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7 PM COMPILATION

16th to 30th September, 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
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Algorithmic Trading: Meaning, Benefits and Concerns – Explained, pointwise

Topic:- Economic development

Sub topic:- Indian Economy and issues related to growth.

Draft Ports Bill 2022 and Port Infrastructure in India – Explained, pointwise

Topic:- Economic development

Sub topic:- Infrastructure: Ports

[Yojana September Summary] Counter-Terrorism Scenario in J&K – Explained, pointwise

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Topic:- International Relations

Sub topic:- Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests.

[Kurukshehra September Summary] Education for Tribals – Explained, pointwise

Topic:- Social Justice

Sub topic:- Issues relating to development and management of Social Sector/Services relating to Education

Dispute Settlement System of the WTO: Challenges and Solutions – Explained, pointwise

Topic:- International Relations

Sub topic:- Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests.

Issues in Urban Planning in India – Explained, pointwise

Topic:- Indian Society

Sub topic:- Urbanization, their problems and their remedies

Logistics Sector in India and National Logistics Policy – Explained, pointwise

Topic:- Economic development

Sub topic:- Infrastructure

Tourism Sector in India – Explained, pointwise

Topic:- Economic development

Sub topic:- Infrastructure

[Yojana September Summary] Ushering Investments (in J&K) – Explained, pointwise

Topic:- Economic development

Sub topic:- Inclusive growth and issues arising from it

Algorithmic Trading: Meaning, Benefits and Concerns – Explained, pointwise

Introduction

The Securities and Exchange Board of India (SEBI) recently came out with guidelines for stock brokers who provide services relating to algorithmic trading to investors. The aim of the guidelines is to prevent instances of mis-selling by the brokers. SEBI had noticed that certain stock brokers provide algorithmic trading facilities to investors through unregulated platforms. In the last few years, algorithmic trading and co-location have been in the news for both good and bad reasons. Algorithmic Trading, also known as Algo Trading, became legal after SEBI approved Direct Market Access (DMA) in 2008. Major concerns were raised about algo trading when it was revealed that the National Stock Exchange (NSE) gave preferential access to a few algo traders in 2015. In December 2021, SEBI issued a discussion paper proposing that all orders emanating from stockbrokers' Application Programming Interface (API) be treated as algorithmic trading, raising concerns that such restrictions will stifle the growth of algo trading in India.

What is Algorithmic Trading?

Algorithmic trading is computer assisted buying and selling of stocks. It is also known as **automated or programmed trading**. In algorithmic trading pre-programmed computer strategies execute buy and sell trades depending on set parameters, instructions or market pattern and conditions. The instruction can be to buy or sell a particular number of share(s) of a specific company as soon as the price reaches a certain pre-defined level.

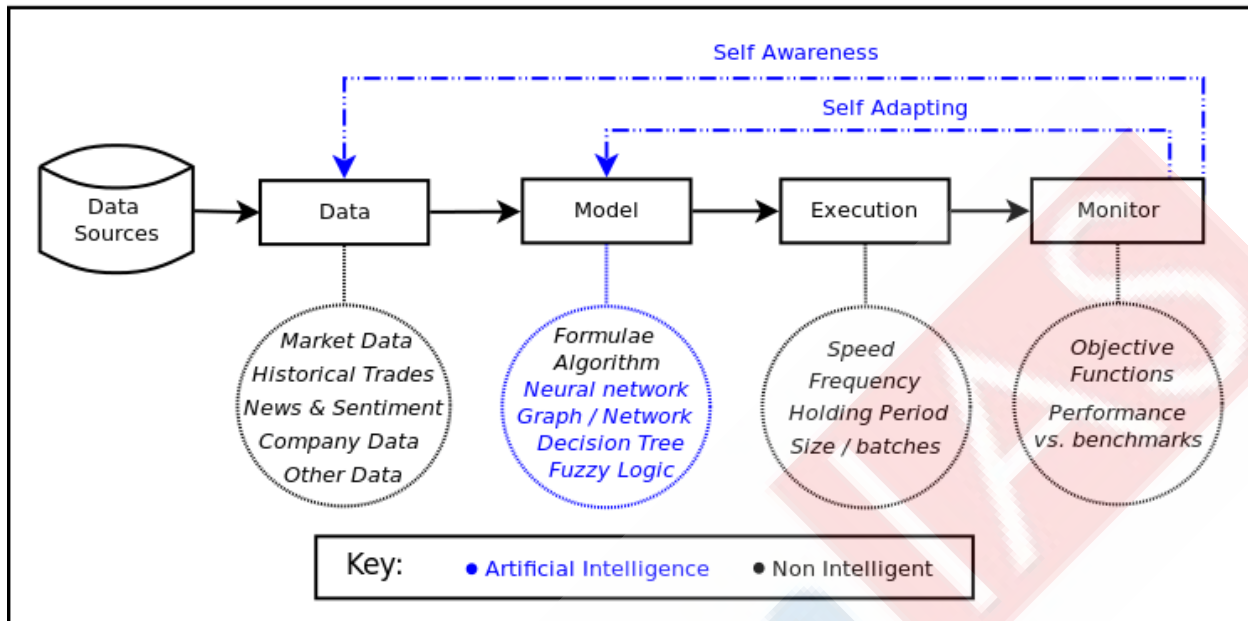
The trades happen at a **super-fast speed** by the use of **advanced mathematical models** that involve **automated execution** of trade. The execution speed is so fast that even a split-second faster access is considered capable of bringing huge gains to a trader. The algorithms are run on computer systems owned by traders (and not investor). The algorithm automatically executes the order with **no human involvement from either the broker or the investor**. The algorithmic trading system automatically **monitors the live stock prices** and initiates an order when the given criteria are met. This frees the trader from having to monitor live stock prices and initiate manual order placement.

Assume that an investor/trader wants to buy shares of XYZ Corporation if it rises by 2% over its previous closing price and if trading volumes on that day are higher than the average volume of the last 10 days.

The investor can put this order through a broker's website or app, and wait for the order to be executed. However, the investor will only be able to specify the price, not the volume. Another way is to monitor live stock prices and manually place the order when the order is bet.

A third way is to have a software with an algorithm that will place the order only when both conditions are met. This will be done automatically without human intervention.

Conceptual Model of Algorithmic Trading



Source: Turing Finance. The system picks information from database (e.g., market data related to price) and other latest information. The algorithm compares the data with instructions (model) and executes the order. With advancements in Machine Learning, the models can improvise/adapt themselves for even better/faster executions.

What is an Application Programming Interface (API)?

An API or application programming interface is a set of programming codes that analyses data and sends instructions between one software platform and another.

Investors/traders typically look for opportunities by screening stocks based on certain parameters (like trend of price). Earlier, they had to identify such stocks on a separate application and then place trades with their broker. In other words, the trader's screening software and the broker's software could not directly communicate with each other. But with brokers providing APIs, traders can **connect their screening software with the broker's API offering access to real-time prices**. The trader's screening software will identify opportunities based on the live prices, and automatically place orders.

Every broker has an open Application Programme Interface, or API. API allows a trader's software to connect to the broker terminal. Brokers, at their end, have an order management system which is used to place an order electronically.

What is the current status of Algorithmic Trading in India?

Algorithmic Trading was allowed in India in 2008.

According to a report by the National Institute of Financial Management (under the Union Ministry of Finance), ~50%+ of total orders at both NSE and BSE are algo trades.

Many brokers in India have started providing Application Programming Interface (API) access to their clients. This has allowed small investors (retail investors) to invest through algo trading. Companies like Zerodha, Upstox, 5 paisa are amongst the few brokers who provide algo trading platforms to retail clients for algo trading.

What are the benefits of Algorithmic Trading?

First, algorithmic trading enables faster execution of trades and thus increases the efficiency.

Second, It **reduces chances of human error**. It also **eliminates human emotions** which might impact actual execution of order (like last minute dilemma whether to buy or sell).

Third, It makes the market broader and **improves the market quality**. From a broker's or trader's perspective, the algo can be set in such a way as to **get the best possible price**.

Fourth, algos are executed automatically and with great speed, and substantially **reduces the risk for traders**.

Fifth, it improves the **liquidity in the market**. An algo keeps throwing orders in the market and then withdrawing it. This is something that SEBI plans to regulate more closely now. The bottom-line is that this aggressive interplay of orders helps improve the liquidity in the market and facilitates the execution of transactions seamlessly.

What are the concerns related to Algorithmic Trading?

First, it increases market volatility (i.e., large variation in prices, market instability). Even a small fall in the market can trigger a mass sell order, leading to a crash. Algorithms lack human intuition and hence may not be able identify events of panic selling during market crash further exacerbating such crashes.

Second, algorithmic trading is **susceptible to system failure risks** and network connectivity errors etc.

Third, the accuracy depends upon the robustness of algorithms. A **faulty algorithm** can result in **large losses** to the traders/investors. In many cases, software engineers writing the algo strategies may lack understanding of working of markets/trading of shares resulting in poor algorithms.

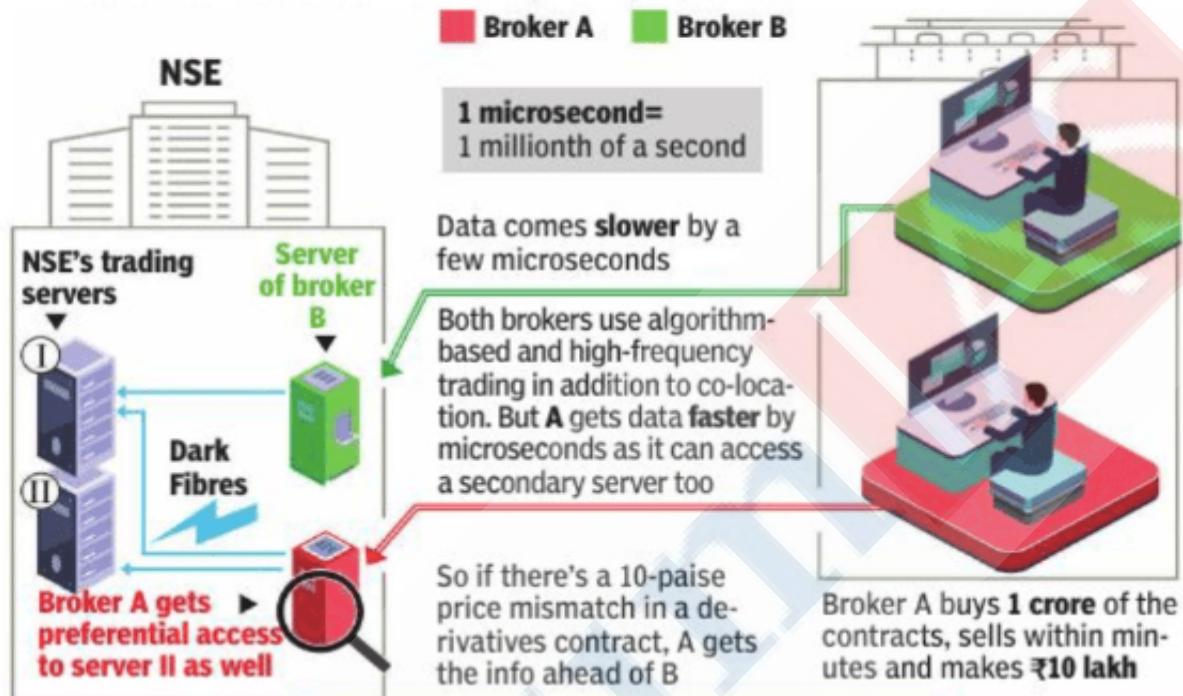
Fourth, although it reduces chances of human errors but can't eliminate them. Algo trades are susceptible to **fat finger trades** and algos misfiring. Fat finger trade is a human error while punching an order. This can include **entering a wrong value in terms of price or quantity** or selection of the **wrong execution action such as buy or sell**.

Fifth, The trading strategies for algorithms are often written and analysed by the concept of '**backtesting**'. Backtesting is analysing past historical financial data to generate a set of trading signals. There are three problems with the approach; **(a)** Bulk of the back testing is generally based on data analysed over the last two-three years. However it is a **narrow horizon** and may fail to identify a bubble (when share prices are exceptionally high) or bust (when share prices are extremely low say during a recession); **(b)** Past performance cannot guarantee future returns; **(c)** The strategy writers and the marketplaces remain unregulated as of now.

Sixth, algorithmic trading is susceptible to scams like co-location scam as happened in the National Stock Exchange.

HOW MICROSECONDS MAKE A DIFFERENCE

In the example below, brokers A and B located their servers in the NSE trading room. While B traded legally, A – in connivance with some NSE execs – also got preferential access to a second server with less load and unknown to others. As a result, A got faster access to price info, helping him to execute orders before B and thereby making a quick buck



Source: The Times of India

Seventh, For the algos deployed by retail (small) investors using APIs, **exchanges are not able to identify if the particular trade emanating from API link is an algo or a non-algo trade.** This kind of unregulated and unapproved algos pose a risk to the market and can be misused for **systematic market manipulation** as well as to **lure the retail investors by guaranteeing them higher returns.**

What are the SEBI Regulations/Guidelines regarding Algorithmic Trading?

Brokers need to take the **approval of all algos from the stock exchanges.** Each algo strategy has to be certified by Certified Information Systems Auditor (CISA)/ Diploma in Information System Audit (DISA) auditors. They need to inform the exchanges (BSE, NSE etc.) of any changes to the algos.

All orders emanating from an API should be treated as an algo order. The APIs to carry out algo trading should be tagged with the unique algo ID provided by the stock exchanges.

All algo orders have to be routed through **broker servers located in India.** Also, all algo orders have to be tagged with a unique identifier provided by the stock exchange in order to establish an audit trail. This allows the exchange to know if an order is an algorithmic one or non-algorithmic.

Brokers shall ensure that **appropriate checks** are in place so as to **allow only exchange approved algos.**

The stock broker will be responsible for all algos emanating from its APIs and redressal of any investor disputes.

What are the shortcomings/concerns related to the SEBI regulations?

First, the third party algo providers are not regulated. There is also no investor grievance redressal mechanism in place.

Second, getting the requisite permission from the stock exchanges is a tedious process, brokers may have to stop using the API system. This will impact development of the market.

Third, submitting algo programmes to exchanges for their approval would mean that **vendors may have to reveal their approach**. There is a possibility of the intellectual property (IP) being compromised—some brokerages can easily replicate the successful algo strategies.

What are the global rules on Algorithmic Trading?

In April 2016, the U.S. Securities and Exchange Commission (SEC) approved a rule proposed by the Financial Industry Regulatory Authority (FINRA) that would require algorithmic trading developers to register as securities traders. The move was primarily aimed at reducing market manipulation.

In the UK, any market participant must notify the regulator Financial Conduct Authority if it is engaging in algorithmic trading. A firm must provide information like nature of its algorithmic trading strategies and details of the trading parameters to the FCA.

What should be done going ahead?

First, there is a need to establish an investor grievance redressal for trades undertaken by third party vendors.

Second, the third-party algo providers must also be tightly regulated.

Third, SEBI must tighten the regulatory norms so that the Co-location scams that happened in NSE can be prevented.

Fourth, there is a need to raise awareness among the retail (small) investors in the stock market about the risks associated with algorithmic trading, so that they are able to use such investing strategies more prudently.

Conclusion

India's dematerialised (demat) accounts have crossed the 100 million mark, up from about 40.9 million in March 2020. This number is further going to increase in the coming year due to digitalisation and more awareness about the economy. As the participants in the stock markets increase, so do the risks in the market. In this context, the role of the market regulator becomes critical in order to protect new or small investors while also ensuring accountability on the part of the various market players. SEBI's recent guidelines against algorithmic trading facilities for investors provided by unregulated platforms are commendable. SEBI must expand these regulations to cover the unaddressed aspects of algo trading and protect investors' interests.

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

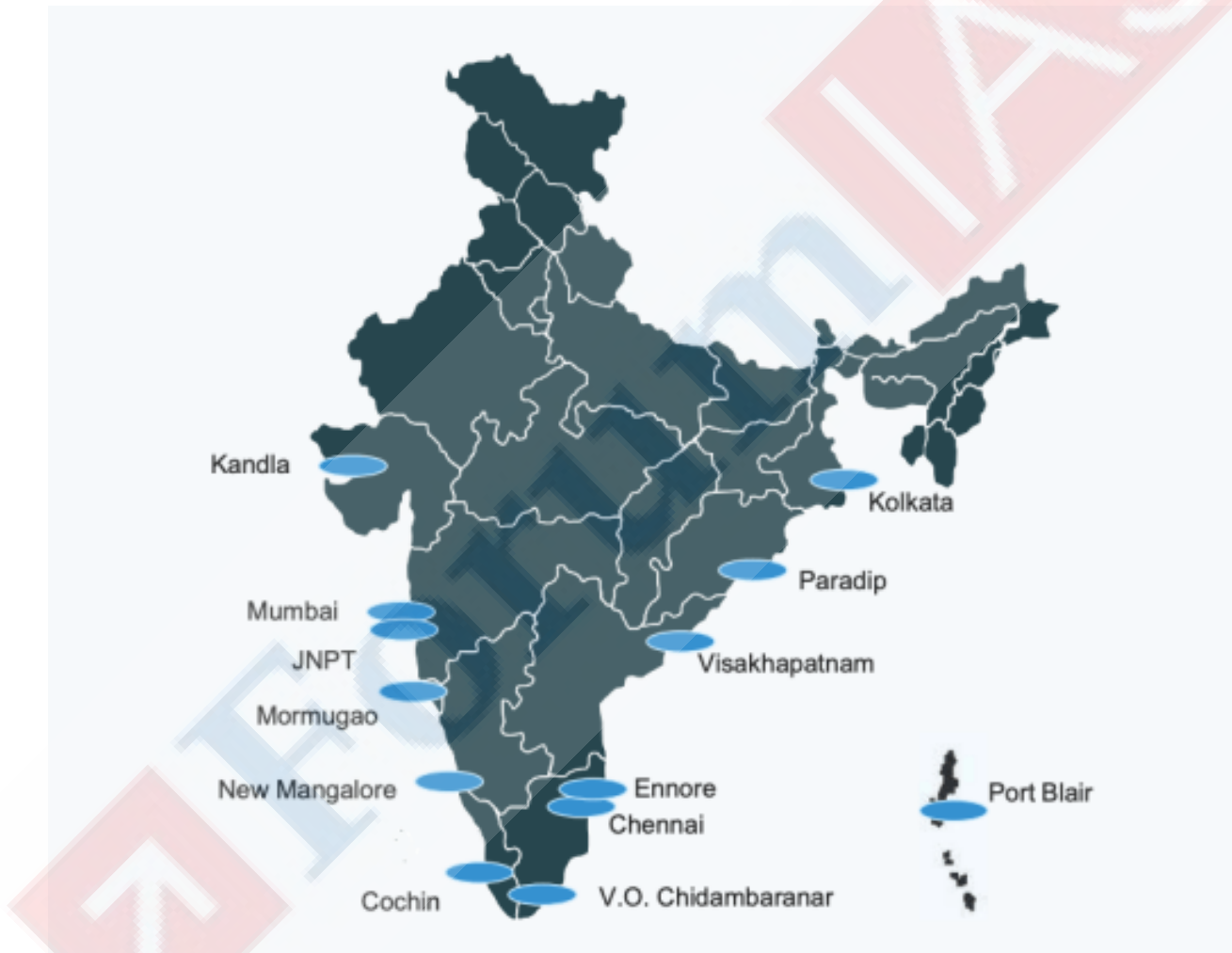
Source: [Mint](#), [Indian Express](#), [The Hindu BusinessLine](#), [The Hindu BusinessLine](#), [CNBC](#)

Draft Ports Bill 2022 and Port Infrastructure in India – Explained, pointwise

Introduction

The Union Government has prepared a new Draft Ports Bill, 2022. It has been prepared to replace the Indian Ports Act, 1908. An earlier draft was released in 2021, and this Bill has some improvements over it. The purpose of the Draft Ports Bill is to revamp the 1908 Act to reflect the present-day frameworks. In addition, it seeks to amend and consolidate legislation for containment, prevention of pollution and facilitate compliance with the country's maritime treaties and international instruments and aid the consultative development of the ports sector in the national interest.

About Ports in India



Source: IBEF. Chidambaranar is also called Tuticorin Port.

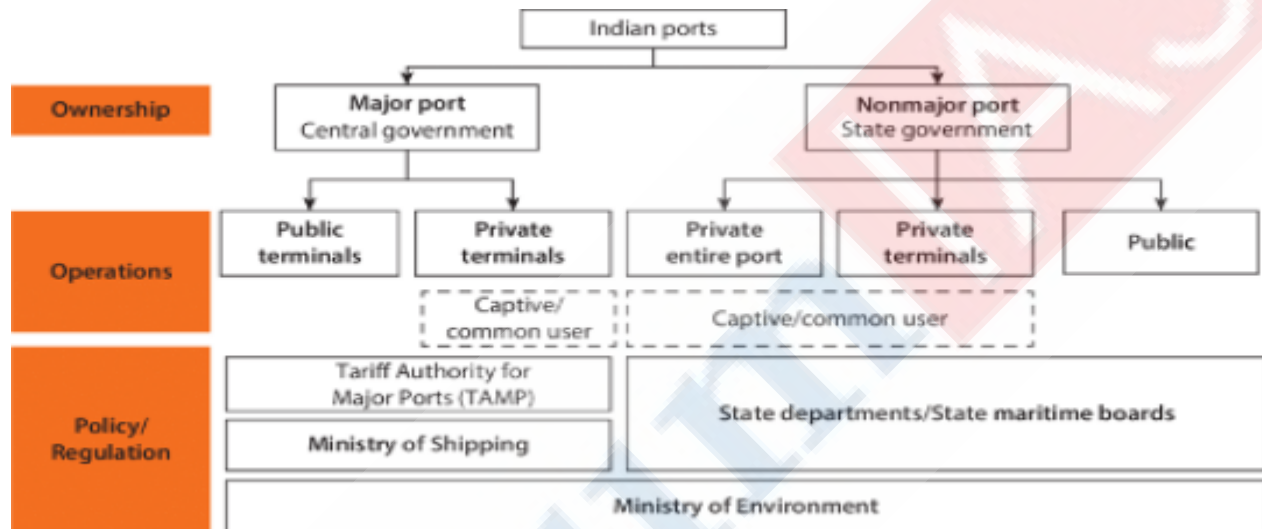
According to the website of Ministry of Ports, Shipping and Waterways, India has 12 major ports and 200 non-major ports. Port Blair was declared as 13th major port via a notification in 2010, although there were considerations to scrap the the major port status in 2017. Mundra is the largest private container port in India. Most of the non-major ports are small fishing harbour , and only a few of them cater to international shipping. **Major ports are listed in the Union List** and come under the jurisdiction of the Union Government. **Non-major ports are in the**

Concurrent List and come under the respective state governments, but the Centre has overriding legislative and executive powers.

What are the Institutional Arrangements governing the Ports Sector in India?

Apart from the 1908 Act, the Major Ports are governed by the **Major Port Authorities Act, 2021** which repealed the earlier Major Port Trusts Act, 1963.

In 1997, a **Maritime State Development Council (MSDC)** was created by an **Executive order**, with the Union Minister of Shipping as chairperson and the Ministers in charge of ports of the maritime States/Union Territories (UTs) as members. The MSDC serves as an **apex advisory body** for the **coordinated development** of major ports and non-major ports.



Source: Ministry of Port, Shipping and Waterways. Institutional Arrangement of Port Management in India.

What is the current status of India's Maritime Trade and Cargo Handling?

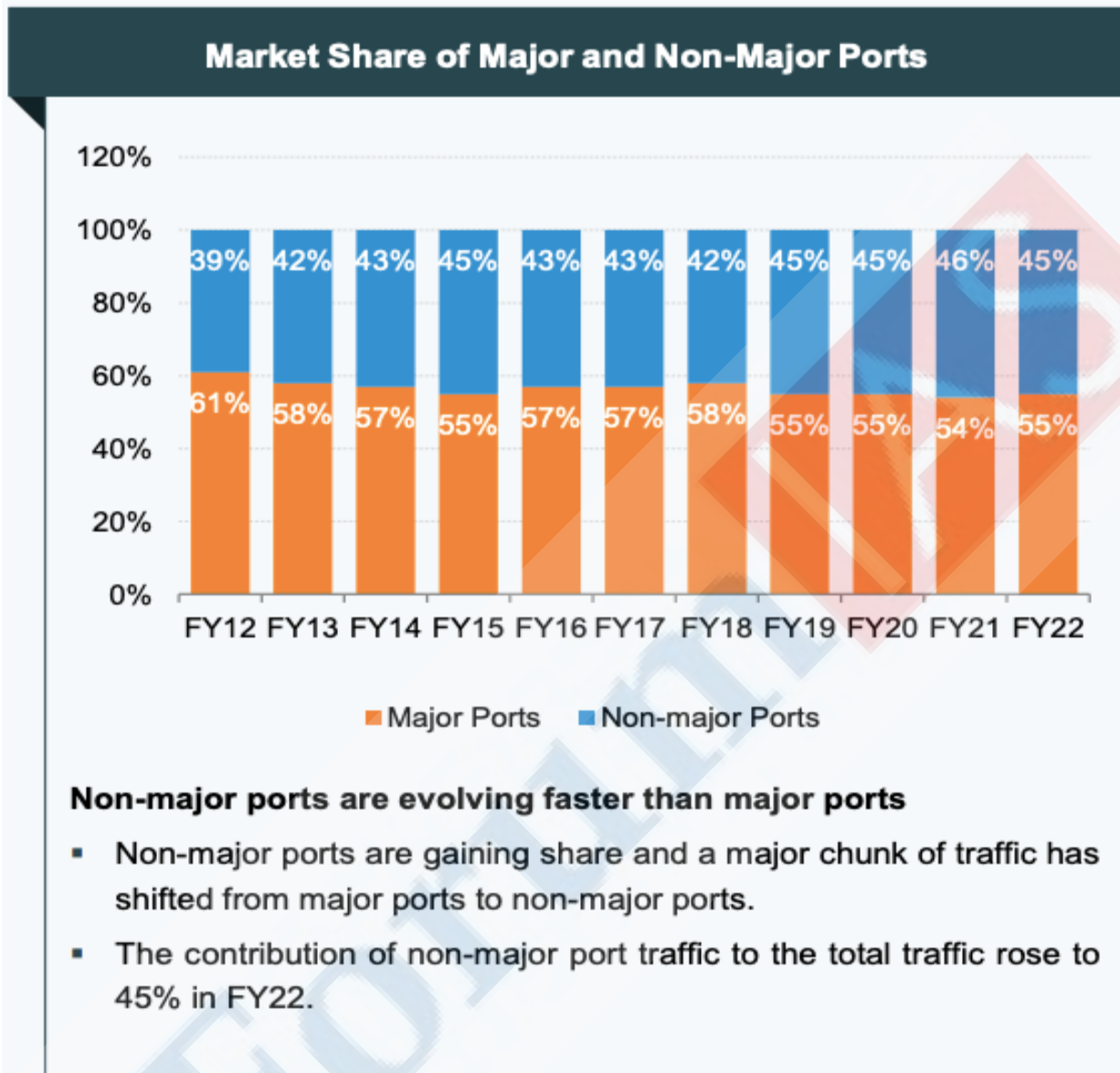
Over **95% of India's trade by volume** and **65% by value is done using maritime transport facilities** at ports. Merchandise exports reached US\$ 417.81 billion in FY22. Increasing trade is translating into higher demand for containerisation due to their efficiency.

Net profits at the major ports increased from INR 1,150 crore (US\$ 178.4 million) in FY13 to INR 3,413 crore (US\$ 529.6 million) in FY18, while operating margins increased from 23% to 44%.

To meet the growing cargo traffic, the capacity of ports was increased to 1,514 million tonnes in FY19, from 505 million tonnes in FY07. Cargo traffic handled by India's major ports grew 7.72% YoY to touch 720.29 MT in FY22.

Turnaround time at major ports in India has decreased at a rapid pace from 82.32 hours in FY17 to 59.51 hours in FY19. Turnaround time at major ports was 62.16 hours in FY21. Turnaround time refers to the time that is taken between the **arrival of a vessel and its departure**. Average turnaround time is influenced by factors such as type of cargo, parcel size and entrance.

Non-major ports are evolving faster than major ports and a major chunk of traffic has shifted from major ports to non-major ports. The contribution of non-major port traffic to the total traffic rose to 45% in FY22. The share of non-major ports was only 8% in 1993-94.



Source: IBEF

What are the major provisions of the Draft Ports Bill, 2022?

The Draft Indian Ports Bill has a 4-fold primary objectives: **(a) Promote integrated planning** between States and Centre-States through a **consultative and recommendatory framework**; **(b) Ensure prevention of pollution measures** for all ports in India while incorporating India's obligations under international treaties; **(c) Address lacunae in the dispute resolution framework** required for burgeoning ports sector; **(d) Usher-in transparency and cooperation** in the development and other aspects through the use of data.

The Bill is aimed at ensuring **streamlined and homogenised development in the maritime sector**. Its objective is to promote ease of doing business. Some of the redundant provisions of the 1908 Act have been deleted or replaced with contemporary provisions.

What are the issues with the Draft Ports Bill, 2022?

First, the Draft Bill seeks to give statutory status along with wide ranging powers and functions to the MSDC. The Bill will make it a permanent body with its own office, staff, accounts and audit. A body like the MSDC is necessary, but the nature and quantum of its work do not call for a statutory or permanent status.

Second, the proposed composition of the MSDC favors the Union Government. The draft Bill makes 5 Secretaries and 1 Joint Secretary to the Government of India, besides the administrators of the coastal UTs, as members of the MSDC. The vote of an officer would count the same as the vote of a minister. This sets a bad precedent.

Third, as noted above, the performance of non-major ports has been better. Between, 1993-94 and 2021-22, the average growth rate of cargo traffic has been 14% in non-major ports versus 4.8% in major ports. Thus the Union Government should delegate more control to State Governments rather than centralising through MSDC.

The 2011 World Bank Report, 'Regulation of the Indian Port Sector', observed that non-major ports are perceived as more business-oriented, customer-friendly, cheaper, and, in general, more efficient. On the other hand unnecessary regulatory and financial burdens are imposed upon port trusts, private terminal operators, and investors by the Union Government.

How can these issues be resolved?

First, the MSDC should continue to function as an **apex advisory body**.

Second, Like the Goods and Services Tax Council, the MSDC should consist only of the concerned Ministers of the Union and maritime States/UTs; officers should only be special invitees. The Union and State Governments can have 50% vote share each.

Third, In accordance with global port reform strategies, the Union Government should strive for greater decentralisation, deregulation, corporatisation, and private sector participation. The Union Government should only be responsible for functions like border control, competition policy, port security, environmental protection, and hinterland connectivity.

Fourth, State Governments and city municipal corporations should be provided greater stakes in corporatised major ports.

What are the key challenges faced by the Port Sector in India?

Infrastructure Bottleneck: Indian ports are plug with the **lack of capacity** and **low productivity**. The high turnover time and freight costs make Indian ports **less competitive**. Although the turnaround time has improved it is still poor compared to global standards e.g., Japan (8.16 hours), Taiwan (10.56 hours), Hong Kong (12.48 hours) have much better turnaround times than Indian ports (62.16 hours). Poor planning has meant that India's port expansion has not been commensurate with rise in cargo traffic.

Logistics Bottleneck: The port productivity and efficiency also depend upon the quality and reliability of road and rail connectivity, and adequate storage and handling facilities. The lack of expressway connectivity between major ports and industrial clusters, high fuel cost make hinterland transportation inefficient and slow.

Technology Bottleneck: Major international ports are using advanced innovations and information technology to change the way goods are transported between port terminals. They have implemented end-to-end solutions and online tracking systems to streamline the flow of

information between their trading partners. In India such smooth information flow between customs, ports, inland terminals and shippers involved in container trade is limited. This reduces efficiency.

Regulation Bottleneck: The port operations in India are marred by complex custom procedures, regulations, and lengthy documentation process. In some major ports like Singapore modernized custom administrations have adopted a highly selective procedure for examinations of containers and about 95% of containers are allowed clearance without any physical examinations. In India, rules require 10% of the contents of each box to be checked and verified. It causes delay, and adds a high transportation costs.

Document Benchmark

Activity	India		Singapore		China		Indonesia	
	No Documents	No Days	No Documents	No Days	No Documents	No Days	No Documents	No Days
Removal of goods from plant	7	1	2	0	3	0	2	0
Customs Clearance	3	1	1	1	1	1	1	1
Export Benefits Application	5	5						
Export benefits Verification	2	10						

Source: CII

What steps have been taken by the Government for developing Port Infrastructure in India?

First, The government has allowed FDI of up to 100% under the automatic route for projects related to the construction and maintenance of ports. Indian ports have received cumulative FDI inflow worth US\$ 1.63 billion between April 2000 and June 2021.

Second, Major Port Authorities Act has been passed in 2021, replacing the Major Port Trusts Act, 1963. The new Act aims to **decentralise decision-making** and reinforce excellence in major port governance.

Third, Project UNNATI has been started by the Government of India to identify opportunity areas to improve operations of key Under the project, 116 initiatives were identified, out of which, 98 initiatives have been implemented, as of September 2020.

Fourth, A new **Captive Policy for Port Dependent Industries** has been prepared to address the challenges of renewal of concession period, scope of expansion, and dynamic business environment.

Fifth, Private ports enjoy **price flexibility** as the Government allows non-major ports to determine their own tariffs in consultation with the State Maritime Boards. At major ports, tariffs are regulated by the Tariff Authority for Major Ports (TAMP).

Sixth, Model Concession Agreement (MCA) has been finalised to bring transparency and uniformity to contractual agreements that major ports would enter with selected bidders for projects under the build, operate and transfer.

Seventh, A **10-year tax holiday** has been provided to enterprises engaged in the business of developing, maintaining and operating ports, inland waterways and inland ports.

Sagarmala Programme

- Sagarmala Programme has been launched to promote **port-led development** in India.
- It aims to harness the **coastline**, 14,500 km of **potentially navigable waterways** and strategic location on key international maritime trade routes.
- The vision of the Programme is to **reduce logistics cost** of international and domestic trade with minimal infrastructure investment. This includes:
 - Reducing the cost of transporting domestic cargo.
 - Lowering logistical cost of bulk commodities by locating future industrial capacities near the coast.
 - Improving export competitiveness by developing port proximate discrete manufacturing clusters.
- The Sagarmala programme has identified 504 projects under **4 pillars**:
 - 211 **port modernisation** projects.
 - 199 **port connectivity** projects.
 - 32 **port-led industrialisation** projects.
 - 62 **coastal community development** projects.
- These projects are expected to mobilise more than Rs. 3.57 Lac Cr of infrastructure investment.

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What more steps can be taken going ahead?

Suggestions have been provided in the report titled “**Promotion of Infrastructure in India’s Maritime Sector**” by the Ministry of Ports, Shipping & Waterways, to improve the port infrastructure and efficiency.

First, Government should **formulate policies for generation of employment opportunities** with involvement of personnel in various activities of construction, operations and maintenance of projects in regard to creation of Coastal Economic Zones (CEZs), Coastal Economic Units (CEUs), Port-Linked Industrial & Maritime Clusters and Smart Industrial Port cities.

Second, ways should be chalked out to link Private Ports with the Major and Minor Ports of the country in order to cater to the growing requirement for import/ export of manufactured goods/ raw materials.

Third, The Ministry of Ports in coordination with the Ministry of Renewable Energy should work towards establishment of solar power plants and wind power generation units on the unutilized

land. This will help reduce the burden on non-renewable resources of energy and to increase the employment.

Fourth, The Ministry should **develop an efficient system** which can support **seamless movement of cargo** across all modes. The Ministry should emphasize all the Major and Minor Ports to **enhance the productivity and infrastructure** to the level of best Ports in the world which will enable them to compete globally.

Fifth, Increased competition and economy of scale have fuelled the development of bigger ships. In order to accommodate such vessels, **promotion of huge facilities** capable of handling bigger ships is required.

Sixth, to ensure **green development**, the Ministry should formulate **proper guidelines** and **conduct an environmental impact assessment** before releasing funds for any connectivity project.

Seventh, The Ministry of Ports should also work in close coordination with the Ministry of Road Transport and Highways, NHAI, and Ministry of Environment to **address the delays in projects due to land acquisition** and environmental clearances.

Conclusion

The Government has set a target to make India a developed nation by 2047. This will require rapid economic growth supported by domestic demand, investments and robust exports. Maritime trade and port infrastructure will play a vital role in achieving a robust growth in exports. Thus the Government has to support the development of world-class port infrastructure in India to make Indian ports and exports globally competitive.

Syllabus: GS III, Infrastructure: Ports

Source: [The Hindu](#), [Hindustan Times](#), [IBEF](#), [CII](#)

[Yojana September Summary] Counter-Terrorism Scenario in J&K – Explained, pointwise

Introduction

It has been 3 years since the Government of India revoked the special status of the erstwhile State of Jammu and Kashmir. Two new Union Territories (UTs) of J&K and Ladakh were created. This constitutional change was a watershed moment for the region, marking a break from the past to herald a new administrative and security approach to this strategically important region. Several initiatives implemented by the J&K UT administration and security establishment since then. The change in the counter-terrorism scenario in J&K demonstrate that a change is afoot on the ground, which offers hope for a better future.

The J&K UT, has been afflicted by the problem of **cross-border terrorism, separatist violence and armed militancy** for the last 3 decades. Recent events like **targeted killings** of religious minorities, migrants, security forces personnel and civilians, have drawn attention to the evolving security situation in J&K. These developments give an impression of a region in the throes of violence and instability. However, the reality is otherwise. Today, the Indian security establishment firmly controls the situation in J&K. Actions like **targeting the terrorist sympathisers, practising humanitarian gestures and proactively countering anti-India propaganda** have considerably shrunk the manoeuvring space for the terrorists. Although there

are some evolving and emerging challenges from the counter-terrorism (CT) perspective, security forces are confident of effectively tackling them.

J&K WITNESSES GOOD GOVERNANCE POST REMOVAL OF ARTICLE 370

- 890 Central Laws now applicable
- Establishment of Human Rights Commission
- Establishment of Women Rights Commission
- Establishment of SC/ST Rights Commission

Source: Yojana September 2022

Current Terrorism Outlook for the Region

A vital indicator of the improved security situation in Kashmir Valley is the residual strength of the terrorists operating in the region. Numbered thousands at the peak of militancy in the early 1990s; today, circumstances have changed. Current terrorist strength in Kashmir stands at approximately 163, the lowest in decades.

Region	Pakistani terrorists	Local terrorists	Total
North Kashmir	60	17	77
South Kashmir	18	68	86
Total	78	85	163

Source: Yojana September 2022. Table: Terrorist Strength in Kashmir Valley.

They primarily belong to the three terrorist groups: Lashkar-e-Taiba (LeT), Jaish-e-Mohammed (JeM) and Hizbul Mujahideen (HM). Some are part of the local affiliates of pan-Islamic groups such as Al-Qaeda's Ansar Ghazwat-ul-Hind, and Islamic State J&K. However, their numbers are marginal. Security forces note that, unlike the previous times, **Pakistani terrorist have been reduced to guiding and motivating the local terrorists** who have taken charge of the militancy in the region.

Tackling Cross-Border Militant Infiltration

Pakistan-based terrorist groups have used the mountainous terrain in north Kashmir to sneak into the Kashmir Valley. Pakistani security establishment actively supports them by bringing infiltrating terrorists right up to the LOC in army vehicles, monitoring the infiltration routes, giving covering fire while terrorist infiltrate, and supplying sophisticated communication equipment. Militants also enter from the south of Pir Panjal range, sometime through tunnels as long as 400 meters.

To counter this infiltration, security forces in the last one and half decades, have raised a highly effective **three-tiered counter-infiltration grid**. In this, the **Indian Army forms the first tier on the LoC**, followed by the **second tier of paramilitaries such as the Central Reserve Police Force (CRPF)**, and the **third one of the J&K Police (JKP)**.

In addition, the security forces have deployed **Anti Infiltration Obstacle System (AIOS) fencing and strengthened surveillance** through **reconnaissance drones, night-vision equipment, and hand-held thermal imaging devices**.

These efforts combined have contributed to the **infiltration levels going down significantly**. For example, in 2020 and 2021, the number of infiltration attempts have come down to 62 and 58 respectively. Only 72 managed to successfully infiltrate together in those two years. In 2022 there had been **only 5 infiltration attempts till June**, in which three terrorists managed to infiltrate. Subsequently, security forces eliminated those terrorists in encounters.

Crackdown on Terrorist Groups and their Ecosystem

Security forces have kept up the pressure on the terrorist groups in the hinterland through several Counter-Insurgency (CI) operations. These have yielded significant success by eliminating the top militant leadership and disrupting their subversive plans. Militants have been reduced to carrying out an **intermittent campaign of targeted killings against soft targets**.

Sustained CI operations have forced terrorist groups to join hands and operate together. Pakistan's ISI is playing a role in bringing the groups together.

Punitive Action

Another dimension of counter-terrorism in J&K is the **punitive action against the elements of the ecosystem** that support the terrorists. It includes the network of the **Over Ground Workers (OGWs)** and terrorist sympathisers and the cadres of Jamaat-e-Islami (JeI). In February 2019, The Union ministry of Home Affairs banned the JeI terming it an unlawful association. Simultaneously, the government began removing those employees who abetted secessionist and militant activities.

Since 2019, the J&K Police has arrested more than 900 OGWs under the **Public Safety Act** and the **Unlawful Activities (Prevention) Act**.

Year	2019	2020	2021	2022
Arrests	372	277	184	90

Source: Yojana September 2022. Table: Year-wise arrested Over Ground Workers

Countering Terror Financing

Countering-terrorist finances has been another focus area of counter-terrorism measures in J&K. The National Investigation Agency (NIA) has launched several investigations into the cases of terrorist financing.

The MHA has set up a **Terror Monitoring Group**, comprising representatives of **security** (NIA, Central Bureau of Investigation, Intelligence Bureau and JKP) and **financial agencies** (Central Board of Direct Taxes, and Central Board of Indirect Taxes and Customs) to **closely monitor terrorist financing cases**. The crackdown has **dramatically reduced the stone-pelting incidents** which had once become a striking feature of unrest in Kashmir Valley.

Soft Measures

Another aspect of counter-terrorism in J&K is the implementation of several soft measures. These measures have been appreciated by the locals. These include **exercising maximum restraint, avoiding pellet guns and minimising collateral damage during the Counter-Insurgency(CI) operations** and protest demonstrations.

Since August 2019, there have been **no civilian casualties** during the encounters or pellet gun injuries in protest demonstrations.

Top security officials have made an **outreach to the families of active militants** to request their kids to surrender. In one such outreach in September 2021, senior army and police officers interacted with 80 families of active militants in south Kashmir's Shopian, urging them to request their sons to shun the path of violence. These initiatives have deprived ISI and terrorist masterminds of significant propaganda material.

A direct impact of these steps implemented by the security agencies is the improvement in the security situation in the valley. This has **boosted the local tourism sector**, with tourist arrivals hitting a new high: in the first half of 2022, more than **10 million tourists visited the region**, making it the most successful tourist season in Kashmir's history.

Evolving and Emerging Challenges in Counter-Terrorism (CT) in J&K

The region faces new challenges

Radicalisation and Terrorist Recruitment

While security forces have broadly controlled the situation, a major concern is the **uptick in local terrorist recruitment**, primarily from South Kashmir: Pulwama, Shopian, Kulgam and Awantipora.

A significant contributor to this local recruitment is the **radicalisation of the local youth**, which has emerged as the most critical security challenge.

Several factors aid the radicalisation process, including **peer pressure, victimhood feelings and self-radicalisation** enabled by the Salafi and Wahhabi propaganda. Furthermore **cyberspace**, including the dark web and social media platforms, **amplifies this religious propaganda**, accelerating radicalisation.

Countering this radicalisation process is a work in progress, and security forces have launched multiple initiatives to reverse the trend. For instance, the Indian Army's '**Sahi Raasta**' initiative aims to bring the youth on the right track through national integration tours, sports training programmes and festivals, and skill development workshops. The JKP, too, implements a similar initiative.

Hybrid terrorists and virtual terrorist outfits

With increased CI ops and neutralisation of many active militants, terrorist masterminds have now changed their strategy to obfuscate their activities. To commit violence, they are now using terrorist sympathisers. **Most of them have no criminal records** and are therefore likely to escape police scrutiny. These '**hybrid terrorists**' are the ones who are primarily responsible for the recent acts of targeted killings in and around Srinagar. In addition, security forces have noted the proliferation of **virtual terrorist groups** like the Jammu Kashmir Ghaznavi Force and The Resistance Front, which are nothing but **front organisations** for LeT and other terrorist outfits or organisations. In response, the JKP is strengthening its human and technical intelligence capabilities. This is proving helpful in apprehending these hybrid terrorists.

Pakistan's Information Warfare

Since August 2019, ISI's disinformation machinery has gone into overdrive on social media platforms with anti-India propaganda. With Pakistan's material and financial support to anti-India terrorist groups like LeT and JeM coming under the global scanner, the ISI has sought to **project Kashmir's militancy as 'indigenous resistance'**.

In addition, it has sought to **label India as a major human rights violator**. This propaganda aims to draw attention to Kashmir and gain international sympathy.

This information warfare campaign by Pakistan is a significant challenge because it exploits any minor incident to create a narrative of falsehood against India and the security forces. This has the potential to undo the gains made by counter-terrorism efforts in J&K post-August 2019.

Countering these narratives will require a comprehensive national effort anchored in India's democratic credentials and calling out Pakistan's litany of lies. Army's Srinagar-based Chinari Corps is implementing a counter-response, but its efforts need national amplification.

Conclusion

It is clear that despite a flux in the regional security environment and Pakistan's attempts to stir trouble, Kashmir's security situation has remained remarkably calm and stable. Counter-terrorism Ops in J&K by the security forces have decisively turned the tables against Pakistan-sponsored cross-border terrorism and its proxies. To maintain this advantage, other government agencies will need to carry the baton forward to deliver better governance and establish the writ of the sovereign.

Syllabus: GS III, Challenges to Internal Security through communication networks, Role of media and social networking sites in internal security challenges.

Source: Yojana September 2022

The Lancet Commission Report on COVID-19 Pandemic: Lessons for the Future – Explained, pointwise

Introduction

According to the Institute for Health Metrics and Evaluation (University of Washington, US), there have been 6.9 million 'reported deaths' and 17.2 million 'estimated deaths' from COVID-19, as of May 2022. The Lancet Commission Report on COVID-19 Pandemic has examined the global response to the pandemic in the two years since 2020. The Report has cited widespread failures in prevention, transparency, rationality, basic public health practise, operational cooperation, and international solidarity that resulted in an estimated 17.2 million deaths. The report also finds that most national governments were unprepared and were slow to respond. They paid insufficient attention to their societies' most vulnerable groups, and were hampered by a lack of international cooperation and an epidemic of misinformation.

What are the Key Findings of the Lancet Commission Report on COVID-19?

Origin of the Pandemic: The report notes that there are two leading hypothesis regarding origin of SARS-CoV-2. **(a)** The virus emerged as a **zoonotic spillover** from wildlife/farm animal, possibly through a wet market whose location is still undetermined; **(b)** The virus emerged from a **research related incident**, during the field collection of viruses or through a laboratory-associated escape.

Both hypothesis require further scientific investigation. Identification of the origin of the virus will help to **prevent future pandemics** and **strengthen public trust** in science and public.

Slow Initial Response of the WHO: The WHO acted too cautiously and too slowly on several important matters. The include: **(a)** Warn about the human transmissibility of the virus; **(b)** Declare a Public Health Emergency of International Concern (PHEIC); **(c)** Support international travel protocols designed to slow the spread of the virus; **(d)** Endorse the public use of face masks as protective gear; **(e)** Recognise the airborne transmission of the virus.

Slow response of the Governments: The outbreak became known globally in early January 2020. However, most governments around the world were too slow to acknowledge or act with urgency in response.

Poor Coordination among Governments: Coordination among governments was inadequate on policies to contain the pandemic, including; **(a)** Travel protocols to slow the global transmission of the virus; **(b)** Testing strategies; **(c)** Public health and social measures; **(d)** Commodity supply chains; **(e)** Data standards and reporting systems; **(f)** Advice to the public.

Public Opposition: Epidemic control was hindered by **substantial public opposition** to routine **public health and social measures**, such as the wearing of properly fitting face masks and getting vaccinated. This opposition reflects: **(a)** A lack of social trust; **(b)** Low confidence in government advice; **(c)** Inconsistency of government advice; **(d)** Low health literacy; **(e)** Lack of sufficient behavioural-change interventions; **(f)** Extensive misinformation and disinformation campaigns on social media.

Absence of Behavioural Aspects in Public Policies: Public policies have also failed to draw upon the behavioural and social sciences. Doing so would have led to more successful implementation of public health interventions and helped to increase social trust, pro-sociality

and equity. In many cases, policies and decision making have not been informed by robust and continuously updated evidence syntheses.

Inability to address Inequalities: Public policies did not adequately address the pandemic's profoundly unequal effects.

Heavily burdened groups include: **(a)** Essential workers (disproportionately concentrated in more vulnerable minority and low-income communities); **(b)** Children and Women who face employment, safety, and income losses, exacerbated by the adverse consequences of school closures; **(c)** People living in congregate settings, such as prisons or care homes, especially for older populations; **(d)** People living with chronic conditions and disability; **(e)** Migrants, refugees, and displaced populations; **(f)** People without access to quality and affordable health care.

Countries with Resilient Healthcare Systems fared better: High-income countries that have a strong and resilient national health system have generally fared better at addressing COVID-19 and maintaining non-pandemic-related health services.

Benefit of Community Healthcare and Prior Experience: In low- and middle-income countries (LMICs), health systems tend to be under-resourced and fragmented. Better outcomes were seen when **previous experiences with outbreaks/epidemics** were built upon, and when **community-based resources** (like community health workers) were used to support screening and contact tracing capacity and trust-building within communities.

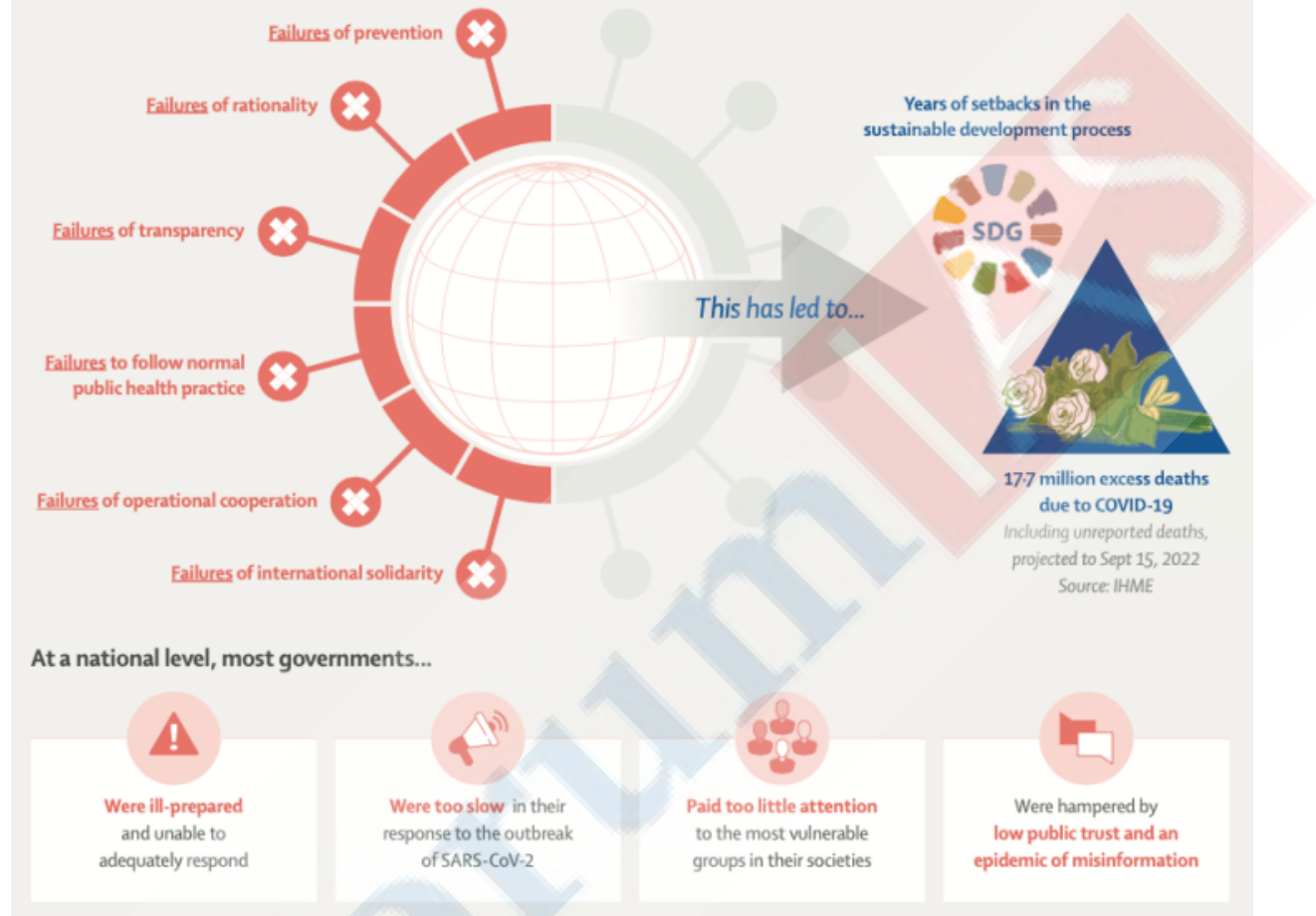
Inequitable Access to Vaccines: Rapid vaccine development indicates success of robust R&D system and is the result of long-standing public and private investment and cooperation. However, the **lack of a multilateral and coordinated approach by governments** to manage intellectual property rights, technology transfer, international financing, the allocation of vaccines from multinational pharmaceutical companies, and the support for vaccine production in LMICs for use in those countries, has come at a great cost in terms of inequitable access to vaccines.

Economic Recovery: Economic recovery depends on sustaining high rates of vaccination coverage and low rates of new infections. It is also dependent on fiscal and monetary policies to **mitigate the socioeconomic effects** of the pandemic and prevent a financial crisis. Emergency global financing from the International Monetary Fund, the World Bank, and regional development banks had a positive impact, although much larger financial flows from high-income to low-income regions were needed.

Impact on Sustainable Development: The sustainable development process has been set back by several years, with a deep under financing of investments needed to achieve the Sustainable Development Goals (SDGs) and the aims of the Paris Climate Agreement. In most countries, the pandemic diverted resources and policy attention away from longer-term goals, thereby reversing progress towards the SDGs in many countries.

COVID-19 response: a massive global failure

Widespread failures at multiple levels worldwide have led to millions of preventable deaths and a reversal in progress towards sustainable development for many countries



Source: *The Lancet*

What are the Key Recommendations of the Lancet Commission Report on COVID-19?

Globally Coordinated Efforts: There is a need for globally coordinated efforts to bring an end to the COVID-19 pandemic on a rapid and equitable basis. Countries should maintain a **vaccination-plus strategy** that combines: **(a)** Mass vaccination; **(b)** Availability and affordability of testing; **(c)** Treatment for new infections and long COVID (test and treat); **(d)** Complementary public health and social measures (including the wearing of face masks in some contexts); **(e)** Promotion of safe workplaces; **(f)** Economic and social support for self-isolation. A vaccination-plus strategy with the goal of protecting populations should be implemented on a sustainable basis, rather than as a reactive policy that is abruptly turned on and off.

Trace the Origin: The WHO, Governments, and the scientific community should intensify the search for the origins of SARS-CoV-2, investigating both a possible **zoonotic origin** and a **possible research-associated origin**. The search for origins requires unbiased, independent, transparent, and rigorous work by international teams in virology, epidemiology, bioinformatics, and other related fields.

Expand the WHO Science Council: The WHO should expand the WHO Science Council to apply urgent scientific evidence for global health priorities, including future emerging infectious diseases. This Council should include experts from diverse fields and should include younger people and have gender parity. Establishing an understanding of **exposure routes** and the **highest-risk environments for transmission** should always be among the first essential steps for scientists in response to future disease threats. This knowledge should determine effective control strategies for reducing risk.

WHO Science Council

The Science Council was established in April 2021 by the Director General of the World Health Organization to provide guidance on the science and research strategy of the organization. It directly advises the Director-General about high-priority scientific issues. It is aimed at identifying current and new science and technology issues that WHO needs to address, including global health threats, and new advances with a potential for direct or indirect impact on global health.

Stronger Means of Coordination: The Governments, represented at the World Health Assembly (WHA) by their national health ministers, should establish stronger means of cooperation and coordination in the response to emerging infectious diseases. Strengthened cooperation should be incorporated in a new **pandemic agreement** and in **updated International Health Regulations (IHR)**, as were adopted in 2005 after the outbreak of SARS and which now need updating.

Read More: [Need for a Global Pandemic Treaty – Explained, pointwise](#)

Strengthen the WHO: The WHA should create a WHO Global Health Board with representation from all regions. Reforms of WHO should include a **substantial increase of its core budget**. The world community should not establish new centres of global health policy and finance that would compete with or undermine, the central role of WHO.

Preventing future infectious diseases: The Lancet Commission Report on COVID-19 recommends a dual track to prevent future emerging infectious diseases.

To prevent **natural spillovers**, governments should **coordinate on the global surveillance**. There is also need to **regulate trade of domestic and wild animals** and take stronger measures against dangerous practices.

To prevent **research-related spillovers**, WHO should be given new **oversight authority** regarding the **biosafety, biosecurity**, and **bio-risk management** of national and international research programmes that are engaged in the collection, testing, and genetic manipulation of potentially dangerous pathogens.

Bolster R&D and Production Capacities: The WHA, in conjunction with the G20 countries, should adopt a 10-year global strategy to bolster research and development capacity and **commodity production capacity** (including for vaccines), including in the low-income regions. WHO should help several low-income and middle-income countries (LMICs) to achieve WHO's stringent regulatory authority status.

Strengthen National Health Systems: Countries should strengthen national health systems on the foundations of public health and universal health coverage. The systems should be grounded in human rights and gender equality. Strong public health systems should include: **(a)** Strong relationships with local communities and community organisations; **(b)** Surveillance and

reporting systems; **(c)** Robust medical supply chains; **(d)** Health-promoting building design and operation strategies; **(e)** Investments in research in behavioural and social sciences to develop and implement more effective interventions; **(f)** Promotion of **prosocial behaviours**; **(g)** Strong health education for health promotion, disease prevention, and emergency preparedness; **(h)** Effective health communication strategies; **(i)** Active efforts to address public health disinformation on social media.

National Pandemic Preparedness Plans: Each country should determine and expand national pandemic preparedness plans to prevent and respond to newly emerging infectious diseases. Preparedness plans should include **(a)** Improved surveillance and monitoring; **(b)** Definition and protection of vulnerable groups; **(c)** International notifications; **(d)** Cooperation within WHO regional groups; **(e)** Emergency financing; **(f)** Guidelines on behavioural, social, and environmental interventions, travel protocols, and safe schools and workplaces; **(g)** Robust health-commodity supply chains (e.g., personal protective equipment, diagnostics, therapeutics, and vaccines); **(h)** Effective risk communication and active opposition to misinformation and disinformation; **(i)** Training of public health professionals; **(j)** Provision of adequate staffing.

Global Health Fund: A new Global Health Fund should be created. This Fund should combine and expand the operations of several existing health funds and add new funding for 3 windows of financing: **(a)** Commodities for disease control; **(b)** Pandemic preparedness and response; **(c)** Primary health system strengthening in LMICs. The Fund should have **decentralised programme design and implementation** to reflect regional needs and priorities rather than being under top-down control from a few donor countries.

Scale-up Financing for LMICs: The UN member states, (particularly G20 countries), should adopt a new financial architecture to scale up financing for LMICs to meet the urgent challenges of pandemic preparedness, the Paris Climate Agreement, and the Sustainable Development Goals. The new financial architecture should include increased sustainable development funding from all sectors: official institutions, the private sector, foundations, and civil society.

The Lancet COVID-19 Commission makes 11 recommendations in three key areas of interest

Practical steps to control and understand the current pandemic

- » Establish global and national vaccination-plus strategies to end the COVID-19 pandemic
- » An intensified investigation into possible origins of SARS-CoV-2, both natural and laboratory-related



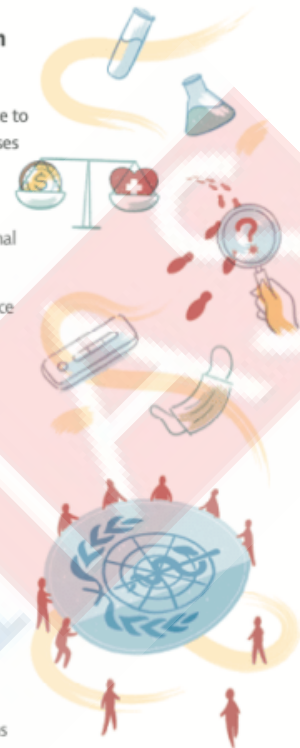
Necessary investments to strengthen the defence against future pandemics

- » Strengthen national health systems and increase investments in primary health care and public health
- » National pandemic preparedness plans
- » Financing for sustainable development and green recovery plans



Ambitious proposals to enhance multilateralism

- » Maintain WHO as the lead institution for the response to emerging infectious diseases
- » Establish a global pandemic agreement and strengthen the International Health Regulations
- » Reform of WHO governance
- » Regulations for the prevention of pandemics
- » G20 support for finance, research and development, and the production capacities of low-income and middle-income countries
- » New Global Health Fund to ensure Sustainable Development Goal 3 (Health for All), universal health coverage, and functioning health systems



Source: *The Lancet*

What are the 5 Pillars to fight emerging infectious diseases suggested by the Lancet Commission Report on COVID-19?

Prevention: To stop an outbreak before it occurs by taking effective measures to prevent the emergence of a new and dangerous pathogen.

Containment: To eliminate the transmission of disease from infected individuals to susceptible individuals after a disease has emerged.

Health services: To save the lives of people with the disease and ensure the continuity of other health services, including those for mental health.

Equity: To ensure that economic and social burdens are shared among the population and that the most vulnerable groups and individuals are protected.

Global innovation and Diffusion: To develop, produce, and distribute new therapeutics and vaccines in an equitable and efficient manner.

Conclusion

The Lancet Commission Report on COVID-19 Pandemic has provided some key insights about the failures at the global level, that led to massive loss of lives and social disruption. The Report has provided valuable recommendations to combat future pandemics and calls for strengthened multilateralism centred on a reformed and strengthened World Health Organization (WHO). It has also recommended scaling-up investments, refined planning for national pandemic

preparedness and health system strengthening with special attention to vulnerable populations. Strong action on these recommendations through a coordinated global effort can prepare the world for a much better response to any future pandemic.

Syllabus: GS II, Issues relating to development management of Social Sector/Services relating to Health, Education, Human Resources; GS II, Effect of policies and politics of developed and developing countries on India's interests; GS III, Disaster and Disaster Management.

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

National List of Essential Medicines (NLEM) and Drug Pricing in India – Explained, pointwise

Introduction

The Union Ministry of Health recently released the new National List of Essential Medicines (NLEM). The NLEM has been modified after 7 years. The previous list was issued in 2015. The Ministry updates the list every few years in consultation with health experts. The new NLEM (2022) has added 34 new medicines and dropped 26 old ones from the previous list (2015). It has included more cancer medicines, newer diabetes drugs, and 4 drugs that are under patent. A total of 384 medicines feature on NLEM 2022 under 27 therapeutic categories. The primary aim of NLEM is to promote rational use of medicines, considering three important aspects: **cost**, **safety**, and **efficacy**.

What is the National List of Essential Medicines (NLEM)?

The National List of Essential Medicines (NLEM) was launched for the first time in 1996 in India, along the lines of the World Health Organisation's (WHO) Essential List of Medicines (ELM).

According to the World Health Organization (WHO), essential medicines are those that **satisfy the priority health care needs of a population**. The list of essential medicines is made with due regard to: **(a)** Disease prevalence; **(b)** Public health relevance; **(c)** Evidence of efficacy and safety; **(d)** Comparative cost-effectiveness. They are intended to be available in the health systems at **all times**, in **appropriate dosage forms**, of **assured quality** and at **affordable prices**.

The WHO issues list of essential medicines every two years, which is used by countries to develop their own national lists. The essential medicines list needs to be country specific **addressing the disease burden** of the nation. It contains medicines required at the primary, secondary and tertiary healthcare levels. The National list of essential medicines is one of the **key instruments in balanced healthcare delivery system** of a country.

India has regularly modified its NLEM. Since the first issue in 1996, NLEM has been modified in 2003, 2011, 2015 and now in 2022.

Drugs listed under NLEM are known as **scheduled drugs**. They are cheaper because the **National Pharmaceutical Pricing Authority (NPPA) caps medicine prices** and changes only based on wholesale price index-based inflation.

How is the NLEM updated?

The NLEM is a dynamic document which is prepared after several rounds of wide consultations with experts from different disciplines from different parts of the country and from various organizations.

For inclusion in NLEM, the drugs have to be: **(a)** Useful in treating **diseases that are a public health problem** in India; **(b)** Licensed/approved by the Drugs Controller General (DCGI); **(c)** Proven efficacy; **(d)** A safety profile based on scientific evidence; **(e)** Comparatively cost-effective; **(f)** Aligned with the current treatment guidelines.

They have to be recommended under the National Health Programs of India (for instance, ivermectin is part of the Accelerated Plan for Elimination of Lymphatic Filariasis, 2018). When more than one medicine from the same therapeutic class is available, a prototype of the best-suited medicine for that class is included. Besides this, the **price of the total treatment is considered** and not the unit price of a medicine.

A medicine is deleted from the list if; **(a)** It is banned in India; **(b)** There are reports of concerns about the safety profile; **(c)** A **cheaper** medicine with **better efficacy** is available; **(d)** The disease, for which a particular medicine is recommended, is **no longer a national health concern**. Additionally, in the case of antimicrobials, if the resistance pattern has rendered an antimicrobial ineffective, it is removed from the NLEM.

For updating the 2015 list, the **Standing National Committee on Medicines** (SNCM) was constituted by the Union Health Ministry in 2018. After detailed consultation with experts and stakeholders, the Committee revised the NLEM, 2015. The Government accepted the recommendations of the Committee and adopted the new list.

No specific drugs for the treatment of Covid -19 have been added to the new list, although it includes four drugs that are still under patent.

How is drug pricing controlled in India?

Legal Basis: In India, prices of essential drugs are regulated by the Union Government under the **Essential Commodities Act, 1955**. The rationale behind price ceilings is to make **drugs cheaper** and **easily affordable to everyone**. A large section of the Indian population finds it difficult to bear the cost of medications, which forms a significant chunk of **out-of-pocket expenditure** on healthcare. The **Drug Price Control Order (DPCO)** is issued under Section 3 of the ECA, 1955 to regulate the prices of drugs. The Order provides: **(a)** The list of price controlled drugs; **(b)** Procedures for fixation of prices of drugs; **(c)** Method of implementation of prices fixed by Govt.; **(d)** Penalties for contravention of provisions etc.

Implementation: The powers to implement the DPCO are vested with the **National Pharmaceutical Pricing Authority (NPPA)**. The medicines listed in the NLEM are sold below a **price ceiling** fixed by the NPPA. NLEM 2022 contains 384 drugs.

National Pharmaceutical Pricing Authority (NPPA)

- The National Pharmaceutical Pricing Authority (NPPA) was established in August 1997.
- It comes under the control of Department of Pharmaceuticals, under the **Ministry of Chemicals and Fertilizers**.
- The NPPA has been entrusted with the task of:
 - **Fixation/revision of prices** of pharmaceutical products (bulk drugs and formulations).
 - **Enforcement** of provisions of the **Drugs Prices Control Order (DPCO)**.
 - **Monitoring of the prices** of controlled and decontrolled drugs in the country.

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Fixing of Prices: The **ceiling price of a scheduled drug** is determined on the basis of simple average of price to retailer (PTR) of all branded-generic and generic versions of that particular drug formulation having a **minimum market share of 1%**. A notional retailer margin of 16% is added to it.

The manufacturer of a non-scheduled drugs (drugs not under direct price control) is not required to take price approvals from NPPA. However, the NPPA is required to monitor the prices of such drugs and take corrective measures if required. Scheduled drugs roughly constitute 17-18% of the estimated INR 1.6-trillion domestic Pharma market.

What are the benefits of controlling drug pricing?

First, It ensures the accessibility, affordability, and safety of some of the most essential drugs.

Second, it helps in optimum utilisation of healthcare resources and budget, drug procurement policies, health insurance, improving prescribing habits, medical education and training and drafting pharmaceutical policies.

Third, A study by Public Health Foundation of India, noted that more than 55 million Indians are pushed into poverty every year due to out-of-pocket healthcare expenses. The Government spends less than 1.3% of the gross domestic product (GDP) on healthcare. The out-of-pocket expenditure on healthcare is 80% in Bihar and 50% in Gujarat. The world average is 18.6%, according to the World Bank. Capping prices of essential drugs mitigates the impact of out-of-pocket expenditure to an extent.

Fourth, high drug prices impact health-seeking behaviour negatively, leading to higher morbidity. Controlling drug prices helps to reduce this.

What are the issues in controlling drug pricing in India?

First, The price ceiling policy has been in place for more than two decades and India has one of the lowest drug prices in the world. But the **out-of-pocket expenditure on healthcare remains high** and many Indians continue to be deprived of access to life-saving drugs. In terms of their relative per capita income, Indian consumers pay more than people in high-income countries. Hence, accessibility and affordability still remain critical challenges in India's healthcare system. Only ~18% of drugs in the market are under price controls.

Second, The current drug price control policy has had some unintended consequences. For example, many pharmaceutical companies have opted to go out of production because their profit margins decreased. This has led to **substandard and spurious drug manufacturers dominating the pharma market**. In the absence of strict quality regulations, there has been a trade-off between price and quality. A report by the United States Trade Representative claims that **20% of drugs in India are fake**.

Third, Decrease in profit margins of quality manufacturers has led to a **reduction in spending in research and development**. It has deterred future investments in the pharmaceutical sector and also diluting the Intellectual Property (IP) rights.

Fourth, Many **manufacturers have migrated to non-essential drugs** (80% of the drugs in non-essential list) or stopped promoting essential drugs. For instance, an anti-fungal cream called Tolnaftate has not been promoted for several years now. Thus, the sale fell for drugs with capped prices, and rose for drugs that didn't have a price ceiling.

Fifth, Some pharmaceutical companies in India have started promoting different drug categories: non-National List of Essential Medicines (NLEM), FDCs (not on NLEM) and non-standard dosages (for instance, doctors routinely prescribe splitting of medicines). An information asymmetry between the buyer and the seller has created a breeding ground for **mis-selling** and **misinformation** (adding or changing of ingredients) in India's pharma industry.

Sixth, As prices of costlier drugs decrease, there is a tendency for a poor consumer to opt for a recognisable brands. The company selling drugs at a lower price loses the incentive to sell it at that price. Also, the chances of frivolous patents (as patented drugs are not on the essential list) have increased.

Seventh, The policy has also forced manufacturers to import Active Pharmaceutical Ingredients (API) and bulk drugs from China to reduce their input costs. So, it has **negatively impacted India's indigenous drug manufacturing industries**. About two-third of APIs are imported from China. Any threat from China has the potential to impact the manufacturing of critical drugs in India.

Out-of-Pocket Expenditure

Out-of-pocket payments are expenditures borne directly by a patient where insurance does not cover the full cost of the health good or service. They include cost-sharing, self-medication and other expenditure paid directly by private households.

What should be the approach going ahead?

First, The price control mechanism being set up by the government needs to be tweaked to ensure accessibility and affordability in a real sense. Some experts suggest **Trade Margin Rationalization (TMR) instead of price ceiling**. The Government can rationalize the trade margins of all stakeholders in the drug supply chain (from stockist to the retailer). This will have similar effect on regulation of prices of medicines and devices.

Second, For the industry to be able to continue to make and supply the medicines from NLEM, the Government should ensure that inflation is taken into account while fixing the ceiling price.

Third, There is need to educate healthcare professionals and doctors against using several fixed-dose combinations (FDCs) of antibiotics. This has also been highlighted by the Standing National Committee on Medicines (SNCM).

Fourth, Instead of price controls, other mechanisms can be explored like: **(a) Bulk procurement** of generic drugs by public institutions for distribution; **(b) An increase in public spending** on healthcare; **(c) Promoting competition** among manufacturers; **(d) Strictly regulating** the quality of drugs; **(e) Tackling information asymmetry** by promoting transparency. This will be helpful in delivering better outcomes for India's pharmaceutical industry

Conclusion

Medicines are a fundamental part of health care and a well-controlled functional pharmaceutical sector is a pre-requisite for universal health coverage. Healthcare is a public good and it is the responsibility of the Government to ensure affordable and equitable access to medicines and healthcare for all citizens. Addressing some of the concerns and proper implementation of NLEM is therefore vital to enhance the Human Development Index (HDI) and achieving the targets of Sustainable Development Goals by 2030.

Syllabus: GS II, Issues relating to development management of Social Sector/Services relating to Health.

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

Impact of Climate Change on Monsoon – Explained, pointwise

Introduction

The South-west Monsoon is a dominant weather system in the South Asian region. It lasts from June to September and is responsible for 75-80% of India's yearly rainfall. The monsoon is vital for Indian economy as the kharif crops are largely dependent on monsoon rainfall. In addition, monsoon rainfall is critical for water supply, groundwater replenishment and generation of hydroelectricity. However, climate change is having a profound impact on monsoon. The rainfall is becoming more erratic, extremely heavy rainfall events are becoming more frequent with long dry spells in between, along with large regional variations in rainfall. The impact of climate change on monsoon will have critical implications for the people of India.

What are the impacts of climate change on Monsoon?

Multiple studies have been undertaken to understand the impact of climate change on Monsoon rainfall.

Excess Rainfall

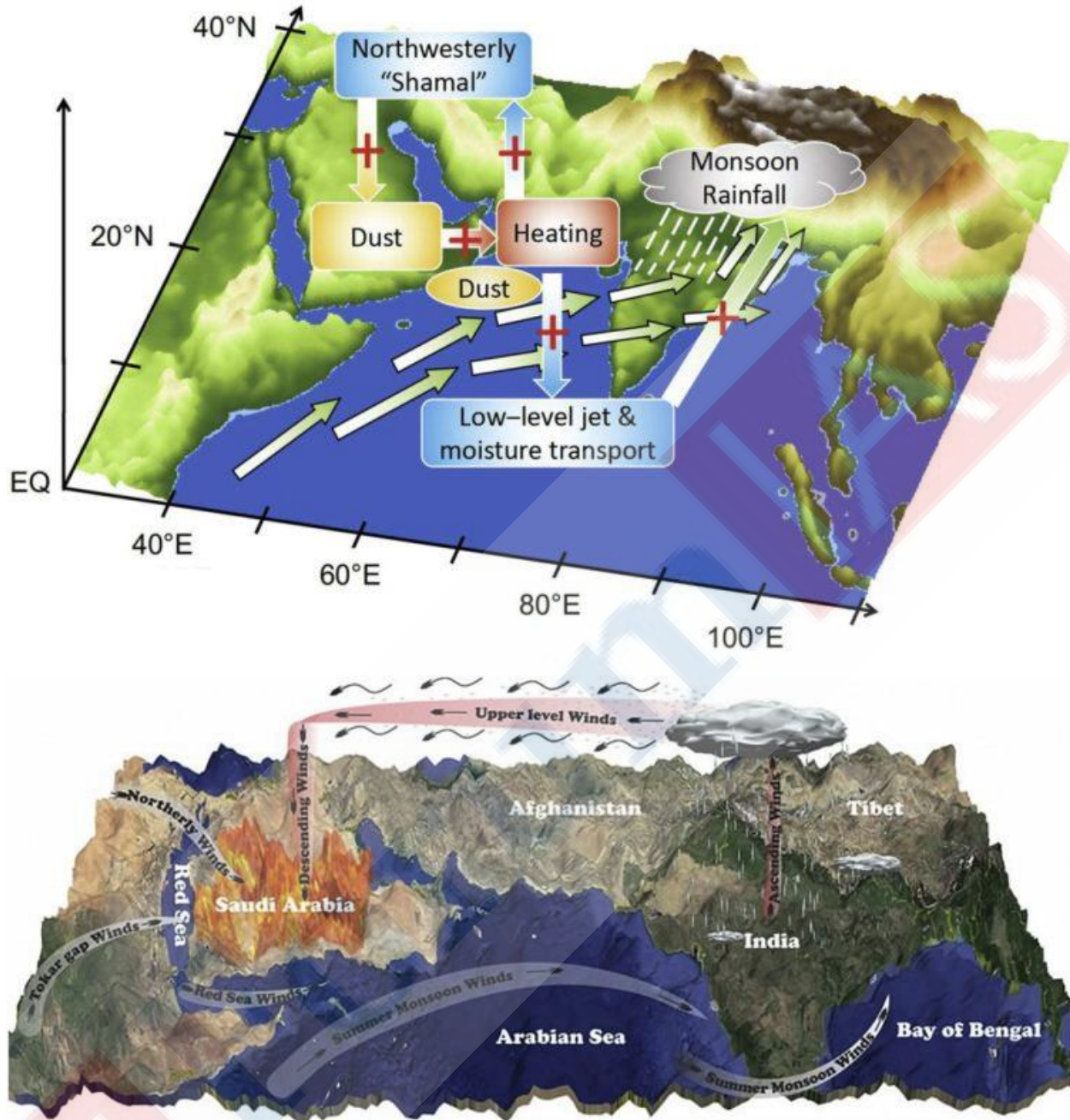
Researchers at Indian Institute of Tropical Meteorology (IITM) Pune, refer to effects of higher temperature on monsoon rains. For **every 1°C rise in temperature**, the atmosphere can **hold 7% more moisture**. Excess rainfall is also being caused by the rapid heating of the global ocean, which has absorbed 90% of the excess heat generated by man-made climate change in the past 50 years. Researchers from Germany's Potsdam Institute for Climate Impact Research (PIK) found that every additional degree of warming is likely to increase monsoon rainfall by 5%.

There is a strong relationship of the monsoon with sea surface temperature (SST). SST effects the monsoon circulation. Climate change is **weakening the land-sea temperature gradient** (the thermal contrast), thus drying the monsoon circulation. At the same time, there is an **increase in moisture in the air** because of rise in SST. So even if the monsoon circulation is weak strong winds can bring in plenty of moisture from the Arabian Sea region which then falls over land in the form of extreme rainfall.

Excess and extreme rain events over central India have increased threefold between 1950-2015, despite a weakening in overall monsoon circulation.

Impact of Events in the Middle-east

According to a study published in the journal 'Earth Science Reviews', events in the Middle-east are also impacting Monsoons. The paper found that dust particles swept into the atmosphere from deserts in the Middle East grow extremely hot under sunlight. They change the air pressure over the Arabian Sea. This creates a kind of heat pump in the sky, which **drives moisture from above the ocean to the Indian subcontinent, leading to a wetter monsoon season**. This then strengthens winds and could whip up even more dust particles creating a positive feedback loop.



Source: [Earth-Science Reviews/Science Direct](#)

Inconsistent rainfall across time and space

Wide variation in rainfall across regions is becoming a routine. A research paper published in the journal 'Earth Systems Dynamics' noted that human-wrought climate change is making the Indian summer monsoon wetter and more erratic.

IMD divides India into 4 broad regions: the **South Peninsula** (Karnataka, Telangana, Andhra Pradesh, Tamil Nadu, Kerala and the island union territories), **Central India** (Gujarat, Maharashtra, Goa, Madhya Pradesh, Chhattisgarh and Odisha), **East and Northeast India** (Bihar, Jharkhand, West Bengal and all north eastern states), and **Northwest India** (Rajasthan,

Haryana, Delhi, Chandigarh, Punjab, Jammu and Kashmir, Ladakh, Himachal Pradesh, Uttarakhand and Uttar Pradesh).

In 2021, All regions saw above-normal rainfall in June. In July 2021, 3 out of the 4 regions witnessed below normal rainfall. But the South Peninsula States and UTs saw rainfall 26% above normal (July 2021). All regions except the East and North-east recorded below normal rainfall in August. At a 24% deficit, 2021 saw the first August drought since 2009.

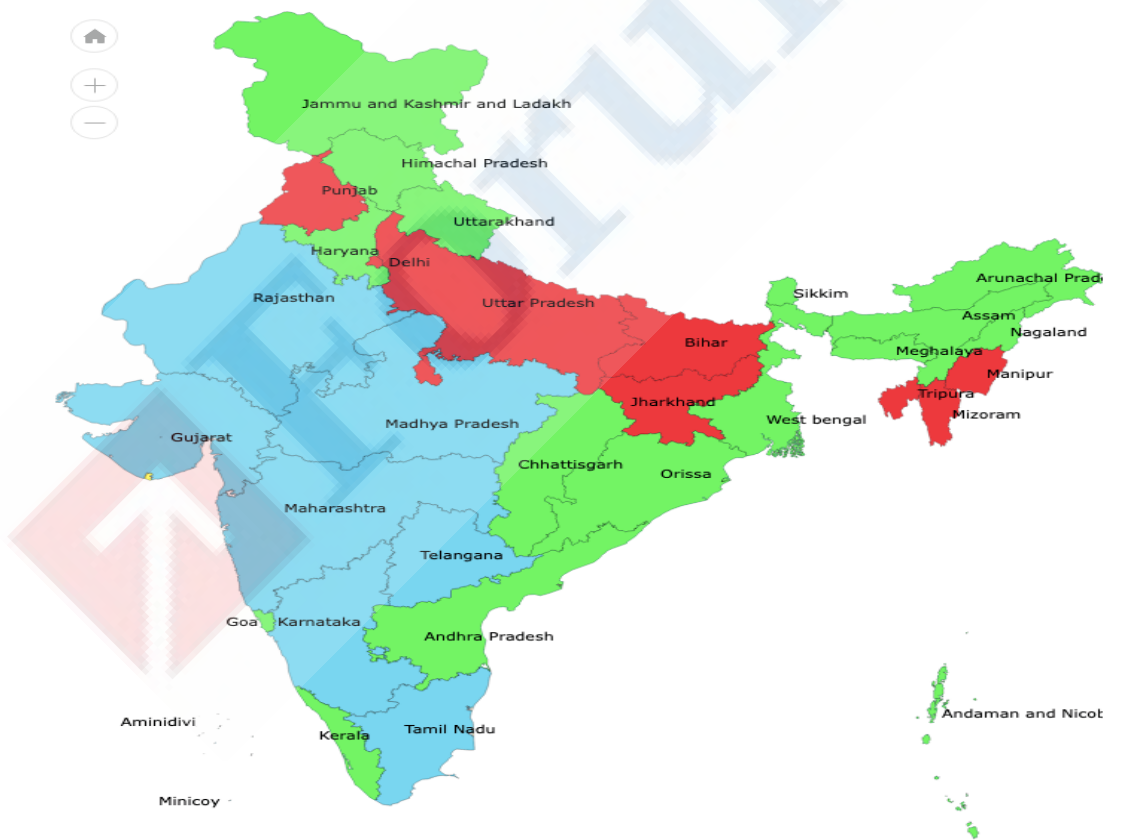
Similar pattern has existed in 2022 season so far with **wide regional variations**. 7 states have received deficient rainfall. Of them, the 3 are from the North East. Manipur recorded a deficit of 48%. Tripura and Mizoram recorded deficit of 23% and 20% respectively. Bihar has deficit of 30%.

In the Northwest, Delhi has deficit of 37% and UP of 35%.

The Central and South Peninsula regions witnessed excess rainfall. These include Tamil Nadu (58% excess), Telangana (46%), Karnataka (35%), Gujarat (31%) and Maharashtra (26%).

There were heavy floods in the in Northeast India, especially in Assam and Meghalaya in June 2022. The region then went through a dry phase in July and August. In July, Gujarat, Rajasthan and Maharashtra suffered floods. August brought flood-like conditions in Kerala, Karnataka and central Indian states Odisha and Madhya Pradesh.

A study published by scientists from IITM published in journal Nature found that the **rising unpredictability of monsoon westerly winds from the Arabian Sea** is 'driving surges of moisture supply, leading to extreme rainfall episodes across the entire central subcontinent'.



Source: IMD. Most regions in South and Central India have received excess rainfall (blue, 20-59% more than long term average). The deficit regions (red, 20-59% less than long term average) are in the Northwest, East and Northeast Regions.

A Climate Scientist who is also Secretary, Ministry of Earth Sciences remarked, “The number of rainy days (in a season) is decreasing. And the length of the dry spells is increasing. The number of rainy days may be small, but when it rains, it will rain very heavily”.

According to the climate change assessment for the Indian region (2020) released by the Ministry of Earth Sciences, the frequency of localised extreme single-day rain events exceeding 150 mm per day increased by about 75% between 1950 and 2015. The Indian Meteorological Department (IMD) has noted that **2022 season has seen the second highest extreme events** since 1902.

September a ‘new August’, October an anomaly

Monsoon rainfall data for the last 10 years shows a trend of increasing rain in September and widely varying patterns in October. National and international climate change assessments have flagged these increasingly varying patterns.

Climate change contributes to monsoon uncertainty

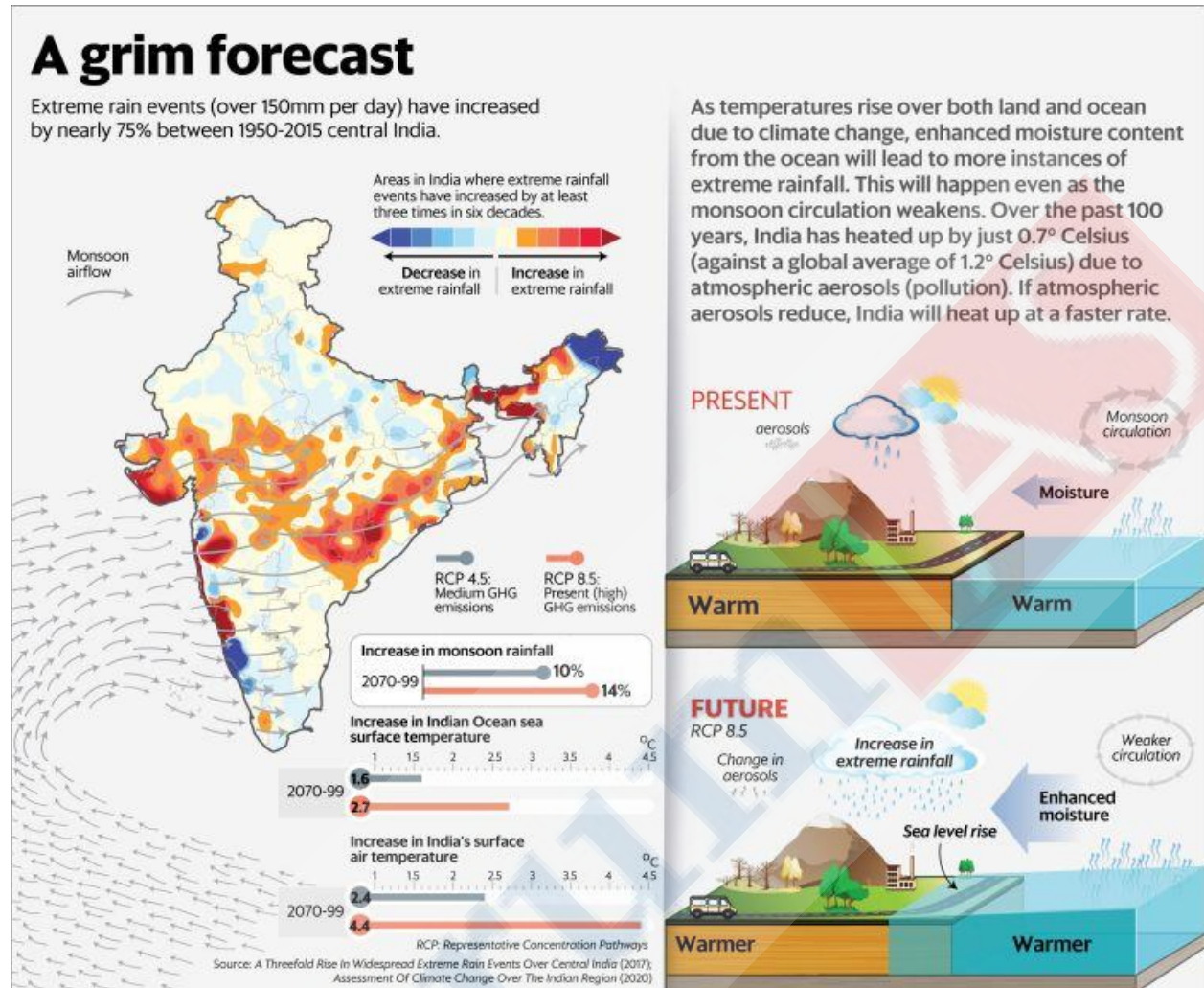
According to the **6th Assessment Report** of the Intergovernmental Panel on Climate Change (IPCC, Working Group I), there has been a noticeable decline in rainfall, with **monsoon deficits occurring with greater frequency in various regions of South Asia**. Since 1950, the frequency of moderate rain events has decreased.

Based on models showing the dominance of 20th century human aerosol emissions giving way to the dominance of greenhouse gas emissions, the IPCC’s assessment also projected increased monsoon rainfall and intensifying monsoon extremes in India and South Asia by the end of the 21st century. Even a 0.5°C increase in temperature would result in a 3% increase in precipitation.

Rare Events

The formation of a tropical storm (Cyclone *Gulab*) in September 2021 was another rare event. Cyclone *Gulab* was only the third cyclone in the 21st century to form in September, had formed in the Bay of Bengal. After making landfall over coastal Andhra Pradesh, the remnants of *Gulab* **crossed over peninsular India to the Arabian Sea**, where it re-emerged as Severe Cyclonic Storm *Shaheen*. This was an extremely rare event.

The ongoing **La-Niña event in the Pacific Ocean has entered its third year**. This is one of the longest ever La-Niña episodes in recorded history. It is also only the third episode since 1950 to stretch into a third year. La-Niña events tend to bring-in higher monsoon rainfall in the Indian subcontinent. However, there is lack of consensus among the scientific community whether the current La-Niña event is due to climate change.



Source: Mint

What are the impacts of Variability in Monsoon?

According to an analysis by a team of German researchers, the shift in monsoon pattern may entail grave consequences for India's economy, food systems and people's well-being.

Floods, Landslides, Lightning: Loss of Lives and Livelihoods

The extreme rainfall events have increased the frequency of floods, including in urban areas. This leads to loss of lives and property. Almost 2,000 people have died due to extreme weather events such as floods, landslides and lightning across 396 districts of the country in the 2022 Monsoon season (Disaster Management Division of the Union Ministry of Home Affairs).

Himachal Pradesh recorded 320 deaths due to frequent cloudbursts, flash floods and landslides. Lightning killed 536 people in the country in the 4 months of the monsoon till date, 159 in Madhya Pradesh alone. Many people lost their livelihoods, with over 1.5 million hectares of cropland destroyed and close to 70,000 animals, mostly livestock, killed due to extreme weather events.

Pakistan also witnessed unprecedented rainfall this season, leading to inundation of almost 33% of its territory under water.

Agriculture Output

The variability in Monsoon has also impacted the cropping systems. In the Indian subcontinent, the two main crop planting seasons are *kharif* (planted at the start of the monsoon) and *rabi* (planted at the end of the monsoon). The *kharif* season is almost entirely dependent on the monsoon. Both crops are affected by the **changing arrival and withdrawal patterns** of the monsoon.

Heavy rainfall in September **reduces yields of short-duration kharif crops** such as groundnut, urad, soybean, and maize, and disrupts storage and transportation, potentially leading to food inflation and a food crisis. Scarce rainfall in UP and Bihar impacted paddy sowing and reduced the acreage this season. The Ministry of Agriculture has estimated a 6% fall in paddy output this season.

Uneven distribution rains along with increasing temperatures and humidity can give rise to **pest attacks and diseases**. This can, in turn, impact the quality of the grain as well as their nutritious value.

What should be done going ahead?

There is general consensus among the scientists that **Climate Change is already here** and the rising variability in Monsoons is a clear evidence. India is one of the most vulnerable to impacts of climate change.

India must prepare to **adapt to the impacts of climate change**. This includes measures like more robust flood management practices including in urban areas, adoption of climate resilient agriculture systems among others. At the same time, the Government should continue to pursue its **mitigation measures promised under Paris Agreement**.

The Government must press the developed countries for **Climate Finance** and **Technology transfer** to hasten the processes of mitigation as well as adaptation. It is only through collective efforts that the scourge of climate change can be tackled.

Conclusion

The Indian summer monsoon plays a crucial role in India's agriculture and affects the livelihood of 20% of the world's population. Erratic monsoon season poses a threat to the agriculture and the Indian economy. The Government must step up its efforts to combat the negative impacts. At the same time, these extreme events should provide a wake-up call to the global leadership regarding the impacts of climate change. They should now act earnestly to address the exigencies of climate change.

Syllabus: GS I, Salient features of world's physical geography, Important Geophysical phenomena, Changes in critical geographical features; GS III, Environment pollution and degradation.

Source: [The Hindu](#), [Indian Express](#), [Mint](#), [Down to Earth](#), [DW](#)

Shanghai Cooperation Organization (SCO) – Explained, pointwise**Introduction**

The 22nd summit of the Shanghai Cooperation Organization (SCO) concluded recently in Samarkand, Uzbekistan. At the end of the summit, member nations signed the Samarkand Declaration, which identified the areas of cooperation to strengthen security and development. In the last 2 decades, the SCO has emerged as a key organization in the Eurasian region. The Organization assumes more importance for India as it gears up for Presidency next year and hosting the summit in 2023. India's presidency of the SCO shows its new multi-alignment policy; wherein it is delicately balancing membership of SCO (China-Russia led group) with Quad (US-led group). However, as the Russia-Ukraine war prolongs, it presents a new challenge to India's diplomacy to balance its relationship with both the West and China/Russia led groups.

About the SCO

Origin: The **Shanghai Cooperation Organisation (SCO)** was formed in June 2001. It had its origins in **Shanghai Five** that was established in 1996. Shanghai Five, having China, Kazakhstan, Kyrgyzstan, Russia and Tajikistan as members, had emerged from a series of border demarcation and demilitarization talks which the four former Soviet republics held with China to ensure stability along the borders. In 2001, Uzbekistan also joined and the group was rechristened as the Shanghai Cooperation Organisation (SCO).

Members: The SCO has 8 members as of September 2022. These are, **India, China, Russia, Kazakhstan, Pakistan, Uzbekistan, Tajikistan, and Kyrgyzstan**. India and Pakistan had joined in 2017. Afghanistan, Belarus, Iran and Mongolia have the status of Observers. Iran will join as full member in 2023. In addition, Armenia, Azerbaijan, Cambodia, Egypt, Nepal, Qatar, Saudi Arabia, Sri Lanka and Turkey are dialogue partners. Members of the SCO account for **~40% of the world's population** and **~30% of Global Gross Domestic Product (GDP)**.



Source: SCO

Structure: The SCO has political economic and security dimensions. The Organisation has two permanent bodies — the **Secretariat in Beijing** (China) and the **Regional Anti-Terrorist Structure (RATS)** in Tashkent (Uzbekistan).

The **Heads of State Council (HSC)** is the **highest decision-making body** in the SCO. It meets once every year to take decisions and give instructions on all important issues regarding SCO activity. The **Heads of Government Council (HGC)** meets once per year to discuss a strategy for multilateral cooperation and priority directions within the Organisation's framework, to solve important and pressing cooperation issues in economic and other areas, as well as to adopt the Organisation's annual budget.

There are also mechanisms of meetings on the level of Secretaries of Security Councils, Foreign Ministers, Ministers of Defence, Emergency Relief, Economy, Transportation, Culture, Education, Healthcare, Heads of Law Enforcement Agencies, Speakers of Parliament, Supreme Courts and Courts of Arbitration, and Prosecutors General etc.

Russian and **Chinese** are the official and working languages of the SCO. India is pushing for use of English as working language.

What is the significance of the SCO?

Connectivity and Trade: Given the massive size of the SCO, there is considerable **potential in trade and connectivity** across the region. SCO members have among them major **gas and oil suppliers** in the region (Russia, Kazakhstan) and also the largest consumers (China, India). SCO nations are also the largest wheat producers, which includes India. The Samarkand Declaration, signed in September 2022 at the 22nd Summit, **centralises connectivity** which is a priority for India, as well as energy and food security.

Security: SCO has a key security dimension as well, with security related concerns having a centre-stage. The main threats which are focus of the SCO include terrorism, separatism and extremism. It has been reported that the SCO had foiled 600 terror plots and extradited 500 terrorists through RATS till 2017.

Under the RATS (Regional Anti-Terrorism Structure), it has been proposed to create a **unified register of terrorist and extremist organisations** whose activities will be prohibited on the territories of the SCO member countries. SCO members also held a joint anti-terror exercise in 2021.

Over the past few years, the organisation's activities have expanded to include increased military cooperation and intelligence sharing.

What are the challenges with the SCO?

Internal Struggles: Bilateral Relationships of many SCO members are strained. Recent clashes on Kyrgyzstan and Tajikistan border has led to deaths of more than 100 people. Kyrgyzstan also has a border dispute with Uzbekistan although it is closer to resolution. The relationship of India and China is also at a historic low due to the border dispute and increasing Chinese presence in India's neighbourhood.

Although Russia and China seem to be united against the West, Russia is wary of growing Chinese presence in Central Asia. Russia considers Central Asia as its own backyard (former Soviet Republics). Russia still retains the military lead in the region through the CSTO (Collective Security Treaty Organisation), but China might soon displace Russia as security provider subsequent to the greater economic integration with the region.

Connectivity: The connectivity has remained poor, especially between India and the other SCO members. Pakistan has blocked all efforts to enhance connectivity with India. China has benefited the most, as all Central Asian nations have joined the Belt Road Initiative.

Terrorism: India has long held Pakistan as a State sponsor of terrorism. The presence of Pakistan, which is under grey list of FATF, severely limits the ability of the SCO to cooperate on the counter-terrorism front. The role of China is also dubious have repeatedly blocked the resolutions of India/US to blacklist Pakistan-based terrorists.

What is the importance of SCO to India?

Relationship with Central Asia: The SCO provides a platform to India to strengthen its relationship with Central Asian nations. The region is rich in **energy and mineral resources** (including rare earth elements) which are critical to India's economic growth. Many minerals are vital for new materials which will support **transition to clean energy technologies**.

Read More: [India – Central Asia Relations – Explained, pointwise](#)

Relationship with Russia: India continues to have high dependence on Russia for its energy and defence needs. India sees Russia as a balance to China. Russia, wary of Chinese presence in Central Asia, wants to prop-up India to keep check on China.

Regional Security and Stability: India sees partnership with SCO nations as a crucial factor in regional stability. For instance, India held NSA-level meetings with SCO Members Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan along with Iran and Turkmenistan for Regional Security Dialogue on Afghanistan in November 2021. Central Asian Nations can support India in counter-terrorism despite limited response from China and Pakistan.

What steps can be taken to increase the relevance of SCO for India?

First, The lack of adequate connectivity with the Central Asian Republics (CARs) has been a major constraint for India, especially due to Chinese dominance through the Belt and Road Initiative. So it is necessary to conceive creative measures that enable Indian corporate to expand its footprint in the region's markets. With Iran joining in 2023, India must leverage its relationship and existing projects (Chabahar) to increase its presence in the region.

Second, Pakistan has to be persuaded to **open land corridors** which are the cheapest and shortest route. For Central Asian nations, **India is a lucrative market as well as a potential investment partner.** Rising Chinese debt and experience with BRI projects elsewhere have made them to have second thoughts on Chinese investments. Collective pressure from them on Pakistan to relent, can boost regional connectivity, trade and investments.

Third, India should push for more bilateral trade and settlement in national currencies to reduce dependence on US Dollar and reduce price volatility.

Fourth, There is need to give more focuses on humanitarian ties. Member States are working fruitfully in the field of education, health, culture, tourism and youth contacts and the cooperation should be enhanced further..

Conclusion

SCO is a platform which serve India's regional interests to ensure nation-building through development partnerships, maintaining sovereignty, preventing the region from terrorism and extremism. The organization has great potential to create a multi-polar, multi-aligned global order. India should enhance its active engagement with the Central Asian Nations to secure its geopolitical interests as well as counter Chinese influence in the region.

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

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

[Kurukshehra September Summary] Education for Tribals – Explained, pointwise

Introduction

The aim of any education system is to ensure inclusive and equitable quality education at all levels of school education. An inclusive education system ensures that no child loses any opportunity to learn and excel because of the circumstances of birth or background. To ensure inclusive education for tribals, the Ministry of Education and Ministry of Tribal Affairs have been implementing various schemes relating to education, health, economic empowerment, etc. in the

Scheduled Tribe dominated areas of the country. Many schemes are implemented with specific target of uplifting the education amongst tribal communities.

About Tribal Education Status

According to the 2011 Census, Scheduled Tribes (notified by the Government of India under Article 342 of the Indian Constitution) **constitute 8.6% of the total population**. There are 705 Scheduled tribes living in different parts of India and are notified in 31 States/UTs (Census 2011).

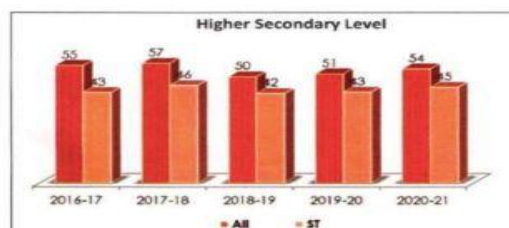
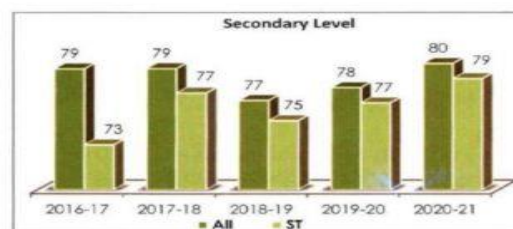
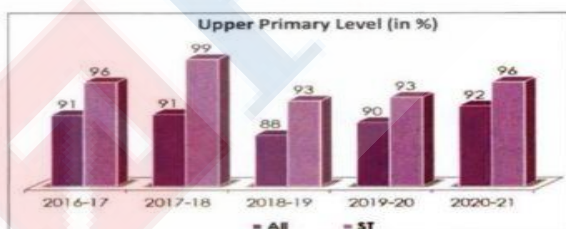
There is direct correlation between education and economic growth but this impact are evident only after certain period of time as the impact might not be ascertainable immediately. The government has formulated a number of schemes for the socio-economic development and adopted a tribal sub-plan. Education was conceived as a means for promoting the overall development of the tribes and also adopted as a strategy for mainstreaming them.

Year	All			Scheduled Tribes		
	Persons	Males	Females	Persons	Males	Females
1961	28.30	40.40	15.35	8.53	13.83	3.16
1971	34.45	45.96	21.97	11.30	17.63	4.85
1981	43.57	56.38	29.76	16.35	24.52	8.04
1991	52.21	64.13	39.29	29.60	40.65	18.19
2001	64.84	75.26	53.67	47.10	59.17	34.76
2011	73.00	80.90	64.60	58.96	68.50	49.40

Source: Kurukshetra. Literacy rates of Scheduled Tribes continue to be lower than that of all communities. It was 59% against national literacy rate of 73%.

The Gross Enrolment Ratio (GER) of tribal students has improved over the years. Analysis has shown that the **GER for ST students is above the national average for the last 5 years at primary and upper primary level**. However, it starts **decreasing at secondary and senior level**.

Gross Enrolment Ratio



Source: Kurukshetra. The major challenge is high dropout rate at secondary level. GER for STs is higher at primary level but lower than average for all communities at secondary and higher secondary level. This indicates higher dropout rate among ST Communities.

Genesis of Educational Policies and their Focus on Tribal Education

After independence various commissions were constituted to study, review, analyse and recommend the desired contextual changes in education system. ~~The first university education~~

Education Commissions/Committees formed by the Government of India	
Name	Recommendation
Scheduled Areas and Scheduled Tribe Commission (1961)	Educating the tribes in vernacular language with the support of trained teachers from the tribal communities. Promoting tribal culture and arts, by adding folklore, songs, etc. in the curriculum. Identified the basic issues related to the educational backwardness of tribal communities and the drop-out of the students leading to formation of new tribal education policies.
National Education Commission (1966) (Kothari commission)	Supported the recommendations and suggestions of Debar Commission. Noted the importance of the need for promoting parental education among tribal population , and early childhood learning .
2nd National Policy on Education (NPE) (1986)	Vision to remove the disparities, inequality and to bring educational opportunity for all. Gave more priority to the promotion of tribal education, such as the establishment of primary schools in tribal areas; address the need for starting Model Residential Schools including Ashram Schools for tribal students in the country; starting Anganwadis in tribal hamlets, etc.
Review of NPE (1990)	Highlighted the issue of removing disparities in education by stating that “the rural areas in general and the tribal areas in particular, have suffered in terms of resources, personnel and infrastructure facilities”. Recommended special earmarking for girls within the special component plan for Scheduled Castes and Tribal sub-plan.

Various Programmes/Schemes on Education

The RTE Act: With the 86th Amendment to the Constitution Article 21A was inserted to ensure that every child has a right to full time elementary education of satisfactory and equitable quality in a formal school satisfying certain norms and standards. This subsequently resulted in formulation of the **Right of Children to Free and Compulsory Education (RTE) Act, 2009** which gave a legal mandate to provide free and compulsory elementary education to every child in the age group of 6-14 years.

Samagra Shiksha Scheme: Department of School Education and Literacy (DoSEL), Ministry of Education is implementing the *Samagra Shiksha* scheme, effective from 2018-19. Its objective is to bridge gender and social category gaps at all levels of school education. The Scheme reaches out to girls, and children belonging to SC/ST, Minority communities and Transgenders.

Under *Samagra Shiksha*, there is a provision of **Kasturba Gandhi Balika Vidyalyayas (KGBVs)**. KGBVs are residential schools from class VI to XII for girls belonging to disadvantaged groups such as SC, ST, OBC, Minority and Below Poverty Line (BPL). At present 4,986 KGBVs are functioning in the country with an enrolment of 6.69 lakh girls. Preference are given to

Educationally Backward Blocks (EBBs), LWEs, Special Focus Districts (SFDs) and the 115 aspirational districts.

The Central Sector Scheme '**National Means-cum-Merit Scholarship Scheme**' has objective to award scholarships to meritorious students of economically weaker sections to arrest their drop-out at class VIII and encourage them to continue the study at secondary stage.

Ministry of Tribal Affairs has been implementing various schemes relating to education, health, economic empowerment, etc. in the Scheduled Tribe dominated areas of the country.

Eklavya Model Residential School (EMRS): EMRS are targeted to be established in every block having more than 50% ST population and at least 20,000 tribal persons (as per census 2011). These EMRSs are to be at par with *Navodaya Vidyalayas* with special facilities for preserving local art and culture besides providing training in sports and skill development. The scheme has target to establish 740 schools. At present out of 684 schools sanctioned, only 378 schools have been made functional with an enrolment of 1.05 lakh students.

National Fellowship and Scholarship for Higher Education of ST Students: The scheme provides financial assistance for pursuing MPhil and PhD in Universities and for perusing graduate and post graduate courses in top 246 Institutes like IIT/AIIMS etc.

National Overseas Scholarship (NOS) to the ST Students for Studies Abroad: Under the Scheme, financial assistance is provided to 20 ST students every year for pursuing higher studies abroad.

Pre-Matric Scholarship: Pre-Matric Scholarship Scheme is a Centrally Sponsored Scheme under which financial assistance is provided to ST students studying in classes IX and X.

Post-Matric Scholarship: Post-Matric Scholarship Scheme is a Centrally Sponsored Scheme under which financial assistance is provided to ST students studying beyond class X.

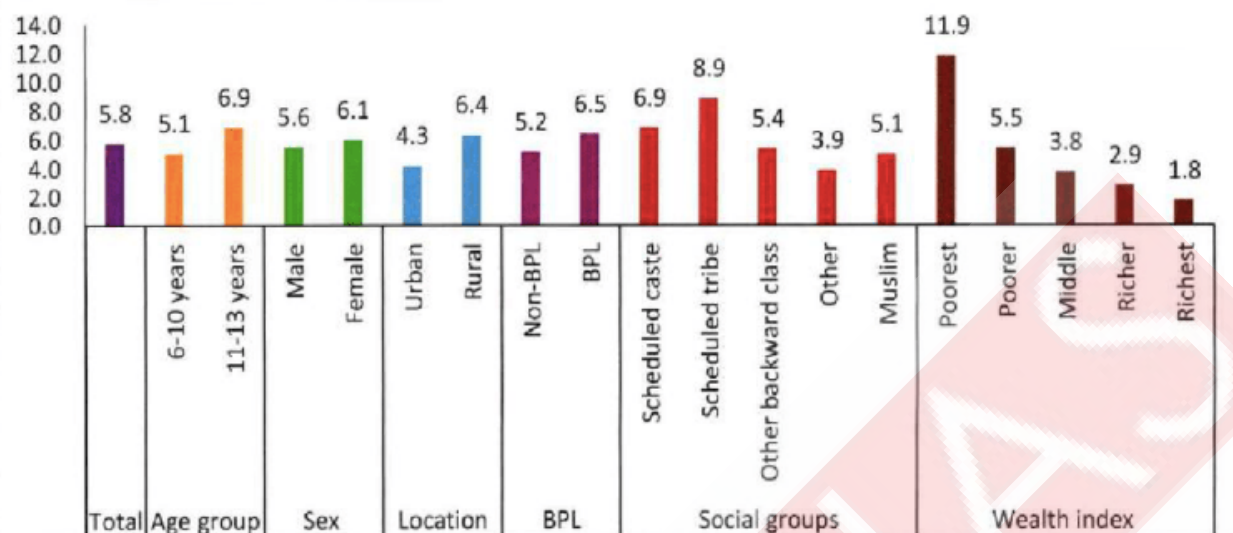
Support to Tribal Research Institute (TRI): This scheme aims to strengthen TRIs to carry out research, documentation, training and capacity building activities and serve as a knowledge hub catering to overall tribal development. Tribal museums are also established under this scheme.

Development of Particularly Vulnerable Tribal Groups (PVTGs): This scheme adopts a habitat level development approach to improve the quality of life through intervention in housing, drinking water, education and health services, livelihood support, and cultural aspects.

Major Challenges for Tribal Education

In the case of Scheduled Tribes, the remoteness of habitations, lack of travelling facilities, insufficient infrastructure facilities, illiteracy of parents, communication problem, and segregated population are the primary constraints for the educational attainment.

Lack of Adequate Infrastructure in Schools: Adequate infrastructure which include gender segregated functional toilets, pucca school buildings, electricity, water, play area, library, sports facilities, and safe and conducive environment for learning are the primary requirements for retaining a child in the school. The tribal areas are generally remote, hilly and in dense forests, therefore, schools located in these areas lack such facilities. These issues ultimately lead to **children dropping out of school.**



Source: Kuruksheetra. Proportion (%) of children aged 6-13 years not attending school, 2019-21, NFHS-5

Low Learning Level of Children: Despite the Right to Education Act and other schemes for promoting quality education, the learning levels of children remain poor. This problem is not limited to only tribal children but entire education system. The recently released results of National Achievement Survey (NAS) 2021, indicate that only 42% children at Grade III are proficient in all subjects which decrease to 23 percent in class X. Further disparity among social groups widens strikingly at grade VIII and grade IX.

Medium of Instruction: It is a well established fact that primary education in mother tongue has huge benefits. Various studies have established the benefits of mother tongue language development in contexts where multiple languages are used for a variety of purposes. Own language learning has beneficial effect on other language learning and teaching. In a country like India that occupies multiple cultures and languages, one language dominating learning and education as a medium of instruction can leave many illiterate and foster unproductive learning. The struggle between mother tongue and dominant language in classroom leaves the aspiring learners from the Scheduled Tribes behind in learning.

Lack of Teachers and Appropriate Pedagogy: Schools in far flung areas and difficult terrain face shortage of teachers. Many primary schools have single teacher and that teacher is not aware about the needs of tribal students. Due to communication gap, tribal students are termed as slow learners. Further, teachers should adopt play based and activity based pedagogy to make learning interesting so that children do not find education irrelevant. Real life application of knowledge and respect for tribal knowledge may make a huge difference in educational outcomes of the Students.

Way Forward

First, The National Education Policy 2020 reaffirms that **bridging the social category gaps in access, participation, and learning outcomes** will continue to be one of the major goals of all education sector development programmes. It recognises the challenges faced by the tribals communities at multiple levels. To ensure inclusion of marginal communities in quality

educational space of India, the NEP 2020 proposed the policy strategy to **identify Special Education Zones (SEZs)**. The **SEZs will be the identified regions where significantly large populations from educationally and socio economically disadvantaged groups reside.**

Second, The next step could be to **preserve and assimilate tribal knowledge** in curriculum framework. It will ensure that quality education not only is accessible to all diverse groups but also is **relevant and connected with their traditions, aspirations and needs**. NEP 2020 puts special **emphasis on Indian Knowledge Systems**, including tribal knowledge (tribal ethno-medicinal practices, forest management, traditional (organic) crop cultivation, natural farming etc.), and indigenous and traditional ways of learning.

Third, multilingual education and instruction in mother tongue as envisaged in Article 350A of the constitution (which provides for facilities for instruction in mother tongue at the primary stage) need to be promoted in big way . The RTE Act and NEP 2020 also propagates mother tongue as medium of instruction wherever possible

Fourth, As per NEP 2020, special attention may be given to **employing local teachers** or those **familiar with local languages**. Teachers need to be trained, encouraged, and supported with continuous professional development. The availability of local teachers will resolve two issues simultaneously; i.e. availability of teachers and communication gap between teachers and students.

Conclusion

As envisaged in NEP 2020, universal access to quality education to all children is the key to India's continued ascent, and leadership at the global stage in terms of economic growth, social justice and equality, scientific advancement, national integration, and cultural preservation. Ensuring quality education is going to be the most fundamental requirement as India embarks on its journey to become a developed nation in the *Amrit Kaal* period. Bridging education gaps should be the top priority of the Government in this period.

Syllabus: GS II, Welfare schemes for vulnerable sections of the population by the Centre and States and the performance of these schemes, Issues relating to development and management of Social Sector/Services relating to Health, Education, Human Resources.

Source: Kurukshetra September 2022

Dispute Settlement System of the WTO: Challenges and Solutions – Explained, pointwise

Introduction

The Dispute Settlement System of the WTO (World Trade Organization) has been stalled for long. The US has not allowed the appointment of experts to the Appellate Board. The Mechanism has been rendered non-functional since 2019 due to lack of quorum of adjudicators needed to hear appeals. It has deep implications for the functioning and effectiveness of the WTO. At the recent G20 nations' trade, investment, and industry ministerial meeting, trade ministers discussed ways to strengthen the World Trade Organisation's (WTO) dispute settlement mechanism and make it more "accessible and efficient". The World Trade Organization (WTO) has been the cornerstone of the multilateral rules-based global trading system since its inception in 1995. Presently, all three of the organization's functions: providing a negotiation forum to liberalize trade and establish new rules, monitoring trade policies, and resolving disputes between its 164

members, face challenges. In the current logjam at the dispute resolution mechanism, the WTO faces a make-or-break moment.

What is the Dispute Settlement System of the WTO?

Origin and Purpose: The Dispute Settlement System (DSS) has been termed as the ‘crown jewel’ of the WTO. The DSS came into existence in 1994. It came into existence through the 8 year long Uruguay Round negotiations (1986-1994) to govern trade disputes between member states of the WTO.

The purpose of the Dispute Settlement System is to provide “**stability and predictability to the multilateral trading system**” and to establish a “**fast, efficient, dependable and rule-oriented system to resolve disputes**”.

The DSS provides a forum for an aggrieved country to ensure its rights. It also enables a respondent country to defend its claims. The DSS enables interpretation, clarification and correct application of the rights and obligations provided under the WTO agreements.

Jurisdiction and Applicability: The WTO’s jurisdiction over disputes is **compulsory and all members are subject to it** by virtue of having signed and ratified the agreement. A dispute arises when a member state adopts a trade policy that one or more members consider to be **inconsistent with the obligations under the WTO trade agreements**. In such a case, a member state is entitled to challenge the policy measure by invoking the procedure of the dispute settlement system.

Structure: The General Council (WTO’s highest decision-making body) comprises representation from member states and also meets as the **Dispute Settlement Body (DSB)**. Settling disputes is the responsibility of the DSB. The Dispute Settlement Body has the **sole authority** to: **(a)** Establish panels of experts to consider the case; **(b)** Accept or reject the panels’ findings or the results of an appeal; **(c) Monitor the implementation** of the rulings and recommendations; **(d) Authorise retaliation** when a country does not comply with a ruling. The DSB thus administers the rules and procedures of the DSS.

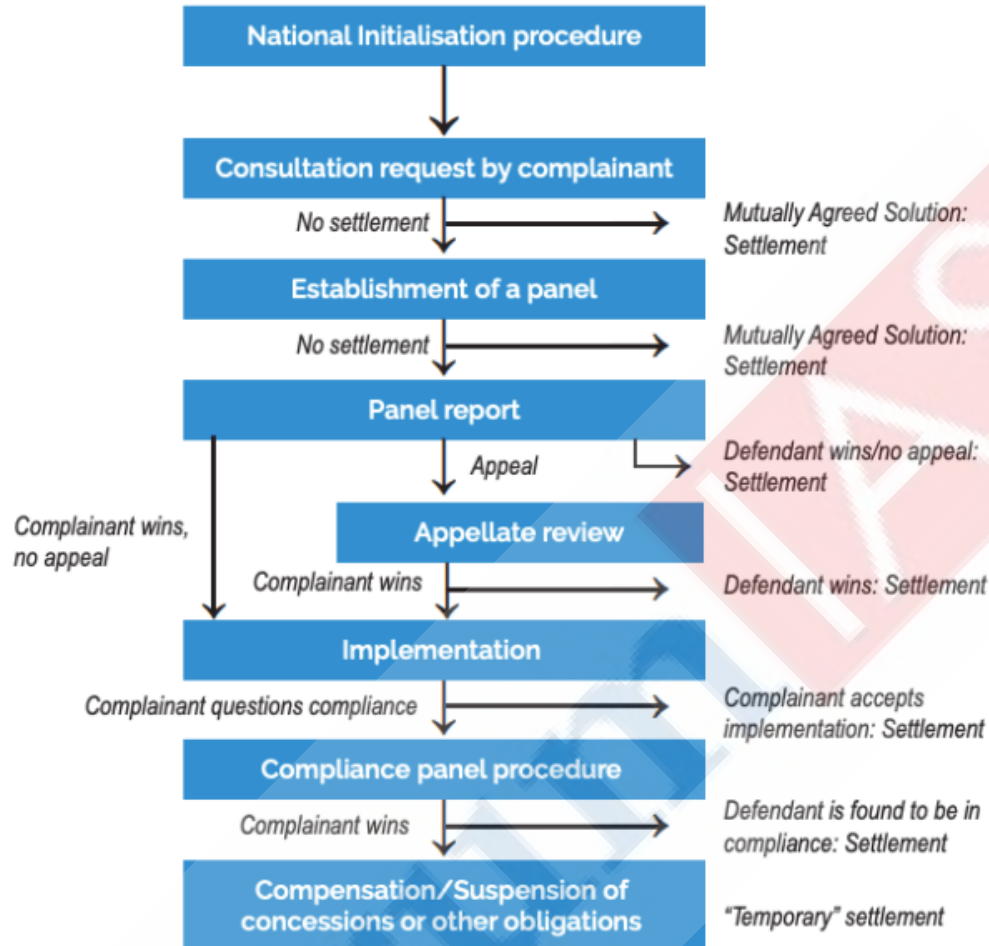
The DSB’s decision with respect to establishing panels, adopting panel and appellate body reports, and authorising retaliation, is taken by the ‘negative’ or ‘reverse consensus’ method. All other decisions, such as the appointment of panel or appellate body (AB) members, are taken through the positive consensus mechanism.

Reverse Consensus

It means that the DSB must automatically decide to take the action ahead, unless there is a **consensus not to do so**. This means that one sole Member can always prevent this reverse consensus, i.e. it can avoid the blocking of the decision (being taken). If one member votes that the decision be adopted, it shall be adopted.

Appellate Body (AB): The AB is a permanent body of 7 members who are appointed by the DSB for 4-year terms. A panel for appeals comprises three from the seven-member AB. The Appellate Body members are persons with demonstrated expertise in law, international trade and the subject matter of the WTO agreements. Most AB members have been university professors, practicing lawyers, past government officials and senior judges.

Process: The DSS process comprises three stages: **(1)** Consultations between parties; **(2)** Adjudication by panels, or the Appellate Body (if appealed); **(3)** Implementation of the ruling, including the possibility of countermeasures if the losing party does not implement the ruling.



Source: ORF

What are the challenges and associated solutions with regards to the Dispute Settlement System?

Appointments and Extensions of Appellate Board Members		
	Issue	Proposed Solution
1	An appointment of AB member takes place through consensus , i.e., all member states need to agree upon the appointment. Since 2018 ,the appellate body has been defunct because the United States has blocked the appointment of new judges.	Appointment by majority voting , instead of consensus will provide a speedy resolution to the stalemate. Additional reforms to mitigate this crisis: (a) Increasing the number of AB members; (b) Changing the term of AB members from a 4-year renewable term, to a single term of 6-8 years; (c) Automatic launch of AB selection process before the expiry of term of office.
Procedural Issues		
	Issue	Proposed Solution
1	AB’s jurisdiction is limited to reviewing “issues of law” and “legal	Mandatory judicial economy : AB should exercise “judicial economy” and limit itself to

	interpretations developed by the panel". But sometimes it goes into factual questions and exceeds its judicial mandate. It makes remarks and statements that are unnecessary to the resolution of the dispute. This has been criticized.	issues raised by parties. Under no circumstance it should pronounce on issues not raised by parties to dispute. An external review mechanism has been proposed by some countries to consider whether the AB has overstepped its mandate.
2	DSB decision on adoption of panel and AB reports is taken through ' negative consensus mechanism '. The decision is adopted unless there is consensus against it. This guarantees its quasi-automatic nature.	US proposal to increase flexibility and member state control: Mechanism for member states to review AB decisions, delete parts of a decision through mutual agreement, or only partially adopt a decision. Proposal of a blocking minority: If at least 1/3rd of member states, representing at least 1/4th of the total trade among WTO members, register opposition to a decision, it shall be set aside or blocked.
Systemic Issues		
	Issue	Proposed Solution
1	Despite overall decrease in DSS workload, the average time taken to resolve disputes has steadily increased.	Various steps can be taken: (a) Hiring more secretariat lawyers; (b) Streamlining translation process; (c) Limiting the time given to parties for their submissions.
2	The DSS has overall witnessed lesser participation from developing countries and the least developed countries(LDCs).	There is a need to give assistance to developing countries and LDCs in the negotiation stage. The Africa Group has proposed the setting up of fund, out of regular WTO budget for developing countries and LDCs.
3	No formal mechanism for regular dialogue between members and adjudicative bodies of the DSB. There is no available forum for member states to raise concerns and discuss new issues in the DSS.	A formal mechanism will provide a channel of communication, where concerns regarding AB approaches, systemic issues or trends in jurisprudence can be voiced. Annual meetings can be scheduled with the DSB and AB.

What are the impacts of non-functional Dispute Settlement System on WTO?

First, There is a real concern that if the Dispute Settlement System of WTO is not restored soon, it may not come back. The dispute settlement mechanism has been vital to the functionality of the WTO as it provided an amenable platform to the member states to settle their disputes. In its absence, the disputes will persist and the relevance of the WTO as a multilateral organisation will be lost. Member states will look for alternate plurilateral arrangements.

Second, If the DSS is demolished, it will be difficult for smaller countries to hold larger countries accountable to their trade obligations. Moreover, the rules-based multilateral trading system will collapse with no institutional mechanism available to enforce it. .

Third, Uncertainty in resolution of trade disputes will lead to uncertainty in trade policy which will directly impact farmers, manufacturers, industries and businesses.

Fourth, Because of the challenges of concluding multilateral negotiations, countries have increasingly **turned to bilateral or regional free-trade agreements (FTAs)**. More than 300 bilateral and regional free-trade agreements are currently in force, compared with fewer than 60 in 1995. All WTO members have a least one bilateral or regional free-trade agreement. Regional FTAs tend to be detrimental to the interests of the developing countries/LDCs as they lack negotiating powers.

Fifth, The expansion of bilateral and regional free trade agreement into new areas not covered by multilateral rules increase the risk of regulatory inconsistency.

What should be the approach going ahead?

First, To truly reform the WTO, its **trade rules need to be modernised** to reflect shifts in global economic power and technological transformations. Moreover, new rules are needed because **trade barriers are no longer primarily about tariffs but increasingly concern regulations and standards**.

Second, There is need to strengthen the WTO's notification process for bilateral and regional free-trade agreements and improve the database in which they are recorded, for increased transparency.

Third, the negotiations under bilateral or regional free-trade agreements can be used to advance talks on topics not currently on the WTO. However, the interests of the developing countries and LDCs must be protected and decisions should be based on their consensus.

Fourth, There is need to reform the WTO dispute settlement system and to end the Appellate Body crisis. This would help to maintain the pre-eminence of the WTO's dispute settlement mechanism over the plethora of other dispute settlement mechanisms that operate under free-trade agreements

Conclusion

The WTO's functions of administering and monitoring the application of trade rules and settling trade disputes depend largely on whether rules exist and are fit for purpose. Reform will therefore require updating the rulebook to address the needs of global trade in the 21st century. India, as a responsible member state, should help initiate the process of disputes settlement system (DSS) reforms through negotiations, diplomacy and engagement with all stakeholders. At the same time, it should ensure that the interests of developing countries and least developed countries (LDCs) are not compromised and the DSS as an institution retains its original purpose, which is to provide stability and security to the multilateral trading system.

Syllabus: GS II, Important International institutions, agencies and fora their structure, mandate; Effect of policies and politics of developed and developing countries on India's interests; Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests.

Source: [Business Standard](#), [ORF](#), [WTO](#)

Issues in Urban Planning in India – Explained, pointwise**Introduction**

Urbanization is the key to India's future. Cities in India occupy just 3% of the land, but their contribution to the GDP is a ~60%. India is the second largest urban system in the world with almost 11% of the total global urban population living in Indian cities. India's urban population is expected to cross 50% of total population within next two decades. Urban growth is expected to contribute to 73% of the total population increase by 2036. This would bring enormous opportunities of economic growth and global competitiveness. Efforts must be channelised to ensure preparedness of the nation to manage such a massive urban transition and save our cities from the clutches of unplanned urbanization and unregulated construction activities. The Ministry of Finance (2021) noted that one in-three poor people is living in urban areas, which was about one-in-eight in the early 1950s. The deluged city roads during monsoons, long traffic snarls, poor quality of air, vast slums all represent absence of sustainable urbanization in India. This situation, along with the projected urbanisation levels, if left unplanned and sub-optimally managed, may be detrimental to the society, economy, and environment. In this context, NITI Aayog had come up with a report '**Reforms in Urban Planning In India**' to improve the planning capacity to make the process of urbanization sustainable.

Issues like lack of availability of serviced land, traffic congestion, pressure on basic infrastructure, extreme air pollution, urban flooding, water scarcity and droughts are not merely a reflection of infrastructural shortcomings in the cities. These issues indicate a deep and substantial lack of adequate urban planning and governance frameworks.

What are the challenges to Urbanization in India?

Uneven urbanisation: The distribution of urban centres and the pace of urbanisation is not uniform across the country. States such as Bihar, Odisha, Assam, and Uttar Pradesh continue to be at a lower level of urbanisation than the national average of 31.1%. Over 75% of the urban population of the country is in 10 States: Maharashtra, Uttar Pradesh, Tamil Nadu, West Bengal, Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Rajasthan, and Kerala.

Statutory Towns Growing Without 'Master Plans': Master plans are critical for managing urbanisation. They are statutory instruments to guide and regulate the present and future urbanization (like utilisation of land, expansion, and zoning of cities for 20–25 years). According to the NITI Aayog Report, **~50% of India's statutory towns are expanding without any master plan** to guide their growth and infrastructure. Urban economic activity is growing rapidly in these towns but there is no local government responsible and accountable for infrastructure development or service delivery. They continue to be governed as villages and do not have an urban local body. Haphazard growth, unplanned construction, and ad-hoc provisioning of infrastructure, over a long period of time, will put them at major risks of urbanisation.

Even when master plans exist, there are several challenges during their implementation like delays, disputes in courts etc. Some master plans also get amended more than a thousand times during their implementation.

Census and Statutory Towns

A Census Town is an area with urban characteristics like: **(a)** A minimum population of 5,000; **(b)** At least 75% of the male main working force engaged in non-agricultural activities; **(c)**

Population density of at least 400 persons per sq.km. As per 2011 Census, there are 3,784 Census Towns.

A Statutory Town is one with a municipality, corporation, cantonment board or notified town area committee. As per 2011 Census, there are 4,041 Statutory Towns .

Sub-Optimal Utilisation of Urban Land: Ministry of Housing and Urban Affairs (MoHUA) noted that paradoxically congested land parcels of high population densities co-exist with vast parcels of under-utilized lands. A major reason for this is the **fragmented and poorly recorded ownership of urban land**. Moreover, multiple public sector organizations/agencies (ports, railways, ULBs, etc.) own land under their jurisdictions. This hinders holistic planning and development. Non-optimal utilization creates scarcity of land which raises land price and reduces space for affordable housing.

Magnitude of Population Living in Slums: According to Census 2011, 17.3% of the total urban population was under slums in India and about 70% of this slum population was concentrated in 6 States: Maharashtra (18.1%), Andhra Pradesh (15.6%), West Bengal (9.8%), Uttar Pradesh (9.5%), Tamil Nadu (8.9%) and Madhya Pradesh (8.7%). The proportion of slum population is rapidly rising. Lack of affordable housing is contributing to creation and expansion of slums.

Increasing Risk of Water Scarcity in Cities: The World Wide Fund for Nature India (2020) has found that Indian cities dominate current and future lists of global cities with the highest overall water risk. This situation is further exacerbated by the lack of adequate infrastructure in cities and towns to handle their own wastewater and solid waste. NITI Aayog in its Composite Water Management Index noted that hunt for additional water resources to sustain Indian cities will lead to “serious harm to the country’s biodiversity, environment, and ecological balance” (2019).

City Planning for Disaster Mitigation: The aspect of disaster mitigation is missing in growth of Indian cities. NITI Aayog notes that the way urban areas are planned, developed, and managed; can create long lasting impacts on the local water availability and vulnerability to disasters. The Parliamentary Standing Committee on Home Affairs in its report observed that the encroachment of lakes and riverbeds had played a major role in urban flooding in Chennai.

Pressures on Coastal Habitations: The coastal cities are home to 14% of the population in India and are vulnerable to floods due to multiple causes, that include faulty urban design and planning, dynamic coastline, flash floods, storm surges, cyclones, and tsunamis. Coastal habitations and infrastructural investments are vulnerable to rise in sea levels due to climate change and cyclones.

What steps can be taken to improve the process of Urban Planning?

Sustainable urbanisation requires a balance between the development of urban areas and protection of the environment with an eye to equity in employment, shelter, basic services, social infrastructure, and transportation in urban areas.

The present urban chaos in India is mainly the result of **ineffective and inefficient urban management, multiplicity of authorities, inadequate revenue base, lack of coordination between various municipal agencies**, and the non-participatory attitude of stakeholders. It has become imperative to focus on various elements that are essential for the survival of urban centres, like social, economic, environmental, and urban governance. With better management, control, and utilisation of all these four elements, sustainable urbanisation can be achieved.



Source: UN/DESA, Development Policy and Analysis Division.

Source: United Nations Department of Economic and Social Affairs

In this context, an Advisory Committee of the NITI Aayog has provided recommendations in the **'Reforms in Urban Planning In India'** Report.

Programmatic intervention for planning of healthy cities: There is a need for convergence of multi-sectoral efforts in planning, public health, and socio-economic development. The focus of planning urban development must encompass not only the million-plus cities but also hundreds of small- and medium-sized towns. The Advisory Committee has recommended a central sector scheme **'500 Healthy Cities Programme'**, for a period of 5 years, wherein priority cities and towns would be selected jointly by the States and the local bodies.

Programmatic intervention for optimum utilisation of urban land: All the cities/towns under the proposed 'Healthy Cities Programme' should **strengthen regulations to maximize the efficiency of urban land** (or planning area). The Committee has recommended review and revision of regulations for this purpose.

Ramping up of human resources: The public sector must have an adequate workforce in terms of quantity and quality to tackle the challenges of urbanization. The Committee has recommended that the States/UTs may need to: **(a)** Expedite the filling up of vacant positions of town planners; **(b)** Additionally sanction 8268 town planners' posts as lateral entry positions for a minimum period of 3 years and a maximum of 5 years to close the gaps.

Ensuring qualified professionals for undertaking urban planning: Urban areas and their developmental complexities have increased over the years. The discipline of urban planning or town planning has a dedicated course curricula with which graduates acquire a multi-sectoral overview and skillset to address such challenges. The States may need to undertake requisite amendments in their recruitment rules to ensure the entry of qualified candidates into town planning positions.

Mainstreaming capacity-building activities: Concerted efforts are required by the States/UTs to ensure regular capacity building of their town planning staff. Also, the existing centres of excellence established by MoHUA and State-level training institutions need to be further strengthened to regularly build the skills and expertise of urban functionaries.

Re-engineering of urban governance: There is a need to bring in more institutional clarity and multi-disciplinary expertise to solve urban challenges. The Advisory Committee has recommended the constitution of a high powered committee to re-engineer the present urban-planning governance structure with: **(a)** Clear division of roles and responsibilities among various authorities, appropriate revision of rules and regulations; **(b)** Creation of a more dynamic organisational structure, standardisation of the job descriptions of town planners and other experts; **(c)** Extensive adoption of technology for enabling public participation and inter-agency

Revision of Town and Country Planning Acts: The formation of an apex committee at the State level is recommended to undertake a regular review of planning legislations (including town and country planning or urban and regional development acts or other relevant acts).

Involvement of citizens in Planning: Public's participation in urban planning in India is limited. It is important to include public opinion and feedback in the planning process. The Committee has recommended a '**Citizen Outreach Campaign**' for making the process of urban planning more inclusive and accessible.

Building local leadership: It is important to enlighten the city leadership about the significance of urban planning to achieve integrated development, mobilize finances, ensure affordable housing, and make cities more economically productive, liveable, inclusive and sustainable. The Committee has recommended a short-term training programme for city level elected officials on the economic and social benefits of urban planning.

Steps for enhancing the role of private sector: The private sector needs to be evolved to heighten its role and employment opportunities for planners. Concerted measures must be taken at multiple levels to strengthen the role of the private sector to improve the overall planning capacity in the country. These include the adoption of fair processes for procuring technical consultancy services, strengthening project structuring and management skills in the public sector, and empanelment of private sector consultancies.

Conclusion

India is rapidly urbanizing. The cities and their infrastructure are coming under increasing pressure. It is thus imperative to enhance the urban planning capacity of the ULBs. As India reaches the tipping point of transitioning from a mostly rural to an urban society, the time to undertake planning reforms is now, because the process is irreversible. This has become vital to ensure that the growth of cities is sustainable and inclusive in the future.

Syllabus: GS I, Urbanization, their problems and their remedies; GS III, Infrastructure.

Source: [Indian Express](#), [NITI Aayog](#)

Logistics Sector in India and National Logistics Policy – Explained, pointwise

Introduction

The World Bank Logistics Performance Index 2018 (latest available) had ranked India 44th out of 160 nations. China and Vietnam did better than India with 26th and 39th ranks respectively. India's Logistics Sector performed poorly on Customs (efficiency of clearing process/speed, simplicity etc.) and Infrastructure sub-indices of the Index. Poor infrastructure adds to the costs of logistics. According to one estimate India's logistics sector records relatively higher costs at 13-14% of the GDP. The corresponding figure for developed economies is ~8-10%. This makes India's industry uncompetitive. There are several other challenges facing the logistics sector. In this context, the Government has released the National Logistics Policy. The new framework has laid special emphasis on streamlining processes for seamless coordination, and reduction in overall logistics cost, besides pushing employment generation and skilling of the workforce.

What is the current status of India's Logistics Sector?

Logistics refers to the overall process of managing how resources are acquired, stored, and transported to their final destination. It includes all activities of the supply chain such as transportation, warehousing, packaging, inventory management, the flow of information, order processing and customer service.

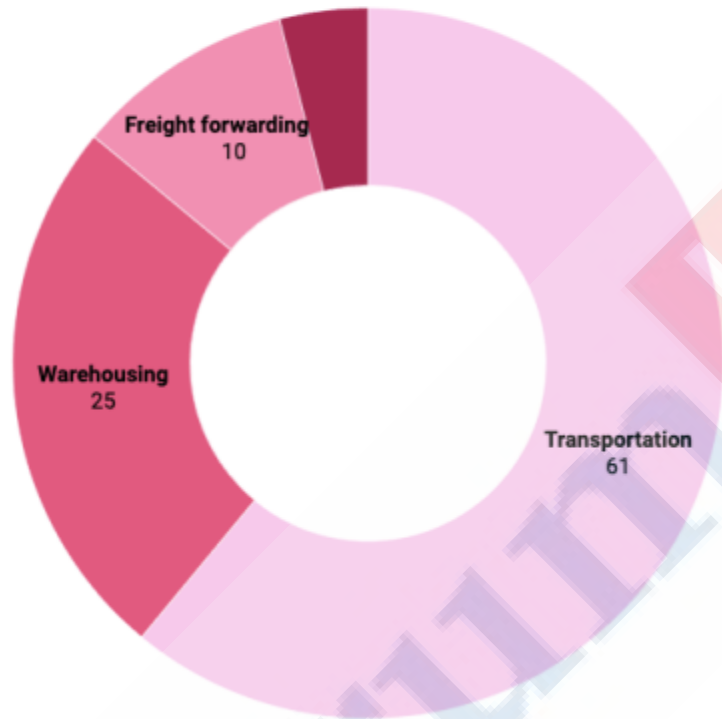


In 2019, India's logistics sector was valued at US\$ 190 billion. The sector employed over 22 million people directly. It is expected to grow at a growth rate of 8-10% over the medium term.

Transportation activities drive a bulk of India's ₹16tn logistics market

Share in India's logistics market (%)

Transportation Warehousing Freight forwarding Value added logistics



Source: Mint

A Logistics Division was established in the Department of Commerce in 2017. It has been tasked with undertaking the integrated development of Logistics Sector. One of its key responsibility is to develop an action plan to facilitate the overall development of the logistics sector through policy changes, procedure improvements, identification of bottlenecks and gaps, and adoption of technology. Still the regulatory environment is very complex as there are over 20 government agencies, 37 export promotion councils, 40 Participating Government Agencies (PGAs), and 500 certifications.

Since 2014, there has been much emphasis on improving logistics, through initiatives like Sagarmala for shipping, Bharatmala for road and UDAN for aviation.

In October 2021, PM *Gati Shakti* was launched as a National Master Plan for multi-modal connectivity to bring together 16 ministries, including railways and roadways, for integrated planning and coordinated implementation of infrastructure connectivity projects.

Read More: [PM Gati Shakti – National Infrastructure Master Plan – Explained, pointwise](#)

Further, better technology has been adopted to strengthen the logistics sector. For example, paperless export-import trade operations have been made possible by the e-sanchit portal, and faceless evaluation in customs has been implemented. **E-way bills** and **FASTag** are also

frequently used on roads to boost the effectiveness of the logistics industry. Also, a unified tax system like Goods and Services Tax (GST) enables ease in issues related to the logistics sector.

What are the challenges facing India's Logistics Sector?

Skewed Multimodal Mix: In India, a predominant mode of freight cargo transportation is via road. Nearly 60% cargo is moved by road, while the share of railways is ~32%. Waterways have a meagre share of ~5%. The global average is 25% for roads and 60% for railways. Share of railways is lower because of over-saturated rail networks and high rail tariffs. Road is an inefficient way of transportation because of poor infrastructure, slower speed of movement, multiple check-points etc.

The skewed modal mix raises costs of logistics. The higher logistics costs are reducing the competitiveness of India's exports. Reports suggest that **higher logistics cost is leading to a competitiveness gap** of US\$ 180 billion for India. The difference will increase to US\$ 500 billion by 2030.

Costs shoot up due to heavy dependence on roads

Transportation cost by each mode (₹ per tonne per km)



Source: Mint

Port Sector Issues: The turnaround times for ships is high (~62 hours in 2020-21, ~8 hours in Japan). This is because of overcrowded berths and delay in cargo evacuation due to poor infrastructure. In addition, time consuming custom clearances add to delay. Logistics companies suffer. Coastal shipping in India gets hampered due to the weak land side and port facilities. Insufficient depth at ports discourage large vessels, thus curbing the large scale use of it for freight movements.

Read More: [Draft Ports Bill 2022 and Port Infrastructure in India – Explained, pointwise](#)

Tax Structure: The complicated tax regime places several hardships on logistics companies in India. Multiple State and Center taxes lead to considerable loss of time in transit on roads.

Warehousing Issues: The poor state of warehousing and their restricting locations are one of the major concerns of logistics sector. Storage facilities are quite fragmented for low margin products thereby resulting in a **disincentive to create a large integrated warehousing space**. The Government owned most of the large warehouses and used for food grain.

Technological and Skill Deterrents: Automation of processes is still in the embryonic stage in India. Non-standardization in the industry due to its fragmentation further slows down the progress. Acceptance and adoption of technological advancements like RFID, tracking,

warehouse management system, etc. can resolve the issues between domain requirement and IT. Besides this, there is lack of quality workforce in this sector, and the available skill set needs to be upgraded urgently.

Fuel Costs: The high fuel costs continues to be a detriment to the sector. Higher fuel prices increase the transportation costs. Rising fuel prices are increasing the surcharges to the freight tariffs. This reduces profitability of the logistics sector.

Government Regulations: Carriers face significant compliance regulations imposed by State Governments and local authorities. It causes time overruns and disruption in supply chains.

Fragmented Sector: Unorganized players control 90% of the logistics market. Most Indian logistics companies are very small, and have limited fleet of trucks/vehicles. This prevents scale and cost economies. Fragmentation leads to low margins which prevents investments to scale-up operations or adoption of new efficient digital technologies. It also makes it hard to streamline supply chains. So the road transportation sector remains inefficient overall.

India's high logistics costs are impacting its competitiveness adversely

Logistics cost, as a % of GDP



Source: Mint

What are the salient provisions of National Logistics Policy?

The National Logistics Policy has been launched recently. It provides a comprehensive agenda to develop the entire logistics ecosystem

Vision and Targets

The policy has been formulated with two major visions.

The first is to **reduce logistics cost** in India by 5 percentage points of GDP over the next 5 years (from current 13-14% of GDP to 8-9% of GDP).

The second is to **improve India's ranking in the Logistics Performance Index**. It aims to enhance logistics sector competitiveness through a unified policy environment and an integrated institutional mechanics.

The policy aims to **boost economic growth, provide employment opportunities, and make Indian products more competitive** in the global market.

The three targets of NLP are:

First, to reduce cost of logistics in India to be comparable to global benchmarks by 2030.

Second, improve the Logistics Performance Index ranking, to be among top 25 countries by 2030.

Third, create data driven decision support mechanism for an efficient logistics ecosystem.

Major Steps

There are 4 significant steps to be implemented under the NLP through the **Comprehensive Logistics Action Plan (CLAP)**.

Integration of Digital System (IDS): There will be digital integration of 30 different systems from 7 departments, integrating data from the road transport, railways, customs, aviation, and commerce departments.

Unified Logistics Interface Platform (ULIP): This will ensure **smoother cargo movement**. It will enable the exchange of information confidentially on a real-time basis. This National Industrial Corridor Development Corporation (NICDC) Logistics Data Bank Project has been leveraged. This will **bring all the digital services related to the transportation sector into a single portal**, freeing the exporters from a host of very long and cumbersome processes.

Ease of Logistics (ELOG): It will enable and ensure the ease of logistics business through **transparency and accessibility**. Through this portal, industry associations can directly take up any such matters which are causing problems in their operations and performance with the government agencies.

System Improvement Group: It will monitor all logistics-related projects regularly.

Apart from the above, CLAP envisages benchmarking service standards, human resource development, capacity building, development of logistics parks, etc.

How National Logistics Policy addresses challenges of India's Logistics Sector?

First, the policy paves way for **reduction in logistics cost in the country**. Focus will be on enabling adequate development of warehouses with optimal spatial planning. Establishing multi-modal logistics parks (MMLPs) in crucial markets will improve first- and last-mile connectivity. This will enable better inventory management **making the supply chains more efficient bringing down the costs**.

Second, promotion of standards, measures to facilitate seamless coordination between different stakeholders, speedy issue resolution, and streamlined EXIM processes will reduce unnecessary delays.

Third, measures to improve digitization, automation across the logistics value chain and better track and trace mechanisms will enable faster movement of goods and reduce wastage in transit.

Fourth, The government will also offer management courses around Logistics and Supply Chain. This will lead to human resource development to create an employable pool of skilled manpower, for the sector's growth.

Fifth, According to the Government, all States and UTs have been fully onboarded. 14 States have already developed their respective State Logistics Policies on the lines of the National Logistics Policy and for 13 States, it is in draft stage. The institutional frameworks under PM GatiShakti at the Union and State level, which will also monitor implementation of the Policy, is

fully operational. This will ensure a fast and effective adoption of the Policy across all stakeholders. Coordination with States will **help reduce bottlenecks in inter-state movement of goods.**

Sixth, This policy supports enhancing competitiveness of Micro, Small and Medium Enterprises, and other sectors such as agriculture and allied sectors, fast moving consumer goods and electronics. With greater predictability, transparency and reliability, wastages in supply chain and need for huge inventory will reduce.

The NLP is closely aligned with previous connectivity and infrastructure improvement programs like the *Gati Shakti* Programme, *Sagarmala* and *Bharatmala* projects.

Proper implementation of the policy will result in **greater integration of global value chains** and higher share in global trade besides facilitating accelerated economic growth in the country, is another outcome envisaged.

Read More: [Global Value Chains: Building Resilient GVC linkages in India – Explained, pointwise](#)

What more steps can be taken going ahead?

First, The focus has to be on correcting the modal mix. The Dedicated Freight Corridors are expected to improve the share of the railways in logistics. Efforts must be made to make the DFCs operational at the earliest.

Second, Inland waterways have remained underdeveloped. They provide a cost-efficient and environment-friendly way to move goods. Inland port development must become a priority for the Government.

Third, A technology-driven documentation approach would highly impact the logistic sector by avoiding transit delays and untimely deliveries caused due to improper documentation.

Fourth, the focus has to be on the implementation of the policy. There should be periodic review to check for the outcomes and course-correction.

Conclusion

India aims to become US\$ 5 Trillion economy in the near term and a developed economy by 2047. For this, connectivity and robust infrastructure will become crucial points, and the NLP provides the required boost for the sector to this effect. As logistics develop, manufacturing and other industries like warehousing and infrastructure development will also develop. This will spur the growth of commercial real estate and industrial parks. This will help greater integration of Indian industry with global value chains and make India a manufacturing hub. Effective implementation of NLP will be a key step in making India a developed economy.

Syllabus: GS III, Infrastructure

Source: [Economic Times](#), [The Hindu BusinessLine](#), [Financial Express](#), [Mint](#), [IBEF](#), [PIB](#)

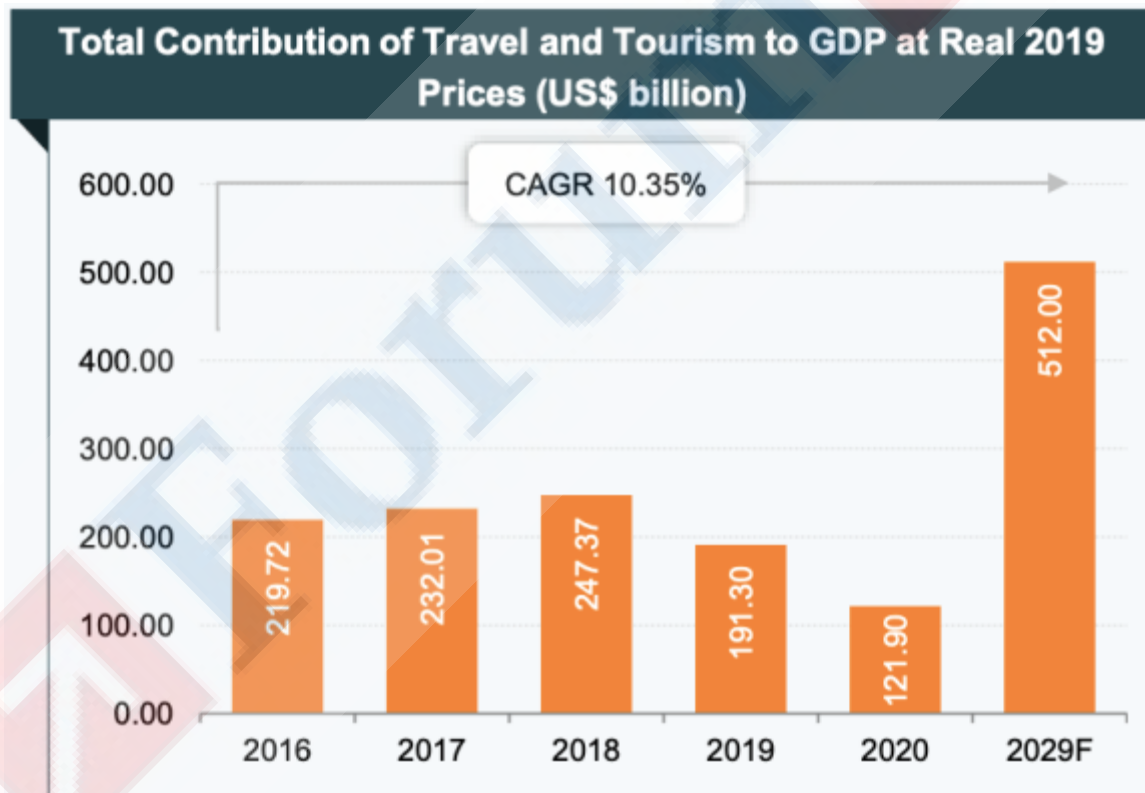
Tourism Sector in India – Explained, pointwise

Introduction

A three-day National Conference of Tourism Ministers of States was held for the first time in Dharmshala (Himachal Pradesh) recently. The purpose of the Conference was to discuss, debate, and deliberate on modes and mechanisms to develop tourism sector in India. The meeting came up with '**Dharamshala Declaration**'. The Dharamshala Declaration aims to recognise India's role in contributing towards global tourism as well as focus on recovery by also promoting domestic tourism, which has been overlooked for long. India is a vast country with huge geographical, climatic, landscape, wildlife, heritage and cultural diversity. As such India has huge tourism potential. Yet this potential has remained under-utilized. In this context, the Ministry of Tourism has undertaken several initiatives to boost tourism in India.

What is the current status of Tourism Sector in India?

Before the onset of the pandemic, the contribution of tourism sector to India's GDP had reached ~US\$ 250 billion in 2018. However, the contribution had fallen to US\$ 122 billion in 2020 due to pandemic. The share of Tourism to GDP has hovered around ~5-6%. With post-pandemic recovery, the tourism industry is expected to reach US\$ 512 billion by 2028.



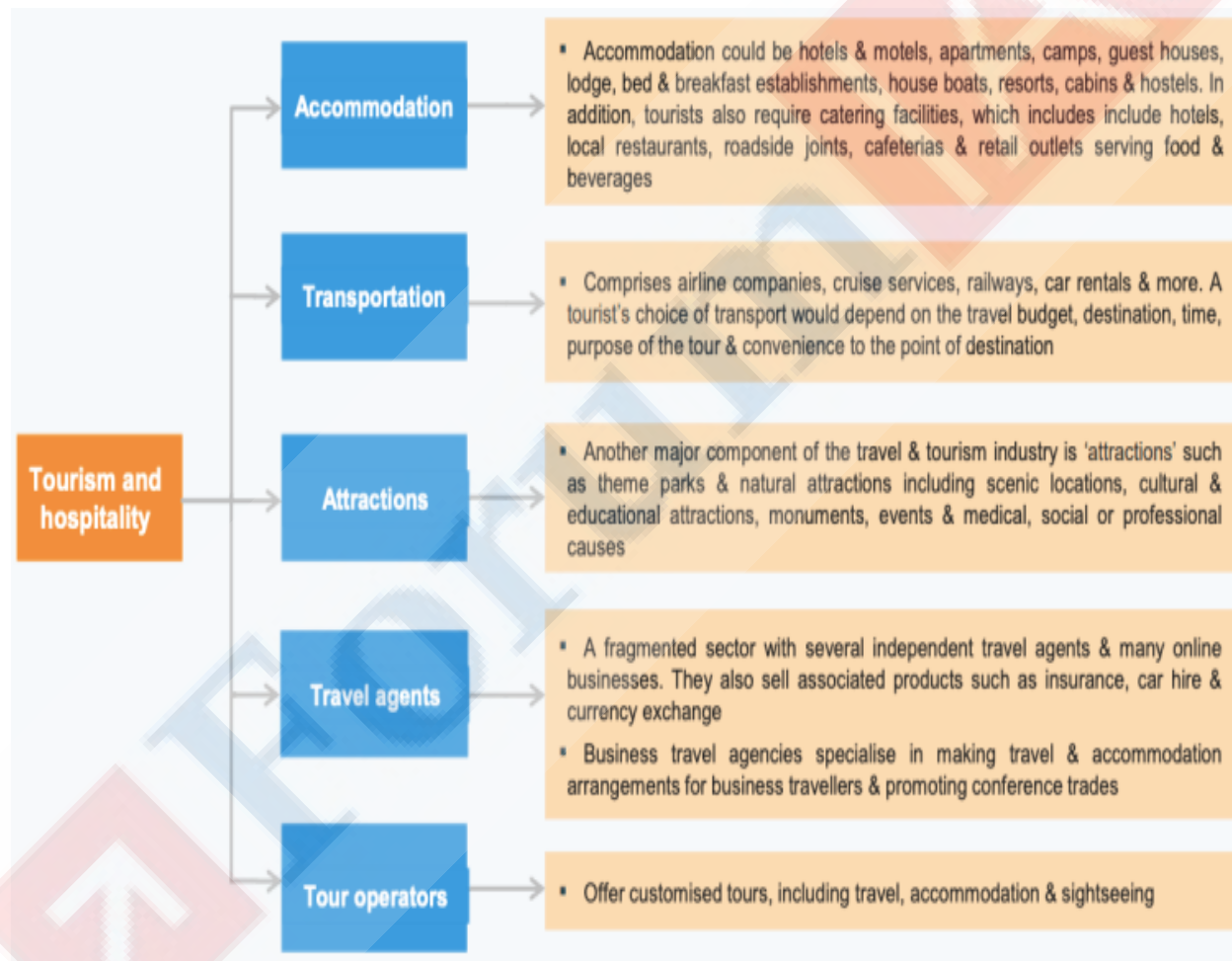
Source: IBEF

Tourism Sector is the third-largest foreign exchange earner for the country in 2019. The foreign exchange earnings between 2016 and 2019 increased at a CAGR of 7%, but dipped in 2020 due to the COVID-19 pandemic. By 2028, Indian tourism and hospitality is expected to earn US\$

50.9 billion as visitor exports compared with US\$ 28.9 billion in 2018. Foreign Tourist arrivals had reached 10.9 million in 2019, before falling to 2.7 million in 2020 due to the pandemic.

India was ranked 34th in the Travel & Tourism Competitiveness Report 2019 published by the World Economic Forum. The Economic Impact 2019 Report published by the World Tourism and Travel Council (WTTC) has noted that between 2014-19, India witnessed the strongest growth in the number of jobs created (6.36 million), followed by China (5.47 million) and the Philippines (2.53 million).

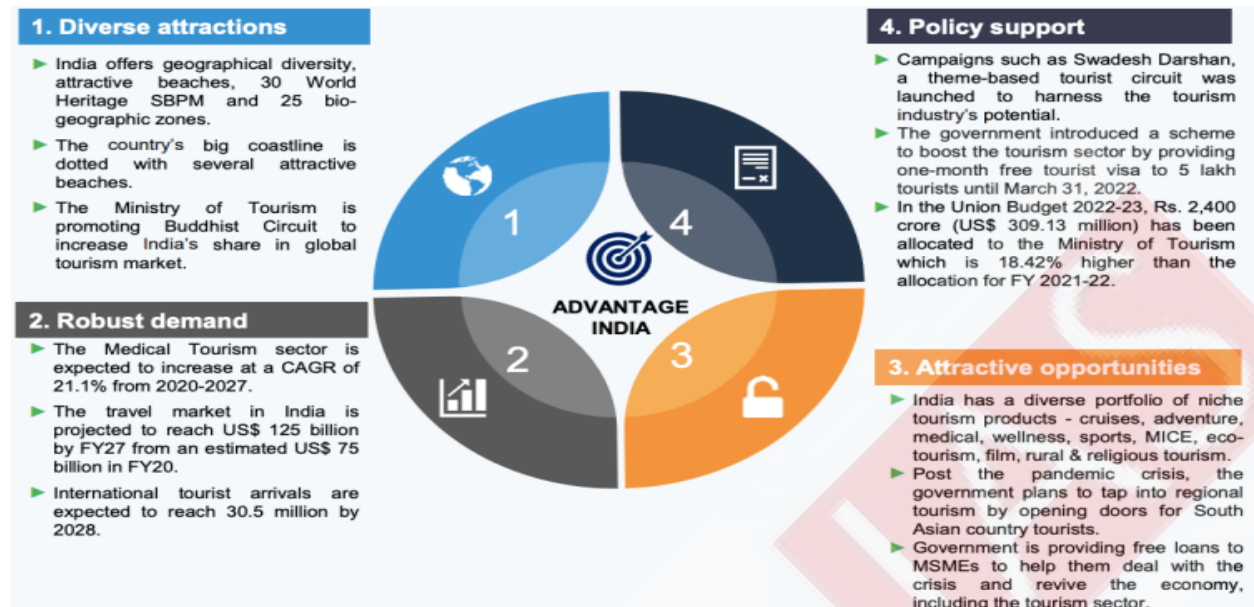
In 2020, the Indian tourism sector accounted for 39 million jobs, which was 8% of the total employment in the country. By 2029, it is expected to account for about 53 million jobs. Tourism sector provides diverse opportunities for jobs like in hospitality/hotels/accommodation, transportation, tour guides, travel operations etc.



Source: IBEF. Components of Tourism Sector

What are the driving factors of Tourism Sector in India?

The Tourism Sector in India is driven by various factors like diverse attractions, robust demand (like for medical tourism) and attractive opportunities.



Source: IBEF

In addition to the above, rapidly expanding India economy is providing huge opportunities for business tourism. According to the World Bank, India has overtaken Japan to become the world's third largest economy in terms of purchasing power parity (PPP). India holds a 6.4% share of global GDP on a PPP basis. Because of the economic growth, foreign players are interested to establish their operational facilities in the country. Domestic investors have also made huge investments to expand their business. Tourism industry gets benefited from the growing economic environment and investment made by both domestic and foreign investors. The country's growing economic environment acts as one of the major influential driver for tourism growth and development of the country.

What are the challenges faced by the Tourism Sector in India?

Awareness: Despite promotional campaigns by the Government, the awareness regarding India as a tourist destination remains low. Even among domestic tourists, the choice is limited to few popular destinations which remain overcrowded, while many other potential places receive low footfalls of tourists. The information portals and centres are poorly managed. There is lack of promotional campaigns in foreign countries. The absence of online branding campaigns fail to provide information to attract tourists.

Infrastructure and Safety: Many popular destinations lack air connectivity, especially in the hilly regions. Moreover, there is lack of proper hygienic facilities in many places. Lack of cleanliness is off-putting to many tourists. In addition there are safety concerns especially among foreign visitors because of few cases of harassment. Poor experience of some tourists leads to bad word-of-mouth information impacting perception of potential tourists.

Communication: Many tourists face communication problem while in India. This makes them dependent on tourist guides or travel operators to curate their travel in India.

Lack of Skilled Manpower: There is dearth of skilled manpower especially multi-lingual tour guides or hotel staff. The sector is dominated by small unorganized players who can't spend on

skilling their employees or sensitising them to cultural values of the foreign tourists. This impacts tourist experience.

Visa Process: The Government had started the e-visa process (online) which has led to increase in foreign tourists. However, the visa-on-arrival facility is limited to very few countries, limiting foreign tourists.

Currency Fluctuations: Another issue is the fluctuations in the currency exchange rates. The inability to know the value of a currency means that long-range tourism prices are especially hard to predict and the fallout from this monetary instability is already impacting multiple tourism support systems.

Although the coronavirus crisis has short-term destructive effects on the tourism industry, it is challenging the practices of the tourism industry and is drawing attention to a succession of issues like poor risk management in the travel industry, viral globalization, and travel of diseases with tourists to cross borders.

What steps have been taken for the development of Tourism Sector in India?

Infrastructure: The Government has been increasing investments in strengthening of the country's road and rail networks and promoting port development is a significant driver for the growth of the Tourism sector. The **Adarsh Station Scheme** is helping modernize railway stations, while the Regional Connectivity Scheme – **UDAN** (*Ude Desh ka Aam Nagrik*), is helping make air travel more economical and widespread to hitherto unserved routes. The **Swadesh Darshan** and **PRASHAD** schemes aim to stimulate growth in niche tourism segments such as religious, heritage, wellness, medical, adventure, MICE, wildlife etc. Under the Swadesh Darshan Scheme, the Government has launched several theme based circuits like Buddhist circuit which covers destinations associated with the life of Lord Buddha.

Promotional Campaign: Promotional activities such as the **Incredible India 2.0** campaign focuses on niche tourism products including yoga, wellness, luxury, cuisine wildlife among others. "**Find the Incredible You**" Campaign focuses on the promotion of niche tourism products of the Country on digital and social media.

Information Helpline: The government has introduced the concept of **e-tourist and e-medical visas** which has helped increase inbound tourists to the country. Additional initiatives such as **Atithi Devo Bhava**, a 24×7 multi-lingual Tourist Helpline, among others have helped improve the **safety and security** of tourists. On a pilot basis, an '**Incredible India Helpline**' has been set up to guide the tourists.

Safety: The Ministry of Tourism has adopted a code of conduct for safe tourism, which contains a set of guidelines to encourage tourism activities to be undertaken with respect to basic rights like dignity, and safety of both tourists and local residents, in particular women and children.

Investment: The government allows 100% Foreign Direct Investment in the Travel and Tourism sector through the automatic route to increase investments across the sector. More recently, the GST rate cut on hotel room tariffs across the board has been a positive move for the industry and is expected to boost the sector's competitiveness globally.

Cleanliness and Hygiene: Major cleanliness campaign has been launched under the **Swachh Bharat** movement for **protecting and preserving the sanctity of monuments of national**

heritage. The Ministry of Tourism has also launched awareness campaign to ensure cleanliness of surroundings and help create a **Swachh Bharat, Swachh Smarak**.

Assistance to States: Financial assistance to states, including places of religious importance, for various tourism projects in consultation with them subject to availability of funds, inter-se priority, liquidation of pending utilisation certificates and adherence to the scheme guidelines.

Digital Database: In September 2021, the Government launched **NIDHI 2.0** (National Integrated Database of Hospitality Industry), a scheme which will maintain a **hospitality database** comprising accommodation units, travel agents, tour operators and others. NIDHI 2.0 will **facilitate digitalisation of the tourism sector** by encouraging hotels to register themselves on the platform.

Skilling: The Ministry of Tourism has introduced the **Incredible India Tourist Facilitator** (IITF) and **Incredible India Tourist Guide** (IITG) **Certification Programme** to create an online learning platform of well-trained tourist facilitators and guides across the country.

The Ministry of Tourism had launched an initiative called SAATHI (System for Assessment, Awareness & Training for Hospitality Industry) by partnering with the Quality Council of India (QCI) in October 2020. The initiative was focused on effective implementation of guidelines/SOPs issued with reference to COVID-19 for safe operations of hotels, restaurants, and other units.

What more steps can be taken going ahead?

First, The government should continue to promote India's diversity and rich heritage to re-establish its position as a tourist paradise. The promotional campaigns should target both domestic and foreign tourists. Similarly, the extent of theme-based tourist circuits can be expanded.

Second, the **skilling initiatives should be scaled-up**. Tourism sector has a potential to provide lot of livelihood opportunities in smaller cities/towns (below tier-2 level). It can help address the issue of jobless growth.

Third, there is need to balance the promotion of tourism with safeguarding the physical, social, and cultural environment in the destination areas. The government should also **promote green and sustainable tourism** to tackle issues relating to water crisis, pollution, waste management, etc.

Fourth, the Government should further reform the tourist visa norms and processes to facilitate tourism. The Government should also explore the possibility of expanding the visa-on-arrival facility.

Fifth, the focus should also be on supporting and promoting the emerging segments of tourism.



Source: IBEF. Emerging Segments of Tourism.

Read More: [\[Kurukshetra June Summary\] Rural Tourism: India an Incredible Tourism Destination – Explained, pointwise](#)

Conclusion

The tourism sector in India is gradually recovering from the impact of the pandemic. Even during the pandemic, the sector had shown resilience by adapting its operations to ensure safe practices and social distancing. The sector has huge untapped potential in India. The multiplier effect associated with the tourism sector can help raise the income levels and ensure inclusive growth. A burgeoning tourism industry can prove to be vital in ensuring India's transition to a high income economy.

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

Source: [The Hindu](#), [Hindustan Times](#), [IBEF](#)

[Yojana September Summary] Ushering Investments (in J&K) – Explained, pointwise

Introduction

The Government had changed the status of Jammu and Kashmir 3 years ago. The region was reorganised into Union Territory of Jammu and Kashmir and Union Territory of Ladakh. The long-term strategy of the Government is transform the region and enable its economy to reach its full potential. The Government had formulated the Jammu and Kashmir Industrial Policy 2021-30 for ushering investments in J&K and promote industrial growth in the region.

Fiscal Status Prior to Reorganization

In 2018-19, the **expenditure of the State Government was 57% of Gross State Domestic Product** (28% for Himachal Pradesh). This was largely financed by the Union Government, indicating dismal state of affairs. **40% of State's revenue receipts came from the Union Government**. ~25% of the receipts were consumed in the salaries and pensions.

J&K's per capita net State State Domestic Product (INR 94,000 per person per year) was almost half of that of Himachal Pradesh (INR 176,000 per person per year). It's **road density was less than 20% of Himachal Pradesh** (with similar terrain), and State had not been able to leverage its huge hydropower potential.

This was an unsustainable scenario. To transform the region it was necessary to attract private enterprise and investments to create livelihood opportunities and improve income levels. This necessitated an appropriate economic strategy for transforming the region.

Framing Economic Policies

Jammu and Kashmir has a difficult terrain. The region suffers cost disadvantages due to high transportation costs. As a result the goods produced in the regions have higher prices. Thus, the appropriate strategy for the region is to promote production of good and services of niche area segments where customers are willing to pay a premium. This can compensate for disadvantages of higher transportation costs. These products/services can be related to the strengths of the region due to its **natural endowments**. It can also include products/services that have evolved with the **local knowledge and traditional skills**.

Both the types of goods/services are abundantly available in the region. These include: **(a)** Handicrafts with exquisite quality that are internationally renowned; **(b)** High quality agro-based products like apples, walnuts, saffron etc.; **(c)** Abundant Hydropower sources; **(d)** Rare minerals.

New investor-friendly industrial policies, designed and adopted in conjugation with the Union Government, take cognisance these natural strength to usher in investments in J&K.

Attracting investments

The **J&K Industrial Policy 2021-30** is the flagship policy with respect to investment, industrial and economic growth in J&K. Its promise of a higher incentive for investment in remote areas will help balanced economic development in J&K to leverage its land abundance in areas hitherto neglected.

The choice of industries focused upon under the policy are **heavily labour-intensive** in nature and where the products/services are high in value. These include both the **J&K's traditional strengths** e.g., tourism, handicrafts and horticulture as well as **new sectors** like IT, ITES, healthcare, etc. The Industrial Policy also focuses on synergies with existing strengths like post-harvest management of Horticulture as well as Film Tourism as an add-on to Tourism.

The Industrial Policy has a special **focus on extending financial support**. Past policies too tried to usher in investments in J&K. through generous subsidies and tax exemptions. However, these investments were not linked to J&K's natural strengths. Hence, they were not sustainable without financial support by the Government. The new Policy focuses on natural strengths to avoid repetition of this scenario. The Policy has an explicit **service sector positive list eligible for financial benefits** like tourism, film tourism, healthcare, education and skill development etc. These services contribute ~50% to regions economy.

Budgetary provisions have also supplemented the core philosophy of the Industrial Policy. The aim of the budgetary provisions has been to **amplify and strengthen the intent of the Policy**. Budgetary provisioning is expected to yield disproportionately high returns. This year's budget is specifically suited to usher in investments and support economic development in J&K.

Tourism

J&K has beautiful picturesque landscape, and region has been long associated with tourism. However, the **region has never figured among top 10 States/UTs in terms of tourist arrivals**. The current Budget has provided resources for the **development of 75 new destinations**. It seeks to expand region's tourism economy. **Smart convergence** is being undertaken with other initiatives like: **(a)** Revival of **traditional fairs and Sufi festivals**, many in remote, lesser-known destinations; **(b)** J&K Tourist Village Network Scheme to incentivise local youth to promote rural tourism; **(c)** Targeted public investments in road and urban infrastructure to make the locations more accessible and increasing the sustainable carrying capacity of these destinations.

Horticulture

The budget's accent on horticulture addresses both the productivity and the income issue of the horticulture sector. The thrust of the budget initiatives has been on: **(a)** Cold storage capacity expansion; **(b)** Increase in productivity of apple through **high-intensity orcharding**; **(c)** Support to **high value and low volume agro-products** like aromatic and cash crops and vegetables. If productivity is increased to international standards, it can lead to the **quadrupling of the size of this sector**. Enhancing value addition to fruits (currently very low) can significantly increase employment and economic development in J&K.

Foreign Trade and Investment

A unique strand of the strategy has been to seek **leveraging of India's recent Comprehensive Economic Partnership Agreement (CEPA) with the UAE** to seek markets, investments and tourists. Given the proximity and familiarity of UAE with J&K, the Gulf Investment strategy seeks to build on these links.

Impact on J&K Bound Investment

There has been a heightened interest in the region by investors due to: **(a)** End of constitutional uncertainty in the region; **(b)** Improving law and order situation; **(c)** Thrust on infrastructure; **(d)** Focused strategy for ushering investments and economic development in J&K.

The UT Government has reported that it has received **investment proposals worth around INR 51,000 crores**. The **employment potential** of these investments is **~2.37 lakhs**. The total spending of the Industrial Policy is ~ INR 28,400 crores spread over 10 years. This has a huge potential of ushering investments in J&K. Overseas investors have also shown interest especially from the UAE.

GROWTH VALLEY

SUMMARY OF LAND ALLOTMENT APPLICATION CASES OF INVESTMENT INTO J&K (UP TO APRIL 11, 2022)

Division	No. of applications proposed	Investment in (in ₹ crore)	Quantum land (kanals).	Employment
Jammu	1,105	27,968	19,125	1,09,136
Kashmir	3,339	24,187	19,897	1,32,580
Total	4,444	52,155	39,022	2,41,716

APPROVED INVESTMENT

Division	No of units	Total investment (in ₹ cr)	Employment potential	Land allotted
Jammu	1,595	21,553	71,603	12,353
Kashmir	2,706	14,691	65,376	5,617
Total	4,301	36,244	1,36,979	17,970

Source: The Times of India

Appropriate Investor Strategy

The investors always look for profitability. Profitability of investments in J&K will depend on close linkage of the business plan with natural, traditional and human capital endowments of the region. Such investments do not require fiscal incentives from the Government for long. J&K has witnessed huge rush of tourists this season. This demonstrates the profitability of the **tourism sector**. **Start-ups in horticulture and post-harvest value addition** can be another profitable area. Investments in both areas leverage the natural endowments of the UT amplified with local knowledge and tradition.

Other upcoming promising areas are **IT and ITES**, which can take advantage of the region's considerable local talent pool. Services sector especially **Education, Health and Holistic Wellness sectors** offer lot of promise as well.

Towards a Bright Future

The aim of the Government's economic strategy has been to effect transformational economic development in J&K. The new J&K will be host to world-class tourist destinations. Its horticulture sector will develop to produce best-in-quality fruit products. It will enhance the exports of handicrafts that are a product of millennia of experience and culture. It will eventually generate ~33% of India's hydropower. It will be home to many IT, ITES, Pharma and textiles based industries, with a robust education, health and wellness ecosystem.

The strategy of the government is so designed to make the above possible. Private investors would be rewarded if they align their investment strategy accordingly and make their investment in the UT profitable.

Syllabus: GS III, Indian Economy and issues related to growth; Inclusive growth and issues arising from it, Challenges to Internal Security.

Source: Yojana September 2022