMKSY)**: The Ministry of Food Processing Industries has approved 41 Mega food Parks, 353 Cold Chain projects, 63 Agro Processing Clusters, 292 Food Processing Units under corresponding component schemes of PMKSY.

**Scheme of Fund for Regeneration of Traditional Industries (SFURTI)**: 434 clusters have been approved from the year 2015 to November 30, 2021, with a Government of India grant worth Rs. 1,106 crore that will benefit about 2.50 lakh artisans.

#### **What more steps can be taken going ahead?**

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

**Read More:** [\[Kurukshetra January Summary\] 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**

Rural Industries are key to unlock advancements in economic and social development of India. Supporting rural industries through thoughtful policy interventions, supporting innovations, incentivising start-ups, and digitalisation, can create employment opportunities in rural India. Moreover, it will be a good step in the direction towards realizing *Atma Nirbhar Bharat*.



**Syllabus:** GS II, Government policies and interventions for development in various sectors and issues arising out of their design and implementation; GS III, Indian Economy and issues related to growth, Inclusive growth and issues arising from it.

**Source:** Kurukshetra August 2022

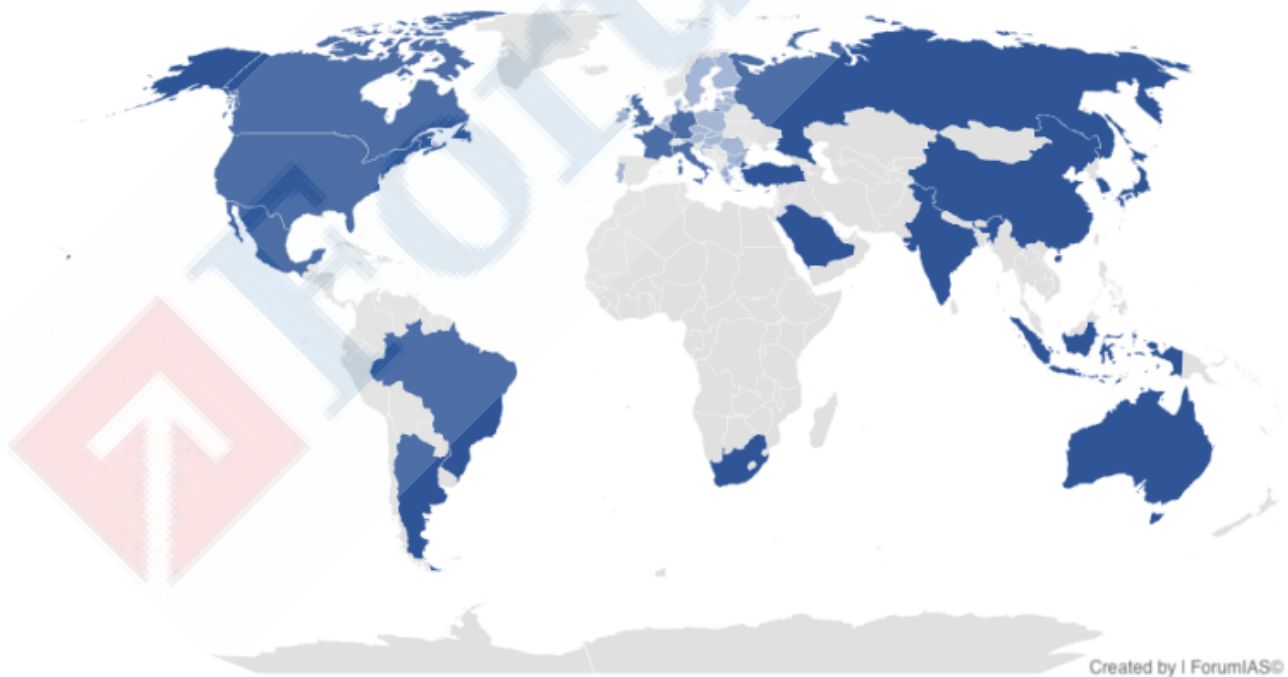
## G20 and its Significance – Explained, pointwise

### Introduction

In the late 1990s, as the existing geo-economic multilateral order was found ineffective in dealing with the Mexican, Asian and Russian financial crises, countries moved towards forming G20. A group of developed and emerging economies, including OECD and BRICS, were chosen as a 'perfect mix' of the old world and new to create the new grouping. The G20 played an important role in shaping and strengthening global architecture and governance on all major international economic issues. It recognised that global prosperity is interdependent and economic opportunities and challenges are interlinked. The current challenge is to craft new approaches to overcome the acute global discord and grouping's shortcomings in the international arena.

### What is G20 and its background?

The Group of G20 (G20) comprises Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, United Kingdom, and the United States along with the European Union. Spain is a permanent invitee, as are several international agencies like the UN, the IMF, ASEAN, the African Union, etc.



*Countries in light blue are represented through the membership of the EU.*

G20 members currently account for ~80% of world GDP, 75% of global trade, and 60% of the global population. The group was **founded in 1999** after the Asian financial crisis as a forum for the Finance Ministers and Central Bank Governors to discuss global economic and financial issues. It was later upgraded to the level of Heads of State/Government and was designated the 'premier forum for international economic cooperation'. Since 2011, the G20 Summit has been held annually, under the leadership of a rotating Presidency.

The G20 initially focused largely on broad macroeconomic policy, but it has since expanded its ambit to include trade, climate change, sustainable development, energy, environment, climate change, anti-corruption etc.

The objectives of the G20 are: **(a)** Policy coordination between its members in order to achieve global economic stability, sustainable growth; **(b)** Promote financial regulations that reduce risks and prevent future financial crises; **(c)** Create a new international financial architecture.

### What is the organizational structure of G20?

The G20 does not have a charter or a secretariat. The Presidency, aided by the countries holding the Presidency before and after it (**Troika**), is responsible for setting the agenda of each year's Summit. **At present, the Troika is made up of Italy (2021), Indonesia (2022) and India (2023).**

The G20 process is led by **the Sherpas of member countries**, who are personal emissaries of the Leaders. The Sherpas oversee negotiations over the course of the year, discussing agenda items for the Summit and coordinating the substantive work of the G20.

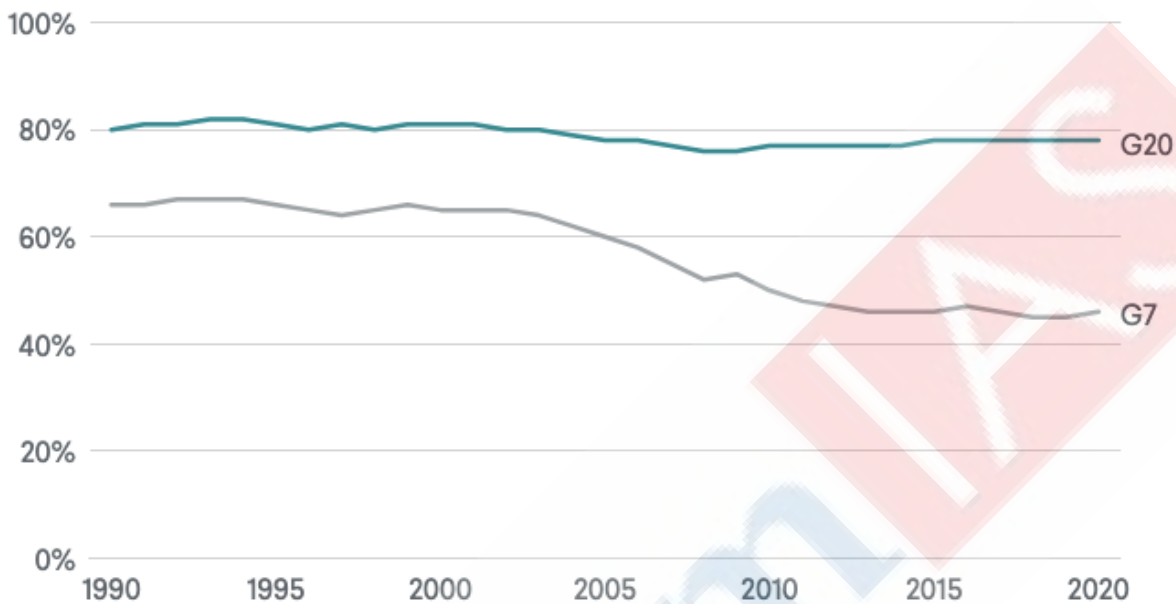
The G20's work is divided into two tracks: the **Finance Track** and the **Sherpa Track**. Within the two tracks, there are working groups in which representatives from the relevant ministries of the members as well as from invited/guest countries and various international organizations participate.

### What is the significance of G20?

**First**, It is a **more representative grouping** in comparison to its predecessors like G7 which comprised only industrialized economies and also ignored the interests of the global south. Moreover, while the share of G7 countries in the global economy has been falling, G20's share has been largely consistent.

## The G20's Share of the Global Economy

Share of global gross domestic product (GDP)



Note: Countries that are G20 members through the EU are excluded.

Source: World Bank.

Source: Council on Foreign Relations

**Second**, it plays a major role in **tackling financial crises effecting global economy**. For instance, during the 2007 financial crisis, G20 members took concerted actions, including boosting spending and lowering trade barriers, to revive economies.

**Third**, It offers an **opportunity to undertake bilateral or trilateral meetings** with leaders of 20 countries on the sidelines of G20 summits.

**Fourth**, the economic and financial clout of the group provides **a dominant say to the grouping in critical international matters** like world trade, climate change, data decentralization etc.

**Fifth**, It also played a pivotal role in providing relief to countries during **the COVID-19** pandemic. The G20 countries agreed to suspend debt payments owed to them by some of the world's poorest countries, providing billions of dollars in relief. Further in October 2021, G20 leaders pledged to help vaccinate 70% of the world's population by mid-2022.

### What are the challenges surrounding G20?

**Russia-Ukraine Crisis:** This is currently the biggest roadblock impairing functioning as the U.S and its allies are not willing to sit on the same table with Russia and its allies. This may cause a severe stalemate in the grouping's functioning and impair its progress.

**Rising Protectionism:** Globalization is retracting, and multilateral organizations have a credibility crisis. Countries around the world are choosing to be ‘G-zero’ over the G7, G20, BRICS, P5 (UNSC Permanent Members) and others.

‘G-zero’ is a term coined by political commentator Ian Bremmer to denote **Every Nation for Itself**.

The current US administration under President Biden has agreed to reverse various decisions of the Trump administration on climate change and migration but not on tariff policy. They have so far kept most of earlier tariffs in place, though the US recently reached an agreement with the EU to replace the tariffs on steel and aluminum products with a quota arrangement.

**Informal structure of G20:** It has no permanent secretariat. The agenda changes every year according to the priorities of the presiding nation. So, critics say that G20 basically was an extension of the G7.

**Influences decision-making of smaller countries:** The smaller countries, which are not a member of the G20 grouping, have to implement the declarations and commitments agreed by G20 nations for their growth and opportunity e.g., the G20 nations agreed to end international financing for coal power plants. So, a small nation can not get any finance from G20 nations for a new coal power plant and has to use its own limited financial resources or phase out coal and look for other alternatives.

**Not able to address challenges within member nations:** The G20 grouping is not able to solve the issues within its member nations like the US-China issue on trade, the US – Russia divide on nuclear weapons, etc.

**No Enforcement mechanism:** The G20’s toolkit ranges from simple exchanges of information and best practices to agree on common, measurable targets. None of this is achieved without consensus, nor is it enforceable, except for the incentive of peer review and public accountability. Further, the **G20 declarations are not legally binding**.

**Under-representation of Africa:** Except for South Africa, none of the African nations is a member of the G20.

### What should be a new global vision for G20?

**First**, the starting point should be building on the global consensus in the Vienna Declaration on Human Rights 1993 reaffirming the indivisibility of all human rights. Ensuring adequate food, housing, education, health, water and sanitation and work for all should guide international cooperation.

**Second**, grouping needs to harness the potential of the **digital information technology revolution**. This requires redefining digital access as a “universal service” that goes beyond physical connectivity to sharing specific opportunities available. Further, open access software should be offered for more cost-effective service delivery options, good governance and sustainable development.

**Third**, it needs to **focus on the space sector** for finding solutions to problems of natural resource management ranging from climate change-related natural disasters, supporting agricultural innovation to urban and infrastructure planning.

**Fourth, public health** should be made a key agenda especially after the deadly impact of COVID-19. Further, a major global challenge is the rapidly growing antimicrobial resistance which needs new antibiotics and collaboration between existing biotechnology facilities.

**Fifth, a Global Financial Transaction Tax**, considered by the G20 in 2011, needs to be revived to be paid to a Green Technology Fund for Least Developed Countries.

### What lies ahead?

**Bridging powers between the East and West:** The global economic disruption caused by Western economic sanctions and the ongoing boycott of Russia in global economic forums need initiatives from the countries like India, Indonesia and South Africa. They can act as bridging powers between the East and West.

**Formalization of G20:** The G20 has to include objectives, vision and mission statements, a permanent secretariat, and staff to oversee commitments and ensure continuity in the agenda.

**Focus more on domestic commitments:** The G20, instead of international commitments, can focus on domestic commitments and start implementing them. For instance, instead of ending international financing for coal power, the G20 Nations should phase out domestic coal consumption. This will create a significant impact as G20 nations represent more than 75% of the world's greenhouse gas emissions.

**Make it more representative:** A 2011 report had criticized the G20's exclusivity, so the G20 has to make itself more representative.

### Conclusion

India, which will assume the Presidency of the G20 in December 2022, will have to bear the burden of ensuring the G20's continued existence in a globally polarized world through 2023. The challenge before India will be to assist Indonesia in protecting the idea of the G20 and keeping it away from fragmentation in the face of geopolitical fissures.

**Syllabus:** GS II, Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests.

**Source:** [The Hindu](#), [The Hindu](#), [Ministry of External Affairs](#), [Council on Foreign Relations](#)

## 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

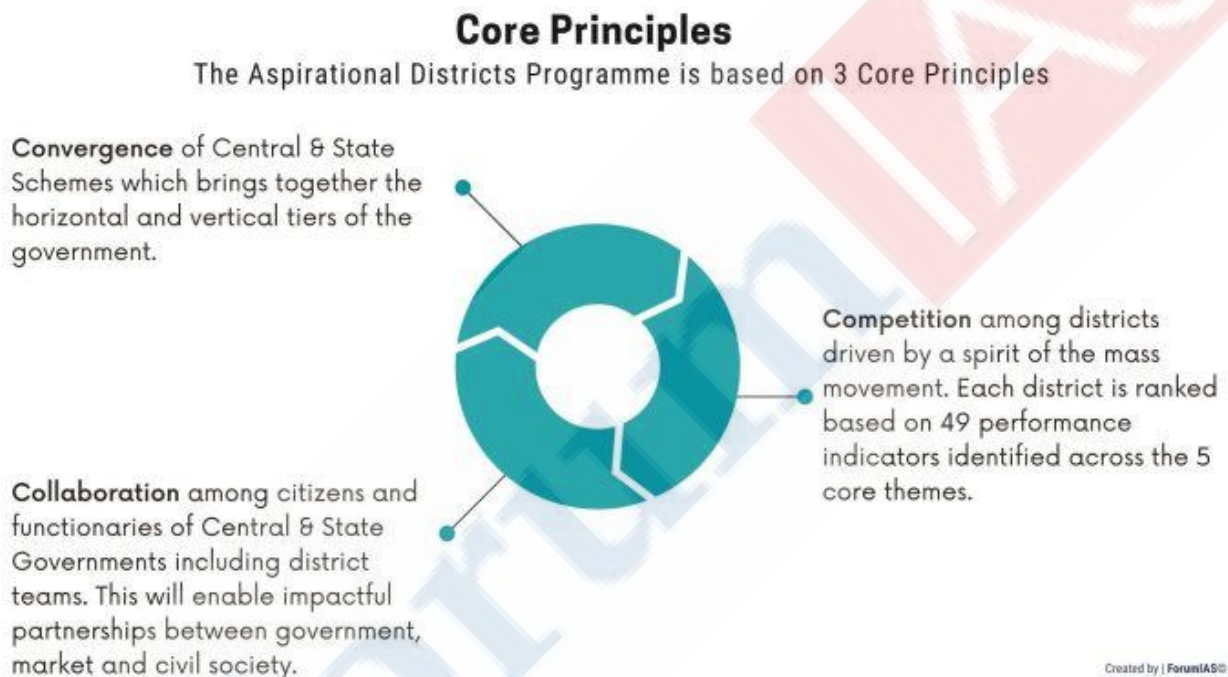
The Aspirational Districts Programme (ADP) was launched by the Prime Minister in January 2018. The programme seeks to improve socio-economic outcomes. With this initiative, the Government has tried to change the development narrative by referring to these districts as 'aspirational' instead of 'backward'. 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?

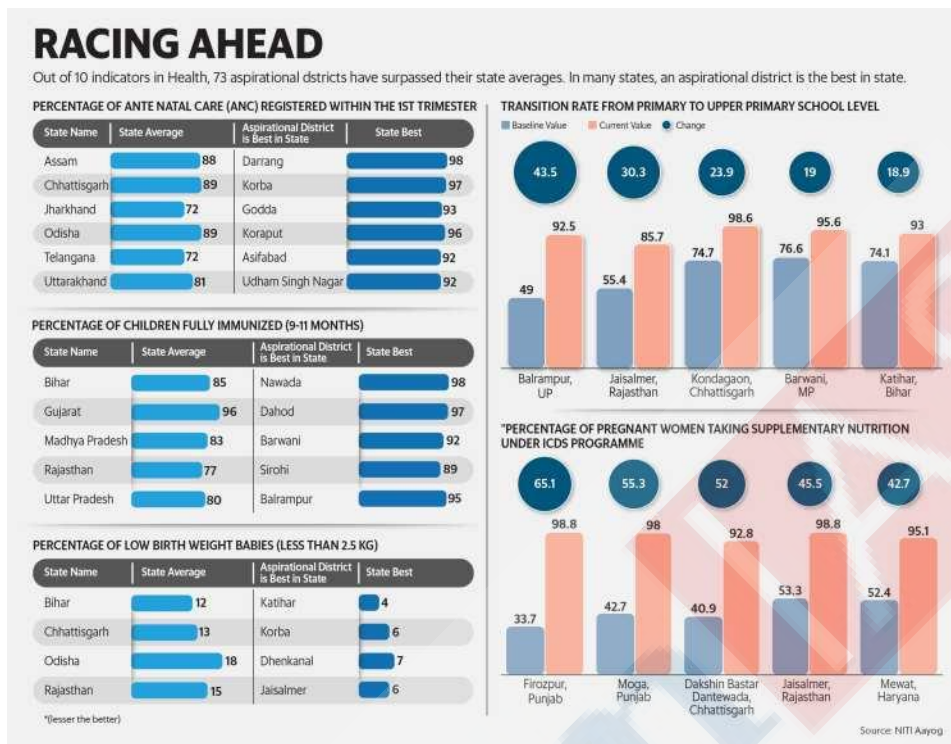
The success achieved by the ADP has been **globally recognized**. The **United Nations Development Programme (UNDP)** has appreciated the programme's **3Cs principle** and recommended its replication in other parts of the developing world.

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

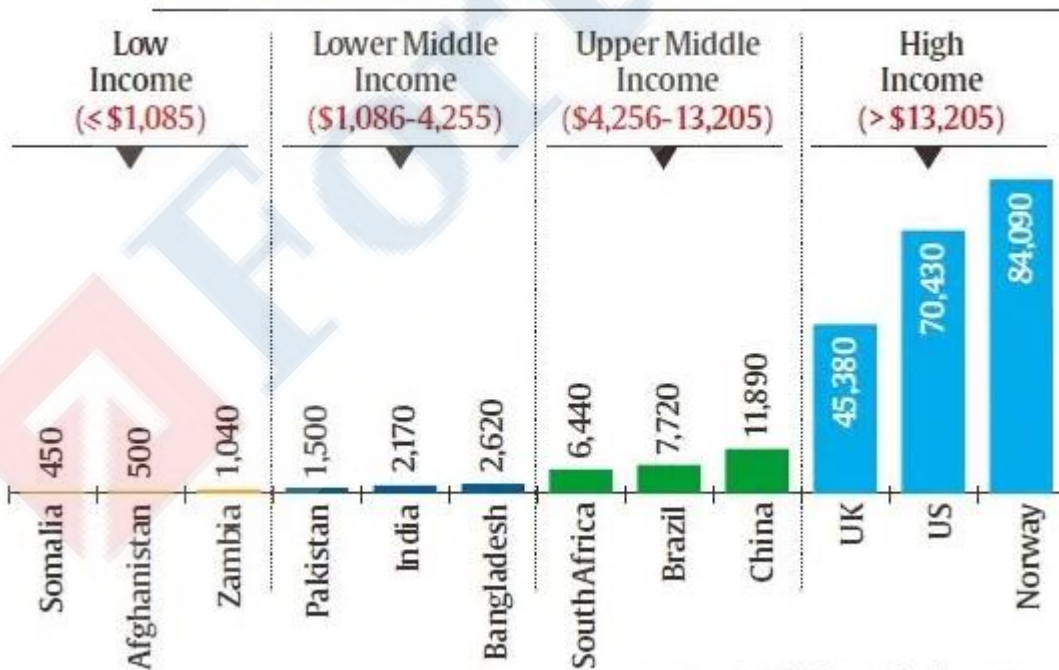
In his Independence Day speech on August 15, 2022, the Prime Minister of India said, “*We must work towards turning India into a developed nation by 2047.*” The PM spoke about India’s achievements and challenges while rolling out the 25-year goal to **make India a developed nation by 100th year of Independence**. 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.

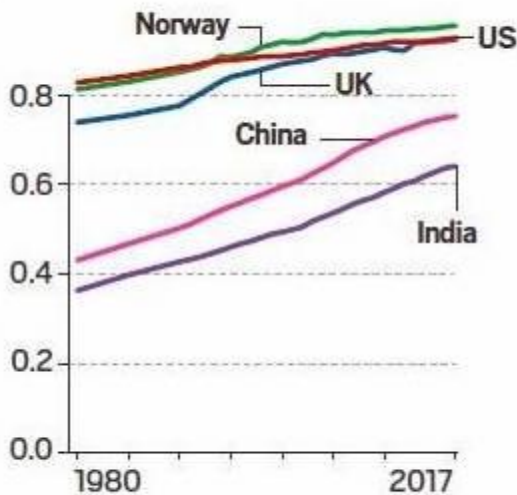
**Second**, there has been substantial progress in infrastructure development in the last 75 years but still **millions in villages even now go hungry** and are devoid of schools, hospitals, roads and other such basic facilities.

**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)

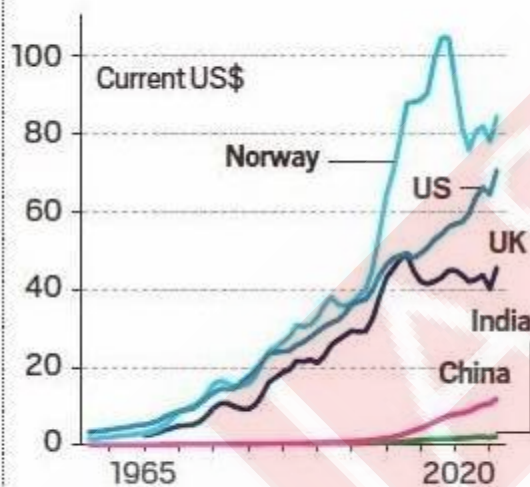


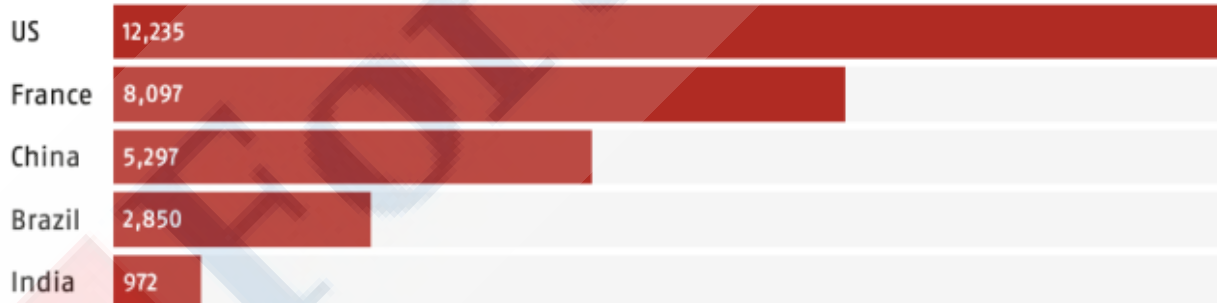
Chart 1: Human Development Index (HDI) is a summary measure of key dimensions of human development: a long and healthy life, a good education, and a decent standard of living. Source: UNDP, Human Development Report 2020, via Our World in Data. Charts 2 and 3: Source World Bank

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?

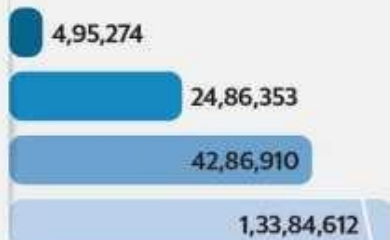
Parameter	1950	2021
<b>GDP (Nominal)</b>	US\$ 30 billion	US\$ 3 trillion
<b>Per Capita Net National Income</b>	INR 12, 493	INR 86,659
<b>Government's Revenue Receipts</b>	INR 171 Crore	INR 20,79,000 Crore
<b>Foreign Exchange Reserves</b>	INR 911 Crore	INR 45,42,615 Crore
<b>Foodgrain Production</b>	51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

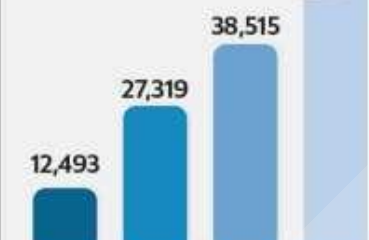
**mint**

**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

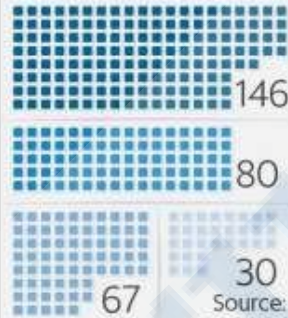
**Literacy rate**  
(age 7+)



**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)



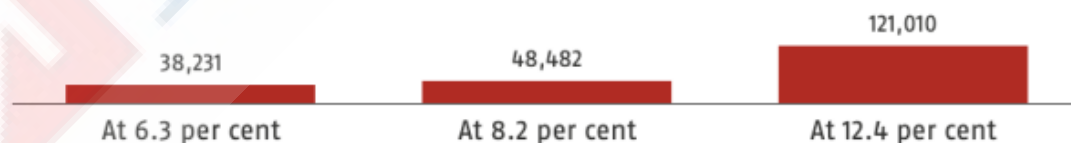
Source: Mint

### 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

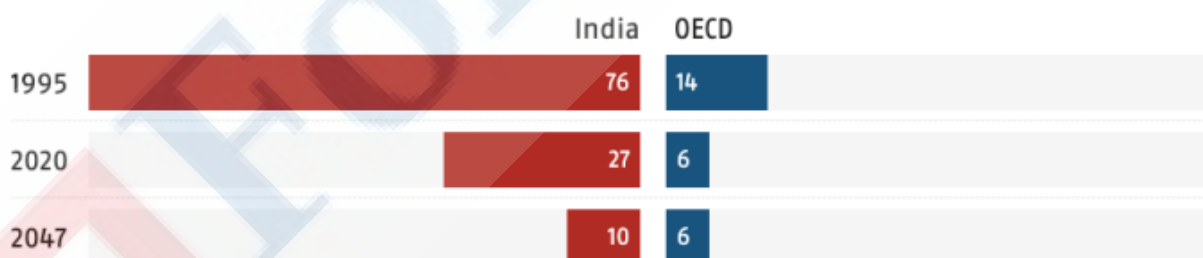
Source: Business Standard

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.

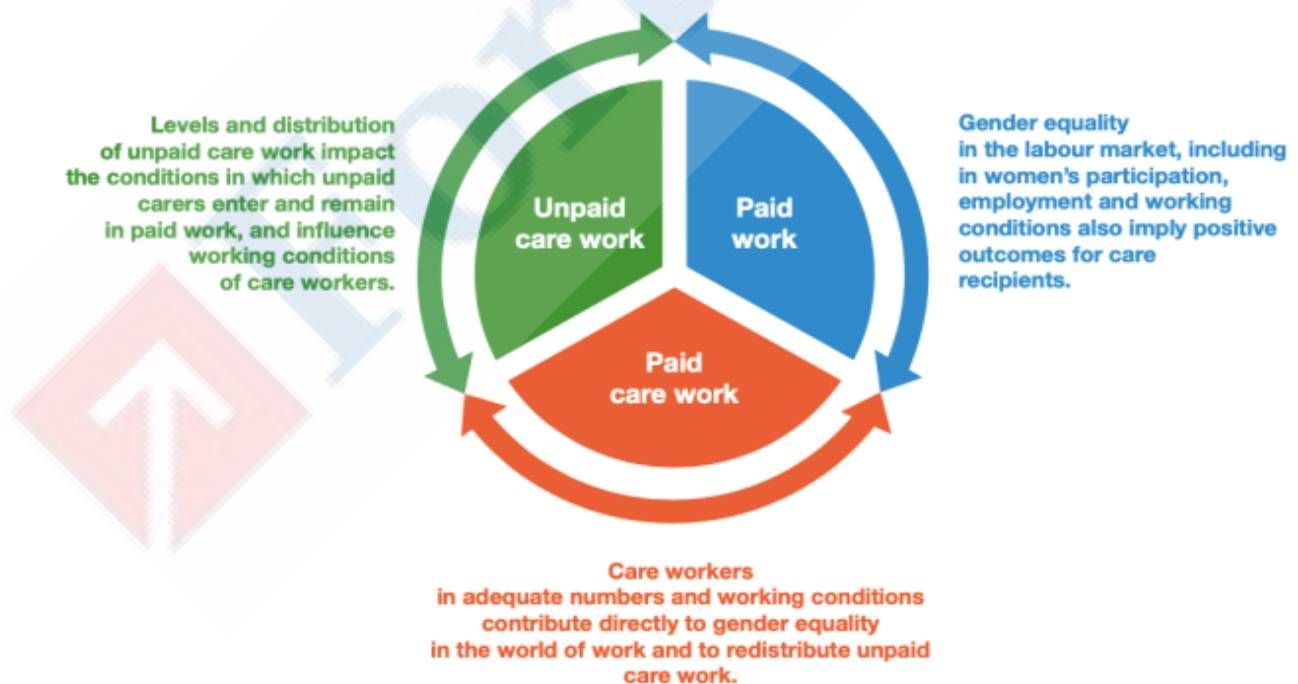
The **Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act** and the minimum wage legislations have been made applicable to domestic workers in India.

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

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.

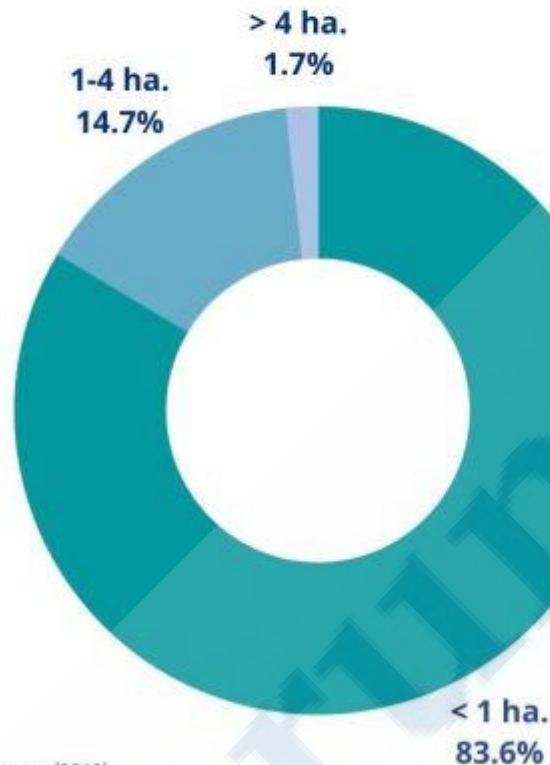
**What are the challenges faced in doing Agribusiness?**

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:** [\[Kurukshehra January Summary\] 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:** Kurukshehra 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.

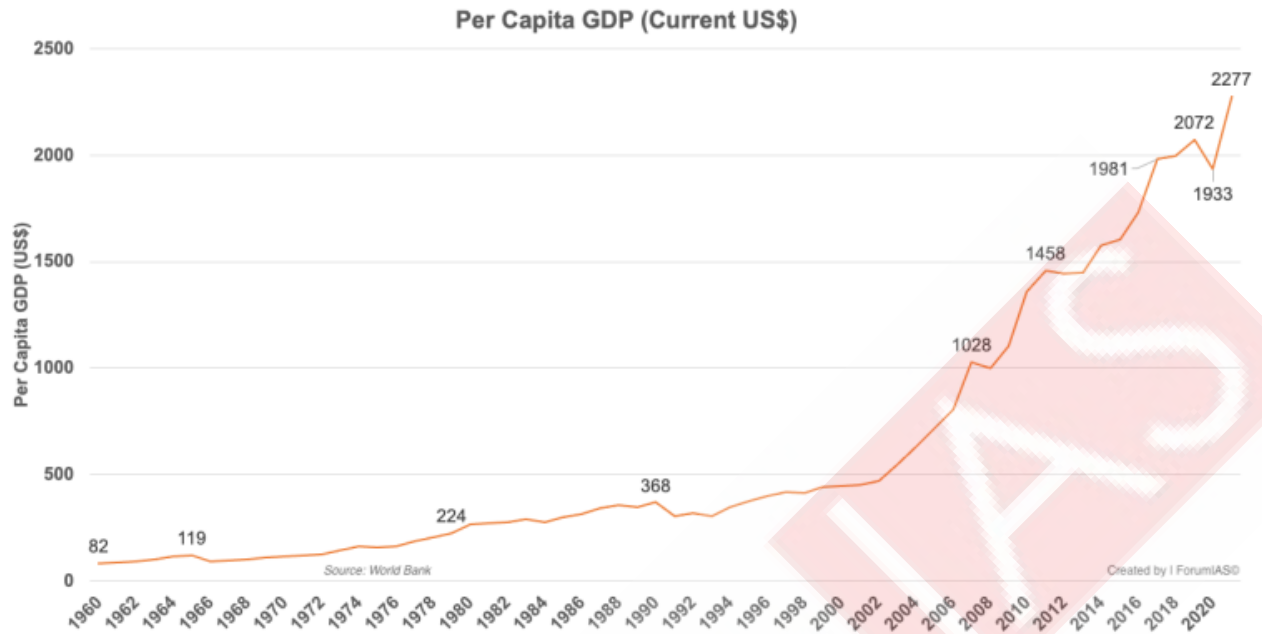
**Source:** [Mint](#), [Business Standard](#), [Economic Times](#), [The Times of India](#)

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

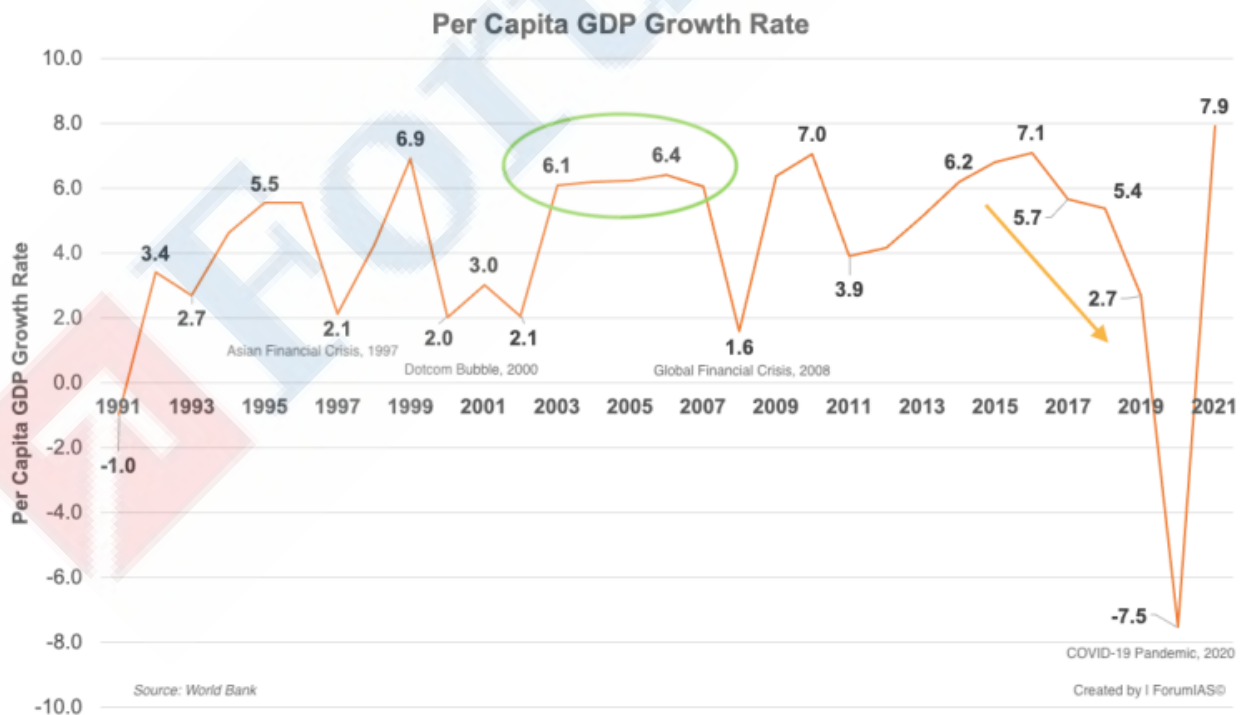
In his Independence Day speech on August 15, 2022, the Prime Minister of India has rolled out the 25-year goal to make India a developed nation by 100th year of Independence. Many economic experts have commented on the meaning of a developed nation and the challenges India will face in achieving the 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.

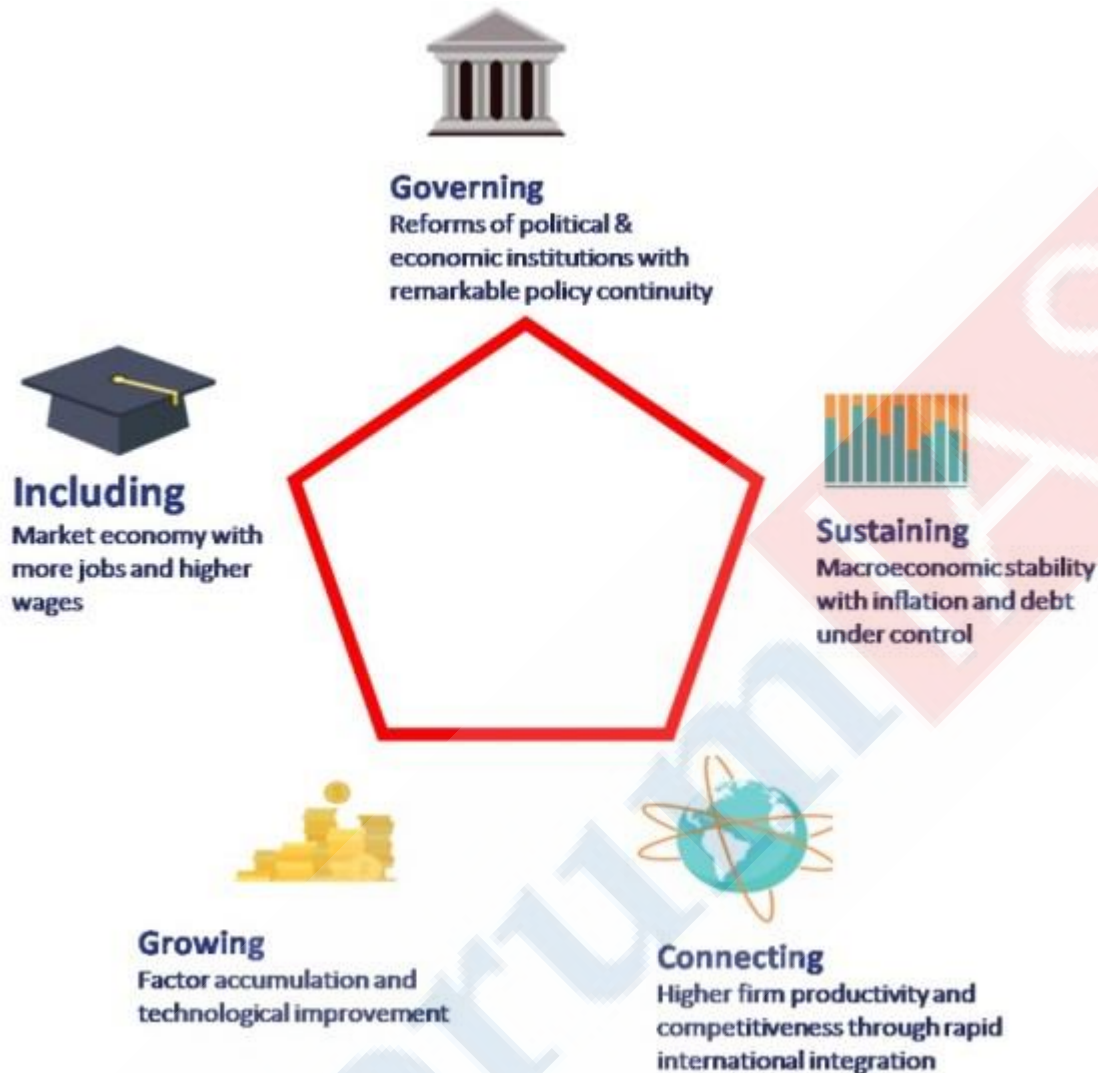
**Third**, the biggest challenge is to move from resource-driven growth based on cheap labor and cheap capital to **growth based on high productivity and innovation**. This requires **investments in infrastructure and education**—building a high-quality education system that encourages creativity and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

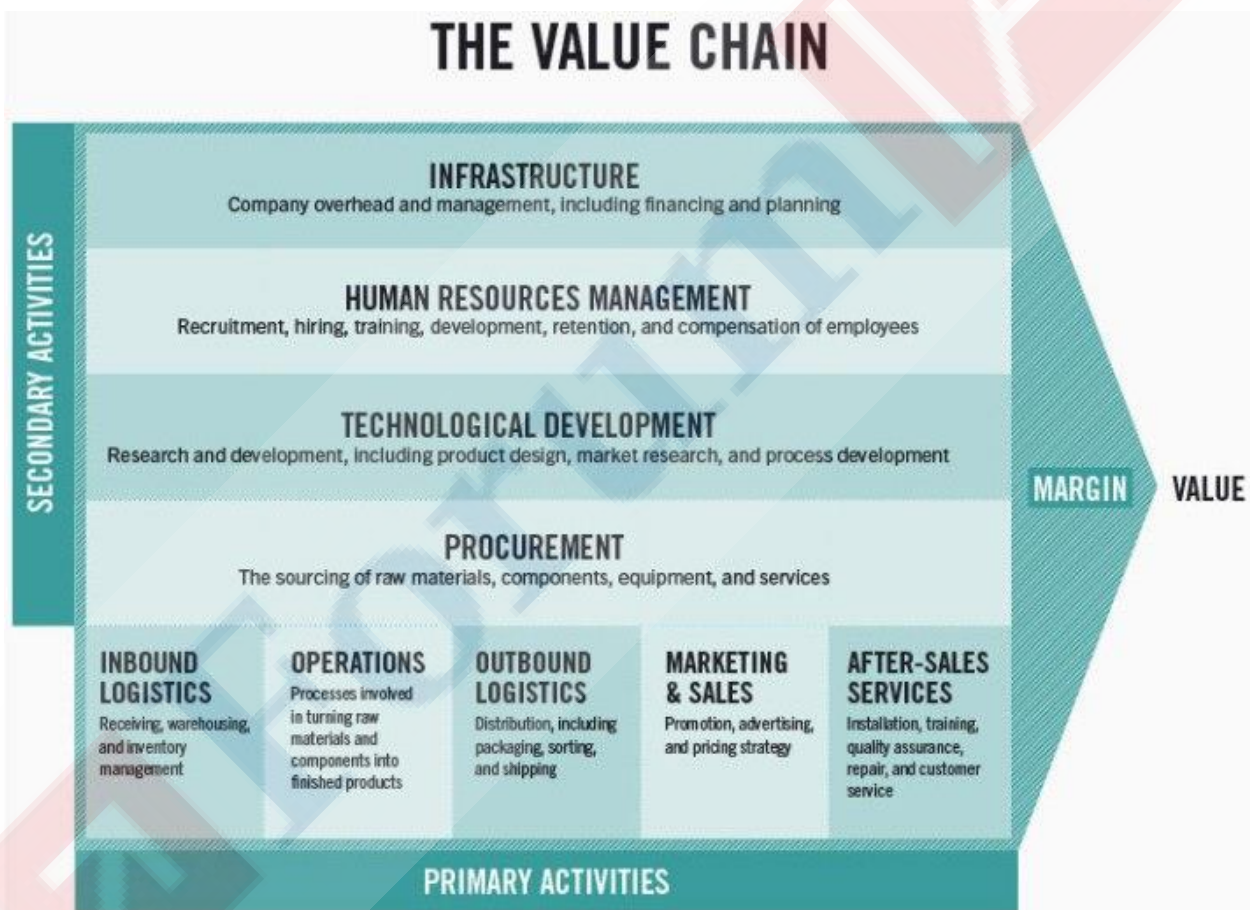
## Global Value Chains: Building Resilient GVC linkages in India – Explained, pointwise

### 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)?

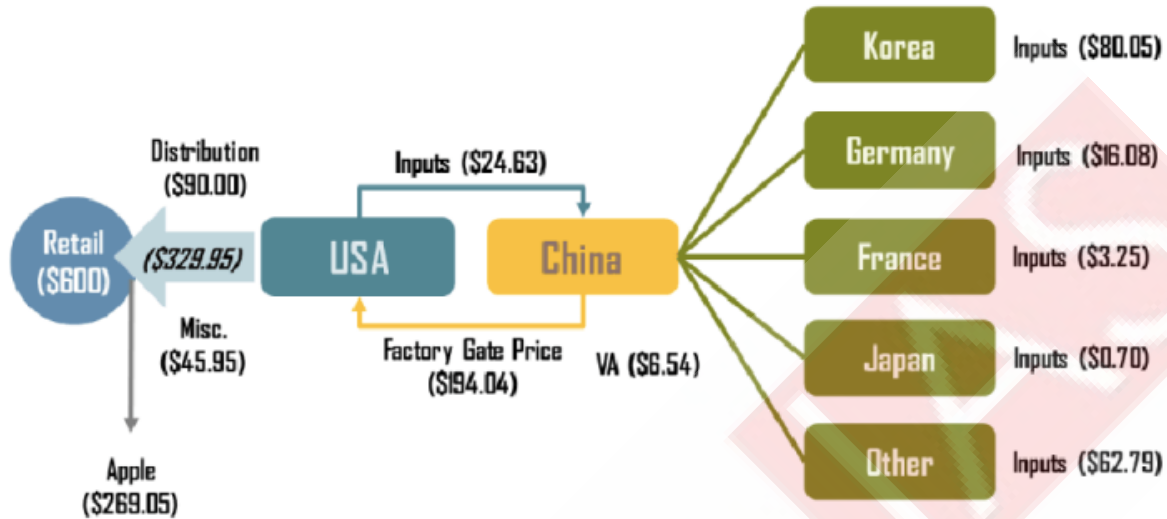
A value chain describes the **full range of activities needed to create a product or service**. This includes conception of a product, procurement of raw material, manufacturing, transportation (logistics), sales, marketing and distribution, and after-sale service.



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.*

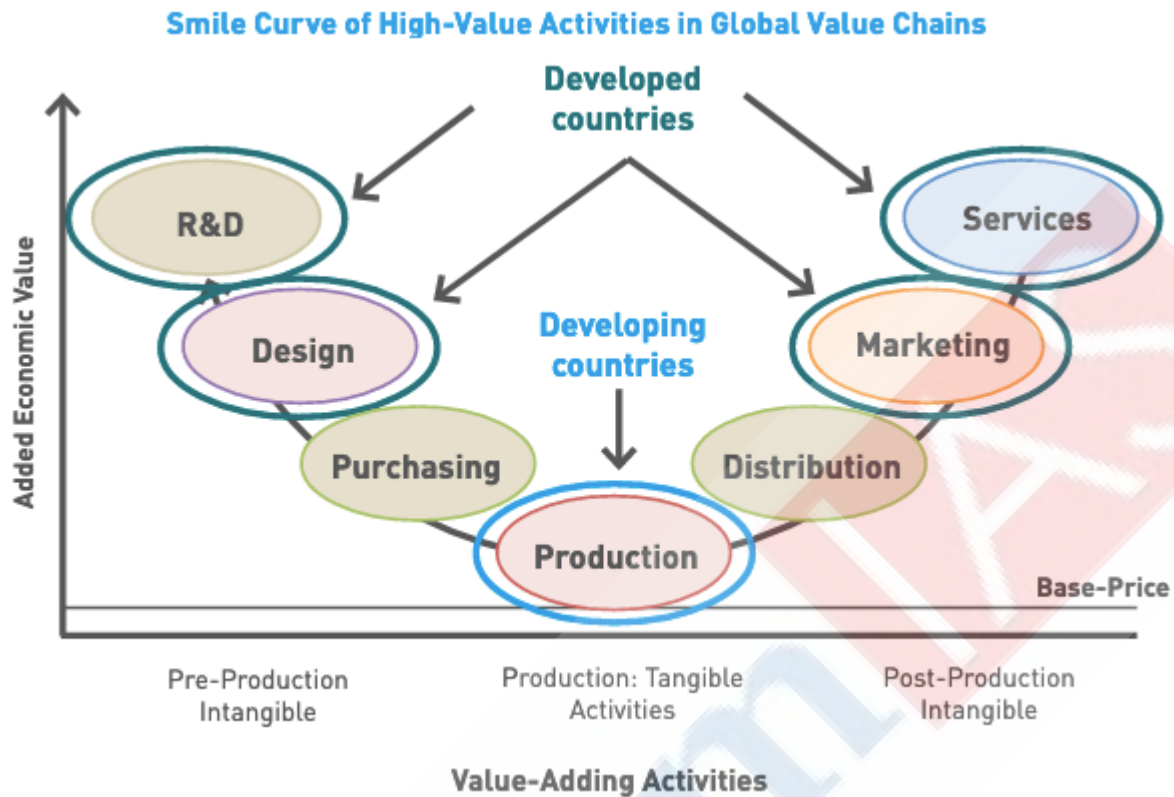
Earlier, all the activities of a value chain (i.e. sourcing of raw material, transportation, manufacturing etc.) were limited to a single country. But the manufacturing model has changed now. Today, a single finished product often **results from manufacturing and assembly in multiple countries**, with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

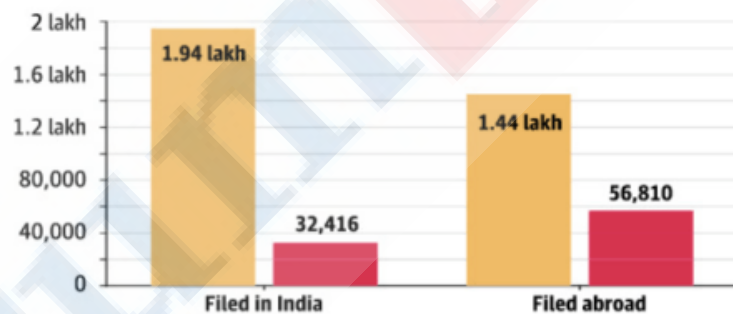
Compared to the five big patent offices (the US, Europe, Japan, Korea and China), the patent offices of India show relatively low application volume. According to the annual report by the Ministry of Commerce and Industry, India has a very minute growth, seeing its application-level increase from 8,538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

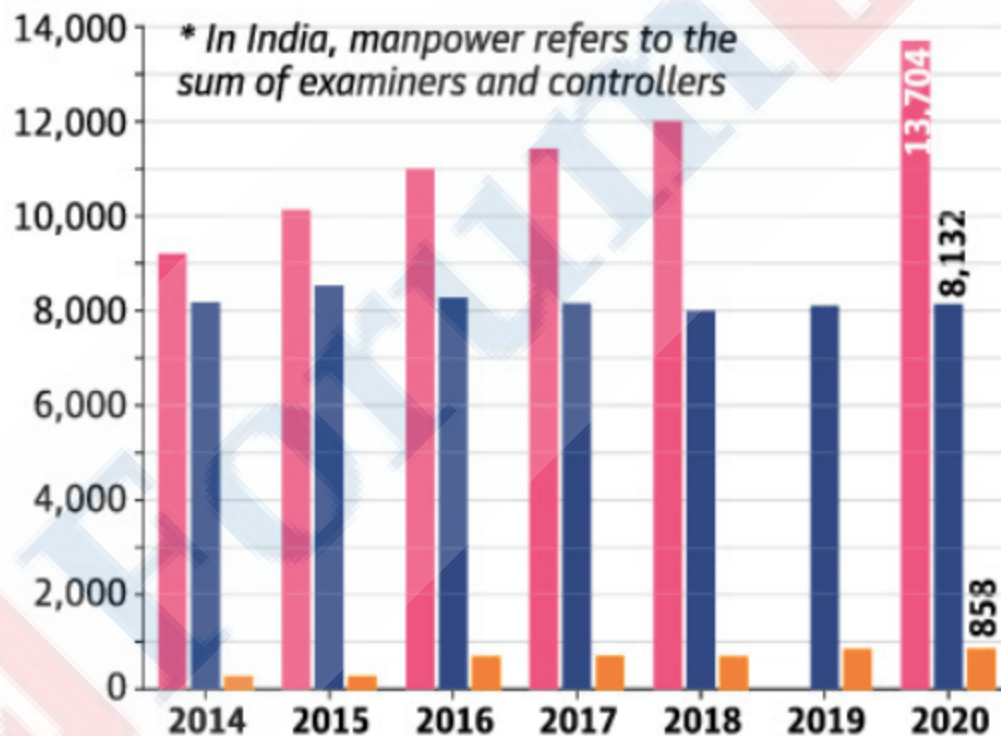
Similarly, Section 3(k) bars patentability of computer programs per se or algorithms. This objection exists as default for all computer-related inventions. The life sciences sector faces hurdles in terms of patentability of in-vitro diagnostic methods and kits because they fall within the category of 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.

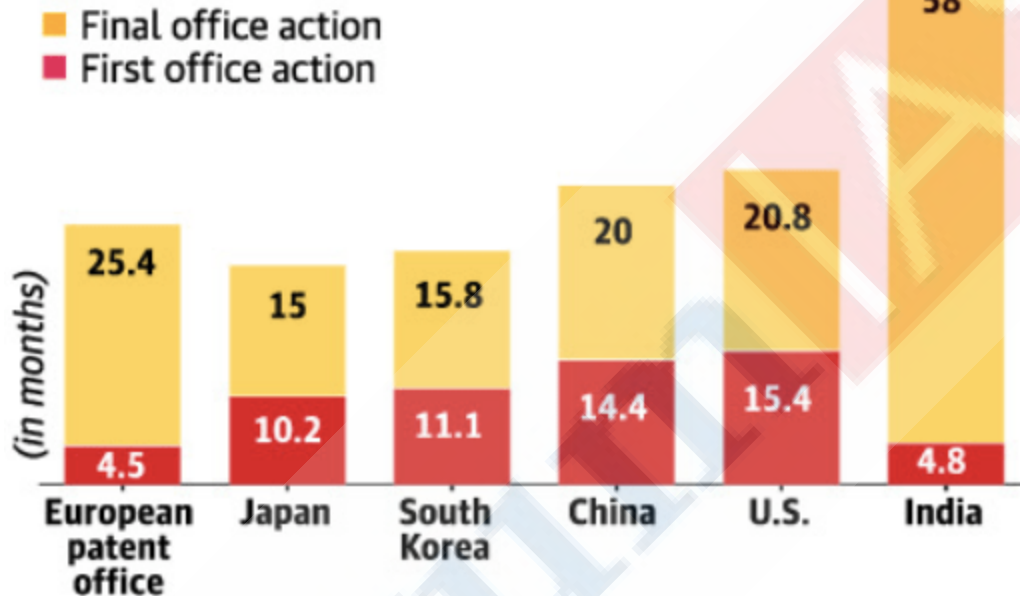
**4 Manpower shortage** | The number of employees in **India's patent offices** is much lower compared to countries such as the **U.S.** and **China**. This leads to a high pendency rate. The chart shows the employee strength\* in patent offices between 2014 and 2020



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](#)

## [Kurukshestra 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](#)