



9 PM

Compilation

8th to 13th May, 2023

9 PM Compilation for the Month of May [Second Week] 2023

General Studies - 1

1. [Lots Of People? Good. Tiny Plots? Bad](#)
2. [El Niño amid heating oceans: We're now in uncharted waters](#)
3. [Marriage for all, even if for a few](#)

General Studies - 2

1. [A position paper, China's image, and what it means](#)
2. [With COVID-19 'over', applying the lessons learnt](#)
3. [The UN needs structural reform to establish its relevance again](#)
4. [Without data, the government's policy prescriptions are just guesswork](#)
5. [China Shops – India's multilateralism comes up against the reality of Beijing-Islamabad, Beijing-Moscow compacts](#)
6. [The lack of a drug recall law in India](#)
7. [Roads, traffic and GDP](#)
8. [India's China strategy needs to be debated](#)
9. [Buddhism, India's soft power projection tool](#)
10. [Of hope and vigilance – WHO's announcement gives hope, but there is a message of caution](#)
11. [A north-south Asia corridor is a step in the right direction](#)
12. [A question from Manipur: Who is an ST?](#)
13. [Securing the migrant vote](#)
14. [How strategic convergence between US, UAE, Saudi Arabia and India can help Delhi](#)
15. [Jailhouse Shock – Tihar won't change unless some authority is made directly responsible for running it](#)
16. [Green crosshairs – A multi-pronged counter is warranted to tackle the EU's carbon tax plans](#)
17. [The fallout of Putin helping make NATO 'great again'](#)
18. [The problem with India's multi-alignment stand](#)
19. [SC verdict on Maharashtra political crisis: The apex court draws red lines](#)
20. [Diagnostic imaging of the Rajasthan Right to Health Act](#)
21. [Strategic convergence between India and US is growing](#)
22. [AYUSH collaboration with ICMR for scientific validation is right step](#)
23. [Welfare spending has been getting a regular pruning](#)
24. [Asymmetry, power – on SC judgement in the LG vs Delhi Government case](#)

General Studies - 3

1. [Improve technology to detect IEDs – on Left Wing Extremism](#)
2. [Open banking is helping revolutionize access to credit](#)
3. [Maoism should be seen as a social and economic problem](#)
4. [De-dollarisation: Will the greenback still be green?](#)
5. [A stitch in time for the ongoing green transition is what we need](#)
6. [The ocean is under unprecedented stress – on ocean conservation](#)
7. [Unravelling the complexities of India's 2011-12 GDP series is key](#)
8. [The Maoists are still a threat](#)
9. [Extending liability – New PMLA rules will help curb black money](#)
10. [Land Of Quotas Manipur is another example of agitation stemming from shrinking land holdings & few regular jobs](#)

9 PM Compilation for the Month of May [Second Week] 2023

11. [Minimising the threat from IEDs](#)
12. [What a total ban on diesel vehicles could mean in India](#)
13. [Controversial calls on predatory pricing](#)
14. [India's stumble on rupee trading holds a lesson on globalization](#)
15. [Stressing stability – Indian policymakers must remain vigilant](#)
16. [Balancing regulatory approaches](#)
17. [A ground view of the Indian Space Policy 2023](#)
18. [Economic weather warning](#)
19. [Labour rules of states encourage inspector raj](#)
20. [Snap judgment – Every birth or death should not be seen as success or failure of Project Cheetah](#)
21. [The troubles of India's aviation industry](#)
22. [Fortifying food security – WTO norms should be made more realistic](#)
23. [The SVB crash could cue how to fortify banks in India](#)
24. [Global investors need Indian tax carrots and not uncertainty sticks](#)
25. [SC directions to benefit electricity consumers](#)
26. [Anatomy of a bank failure](#)
27. [Home to 70% of the world's tigers, India has a huge part of the species' total genetic variation](#)

General Studies - 4

-
1. [In good faith: Why remission of sentences of Anand Mohan Singh and Bilkis Bano convicts is ethically wrong](#)

General Studies Paper – 1

General Studies - 1

1. Lots Of People? Good. Tiny Plots? Bad

Source: The post is based on the article “**Lots Of People? Good. Tiny Plots? Bad**” published in **The Times of India** on **11th May 2023**.

Syllabus: GS 1 – Population & Associated Issues

Relevance: benefits of rising population

News: According to the **United Nations (UN) population estimates**, this year, the population of India surpassed or will surpass that of China. The article explains how the Indian economy would benefit from the increase in population.

How will a rise in the younger population benefit the Indian economy?

First, given the technology and volume of capital available, a younger population results in a larger workforce and hence a higher GDP.

Second, a younger population saves more than old and this higher savings translates into higher investment. The higher investment further adds to the GDP.

Third, a younger population brings greater energy and vibrancy to a nation, leading to more innovation and its greater exploitation.

What are the concerns with the rising younger population?

The concern with the rising younger population is that it **leads to greater unemployment**. However, the unemployment rate depends more on policies, rather than the age composition of the population.

Moreover, **the unemployment rate in India has been low in the 3-5% range** and the major concern with India is underemployment rather than unemployment.

Although India has witnessed a decline in the ratio of underemployment post 1991 policy reforms, still more policy measures are required to accelerate this decline.

What are other benefits of a larger population?

A larger population benefits the economy in terms of public goods. **For example, India’s digital infrastructure.**

On the cost side, with no additional cost for adding another user, the platform’s per-user cost decreases as the number of users increases.

On the benefits side, as more users come on board, the value of the platform to the existing users rises since they can now transact with a larger number of users.

The larger number of users also generates a larger volume of data increasing their utility to potential data users.

This same argument also applies to other forms of infrastructure.

For instance, once a road is constructed, adding additional users does not reduce its accessibility to other users until traffic congestion occurs. Existing roads become more useful as the road network grows.

What are the disadvantages of a larger population?

A major disadvantage of a larger population is the **fixed quantity of agricultural land**. There has been a consistent decline in the size of agricultural land holdings, e.g., 48% of land holdings, by 2015, had fallen below half hectare in size.

Since agriculture involves a larger number of populations, the small agricultural land becomes uneconomical for the growing population. Hence, **it is argued that a larger population is a bane for the economy.**

9 PM Compilation for the Month of May [Second Week] 2023

What can be the solution to underemployment in agriculture?

The solution to the underemployment in agriculture is not the small population but **faster migration of the workforce out of agriculture into industry and services.**

The migration out of agriculture has been at a slow pace. **This needs to be addressed by the government to reap the benefits of the larger younger population.**

2. [El Niño amid heating oceans: We're now in uncharted waters](#)

Source– The post is based on the article “**El Niño amid heating oceans: We're now in uncharted waters**” published in the “**mint**” on **11th May 2023.**

Syllabus: GS1- Geography. GS3- Environment

News– The latest spike in ocean temperature matters is a cause of concern.

What are the impacts of rising ocean temperatures?

Huge energy stored– The changes in **sea-surface temperatures** matters a lot when expressed as energy added to the system that includes our ocean and atmospheres. It is the equivalent of **hundreds of millions of atomic bombs.**

It's energy that gets trapped in the system by an **increasing concentration of greenhouse gases.** That energy can manifest as **heat waves or storms.**

El-Nino and La-Nina cycles– La Niña has prevailed during the last three years. During this phase, trade winds push **warm equatorial water** westward from the US across the Pacific, where it piles up by Indonesia.

Every two to seven years, it switches to the **El Niño pattern.** Warmer water can shift back toward the Americas.

El Niño events can be **gentle or fierce.** It depends on whether **strong westerly winds** helps warm water to **shift across the Pacific.**

El Niño is born in the **Eastern Pacific.** But, the **change in patterns** redistributes heat around the planet. It disturbs the entire **global atmospheric circulation.**

The cycle of El Niño and La Niña has probably been going on for millions of years, since our continents and oceans reached their current configuration.

Now, with **rapid overall warming,** the Pacific cycle might become **even stronger.** It is already creating more **extreme conditions.**

Impact on ocean circulations– There's more capacity for **heat deep** in the ocean. But, the water heats up at the surface first. Since cold water is heavier, it can create **regions of stillness,** where **normal circulation** stops and **oxygen depleted oceans grow.**

Scientists are observing **alarming dead zones** in the Gulf of Mexico, which are made worse by **nitrate runoff** from farms. It affects the phytoplankton, the zooplankton, the fish, the marine mammals and seabirds.

Warming oceans also lead to **marine heat waves.** It can **destroy kelp forests and grasses** that provided a home for fish and marine mammals.

3. [Marriage for all, even if for a few](#)

Source– The post is based on the article “**Marriage for all, even if for a few**” published in “**The Hindu**” on **12th May 2023**.

Syllabus: GS1- Social issues. GS2- Polity

Relevance– Marriage rights for vulnerable communities

News – The Supreme Court began hearing the case for marriage equality within the ambit of the Special Marriage Act.

What are some facts about the parliamentary debate on the Special Marriage Act?

Member of Parliament, Vijaya Lakshmi Pandit, was one of the **Bill’s proponents**. She predicted that the law will not be supported by many but that the next generation would demand the **right to choose their partners**. The proposed law could improve the lives of women.

There was a perception among some Parliamentarians that allowing citizens to marry anyone of their choice could potentially lead to a **collapse of society and civilisation**. The Bill’s divorce provisions had raised fears of a **proliferation of sexual desires**.

Securing more rights for a large number of identities and desires can impose the **‘lifestyle’ of a few onto a majority** that is not represented in these struggles.

Dr. Rajendra Prasad had bitterly opposed the Hindu Code Bill. As per him, the measure was **forcing something on a vast majority**, because a small, microscopic minority considered it a right.

What are issues with marriage equality for vulnerable sections of the population?

Indian polity and society still struggle with the idea of **marriage reform and individual choice**. Local and national politics have witnessed campaigns against **inter-caste and inter-community couples**.

Societal morality is given preference over rights afforded under the Act.

Vigilante groups have been empowered to prevent unions using **extra-judicial methods**. Queer couples may also face similar problems in future. Marriage is considered a **social institution** that upholds **hierarchies based on gender, caste and community**.

What is the way forward for marriage equality for vulnerable sections of the population?

Legal sanction may offer at least some relief. **Social transformations** are not easy. But, laws are unlikely to disrupt the lives of vast majorities.

Some citizens may not be prepared for **marriage equality**. But law should have **more potential than the public imagination**. It should be aimed at **improving the lives of the more marginalised**.

Affording rights to a sexual minority reaffirms the **rights of the citizenry as a whole**.

General Studies Paper – 2

General Studies - 2

1. [A position paper, China's image, and what it means](#)

Source– The post is based on the article “**A position paper, China's image, and what it means**” published in the “**The Hindu**” on **8th May 2023**.

Syllabus: GS2- International relations

Relevance– Important geopolitical developments

News– Recently, China released its position Paper on its policy in Afghanistan. Titled, ‘China's position on the Afghan Issue’

What are some important points regarding China's position on its policy in Afghanistan?

The paper delineates the **core principles** of **Beijing's policy choices**. These are ‘**Three Respects**’ and ‘**Three Nevers**’.

China respects the **independence, sovereignty and territorial integrity of Afghanistan and the independent choice, religious sentiments and national customs** of the Afghan people.

These principles are put in **opposition to** the policies followed by the West. As per Beijing, western policies are influenced by **geopolitics and their vested interests**.

As per China, Afghanistan is currently transitioning from a period of turbulence to relative stability under the Taliban.

West has failed in **fulfilling its commitments** to the country. Its decision to **intervene militarily** and enforce its **conception of democracy** is blamed for the crisis.

It criticises the U.S. for imposing **unilateral sanctions** and illegally freezing Afghanistan's foreign reserves. China calls for a **reversal of these actions**.

Beijing commits to help Afghanistan move towards a more **sustainable form of economy**.

China urges the international community to view the Afghan issue in a **comprehensive, balanced and objective manner**.

China advocates using **alternative regional groupings** which do not include the U.S. and its allies, such as **SCO, the Moscow Format Dialogue, the China--Afghanistan--Pakistan Trilateral** for discussing the Afghan issue.

This will help Beijing in promoting an **alternative model** as opposed to the **battered approach of the West**. It will allow it to focus more on **its priorities** and form a **consensus among Afghanistan's neighbours**.

It calls for a **bilateral and multilateral approach** to respond to the ‘**Three Forces**’ of terrorism, extremism and separatism.

China urges the Taliban, regional countries and the international community to crack down on terror groups, specifically the East Turkestan Islamic Movement. They should help Afghanistan in augmenting its **counterterrorism capabilities**.

The **question of refugees and narcotics** and their **cross border trafficking** are also highlighted.

What are reasons behind China focussing on Afghanistan?

China has framed its involvement in **purely humanitarian terms, good neighbourliness and mutual respect** for its neighbours. Thus, Beijing has avoided acknowledging its **own interests** in the country.

It blames the current turmoil in the world and presence of multiple crises for its **proactive approach**. As per China, countries are urging China to take charge as the U.S. has **abdicated its responsibility**.

China wants **stability in Afghanistan**. It is also important for Beijing to attain its own **security and economic interests** in the country and to present a **counter to U.S. hegemony**. For China, the **threat of terrorism** emanating from Afghanistan can harm Chinese interests.

9 PM Compilation for the Month of May [Second Week] 2023

Afghanistan is also economically very important for China due to its **Belt and Road Initiative (BRI) and due to the presence of vast mineral resources.**

Since the beginning of 2023, China has taken steps to project its image as a major country playing a crucial role in **ensuring global governance** and providing a **'moderate and pluralistic environment'** for dialogue.

The release of the **concept paper on the Global security initiative and the peace proposal on Ukraine** signal Beijing's quest to modify its image and solidify its role as a responsible mediator. Its apparent success in bringing Iran and Saudi Arabia to the **negotiating table** and the visits by leaders from Europe are projected as an indicator of **Beijing's growing influence.**

2. [With COVID-19 'over', applying the lessons learnt](#)

Source– The post is based on the article **"With COVID-19 'over', applying the lessons learnt"** published in **"The Hindu"** on **8th May 2023.**

Syllabus: GS2- Issues related to development and management of healthy

Relevance– Issues related to epidemics

News- World Health Organization, on May 5, 2023, declared that COVID-19 was no longer a public health emergency of international concern.

What are the lessons learnt from the COVID management?

Misinformation– There have been **knee-jerk and unscientific responses** to spikes in COVID-19 cases. The most recent example is the response in March--April 2023, when there was a rise in viral flu and SARS-CoV-2 cases.

It led to the closure of schools in some Indian cities and States. In some schools, mask wearing was made a **mandatory condition** for children to attend classes. This, in some instances, happened without a **formal government directive.**

It was not supported by **scientific evidence.** There was **misinformation**, and social media influencers were shaping the **public discourse.**

Neglect of local contexts– In outbreaks and epidemics, **policy interventions and preventive advice** need to factor in the **local context.** The context determines the **epidemiological pattern, spread of disease and proposed interventions.**

China faced a wave in December 2022. Switzerland, in April 2023, decided not to continue with any more COVID-19 vaccination. Countries have made decisions based on the local context. However, that does not mean every other country should do exactly the same thing.

Approach of influencers– An extremely worrying trend has been the **dogmatic stand** adopted by self proclaimed experts and influencers. They selectively and use **emerging evidence and published literature** to support their stand.

A few influencers have positioned themselves as **'super reviewers' of scientific studies.** They have used social media platforms to find limitations and criticise even the most robust studies. They often fail to factor in that **no scientific study is ideal.**

In late April 2023, the not for profit Foundation for **People -Centric Health Systems** Analysed the trends and stance of influencers and experts on social media platforms and in newspaper reports on the COVID-19 linked **mask enforcement** for school children.

Those based out of India were analysed into three sub-groups: trained or practising public health experts and epidemiologists; other medical doctors and super-specialists; and everyone else.

The fourth group was of those who had had an opinion about India but living abroad, irrespective of their education.

9 PM Compilation for the Month of May [Second Week] 2023

In the subgroup of trained public health experts and epidemiologists, there was near consensus that schools should not be closed, and there was no role in making mask wearing mandatory for children.

Most clinicians and infectious diseases were a bit more supportive of masking, but very few supported universal masking for any age group.

In the sub-group of super-specialists, there was greater endorsement of mask wearing for children and of school closure.

Experts' and influencers living outside India were making stronger arguments for school closure and mask wearing for children in India.

COVID foreverers– There exist groups of '**COVID- foreverers**. They keep insisting on the enforcement of restrictions such as **universal masking**.

What is the way forward for a sound approach on epidemic management in the present context?

COVID-19 has 'officially' transitioned from a **population level challenge to more of an individual health concern**. It is time for **calm assessment, to shift the gears** and also **apply the lessons** from the last three years.

The government should offer **formal training courses** on the **principles and practice of epidemiology** to prepare India for more **nuanced responses** to outbreaks and epidemics and to curb misinformation.

The government needs to **integrate** the COVID-19 response to **general health services**. There is no role of universal measures against COVID-19 to be enforced.

India's response to surges, outbreaks, and epidemics should be guided by a **nuanced understanding** of epidemiology and not unduly derailed by 'social media influencers'.

Therefore, in future, schools should not be closed for a COVID-19 uptick. **Wearing masks** in order to attend school should never again be made mandatory.

It is time to drop the COVID-19 fixation and move on to tackle other more **pressing health challenges** in the country.

[3. The UN needs structural reform to establish its relevance again](#)

Source: The post is based on the article "**The UN needs structural reform to establish its relevance again**" published in **Live Mint** on **8th May 2023**.

Syllabus: GS 2 – International Institutions

Relevance: problems with the United Nations

News: The article discusses the declining role of the United Nations (UN) in international politics.

How has the role of the UN declined?

The UN once played an important role in international diplomacy.

The **United Nations Security Council** was the big forum of discussion of the happenings around the world. It was so powerful that even the unchallenged superpower of the day still found it necessary to make its case to the Council.

The UN was so important that even the US diplomacy after 9/11 and its decision to invade Iraq and Afghanistan required proper justification in the UN.

However, the UN, in recent times, **has become a non-playing character (NPC)** in international diplomacy because it has been unable to solve the issues of ongoing conflicts in Ukraine, Sudan among others.

9 PM Compilation for the Month of May [Second Week] 2023

What measures are being taken to bring reforms in the UN and what are the concerns with those reforms?

A paper published by the Geneva Centre for Security Policy says that **the UN is attempting to bring changes in its system.**

The initiatives that are being adopted to bring changes by the UN contain ideas on conflict prevention, peacekeeping, nuclear risk reduction, arms control, artificial intelligence and autonomous weapon systems, climate change and gender equity.

However, it is very likely that the UN will fail in these areas even if world leaders approve of the agenda.

This is because none of them addresses the reforms required in its political structure, which is the main reasons for the UN's growing irrelevance.

The UN political structure reflects the balance of power of the Industrial Age of 1945 while that power has not only massively shifted in the past three decades, but human civilization itself has entered the Information Age.

Power, interest, authority, responsibility and accountability are extremely mismatched, and until this is fixed, the UN cannot reverse its course of increasing ineffectiveness.

Must Read: [United Nations Security Council \(UNSC\) Reforms – Explained](#)

What can be the solution for the declining role of the UN?

First, there is a need that India must invest in creating alternative platforms for global governance and the formation of the G20 in the wake of the 2008 global financial crisis is a viable option.

India is heading the G20 this year and it is required that India must sustain the momentum even after the presidency is passed on to other countries.

Second, Some of the UN's specialized agencies like Unicef and UNHCR do an admirable job under difficult circumstances which cannot be done by others. **They need to be strengthened while adopting other necessary reforms in the UN.**

4. [Without data, the government's policy prescriptions are just guesswork](#)

Source- The post is based on the article **"Without data, the government's policy prescriptions are just guesswork"** published in **"The Indian Express"** on **8th May 2023.**

Syllabus: GS2- Government policies and interventions

What are issues with data collection in India?

India has always conducted a **single decennial Census** between 1881 and 2011, including in 1941 at the height of World War II.

HCE surveys that provides **data on consumption** of food and non-food items were carried out every five years or less — in 1972-73, 1977-78, 1983, 1987-88, 1993-94, 1999-2000, 2004-05, 2009-10 and 2011-12.

However, there's been no Census after 2011. The **National Statistical Office** did an HCE survey in 2017-18, but its findings were not released.

There are claims and counterclaims about **poverty levels** without any **real data on consumption** by different classes of the population.

Even the **CMIE's longitudinal Consumer Pyramids Household Survey** only tracks monthly values and not actual quantities consumed of some 153 items.

The attitude of the government agencies responsible for undertaking the Census and HCE surveys is problematic.

9 PM Compilation for the Month of May [Second Week] 2023

What is one major example highlighting the unreasonableness of statistical exercises undertaken in India?

The **unreasonableness of the statistical exercise** can be highlighted through statistics relating to **milk consumption and official production estimates**.

As per **2011-12 HCE survey**, the **monthly per capita consumption** of milk was 4.33 litres for rural and 5.42 litres for urban India. These translated into a daily per capita of 149 gm and 186 gm respectively or a simple average of 167.5 gm.

The 167.5 gm **average consumption** was well below the daily per capita milk **production estimate** of 289 gm for 2011-12 by the **department of animal husbandry and dairying**.

The difference can partly be attributed to the **HCE survey** covering only milk **consumed by households**. It excludes the milk **consumed by businesses** such as tea shops and hotels.

But even if such consumption was taken at 50% over and above that by households, it would add up to just over 251 gm.

The gap between the **survey-based per capita household consumption and estimated per capita production** has increased over times.

The production data on milk shows the country's milk production has an average annual growth rate of 6.1%. During the same period, however, average liquid milk sales of cooperative dairies have grown by just 3.6 per cent per year.

Production data is not **reflected in consumption**. There is a **mismatch between supply growth and demand growth**.

What is the importance of the census?

The Census isn't a mere **population enumeration exercise**. It contains **information on everything** from housing conditions, inter and intra-state migration flows, gender, age, linguistic and religious profiles. It is vital for effective **policy formulation and economic analysis**.

5. [China Shops – India's multilateralism comes up against the reality of Beijing-Islamabad, Beijing-Moscow compacts](#)

Source: The post is based on the article "**China Shops – India's multilateralism comes up against the reality of Beijing-Islamabad, Beijing-Moscow compacts**" published in **The Times of India** on **8th May 2023**

Syllabus: GS 2 – Important International institutions, agencies and fora- their structure, mandate.

Relevance: About China-dominated forums.

News: The Shanghai Cooperation Organisation (SCO) foreign ministers' meeting was held recently in Goa. During the meeting, India explained that neither China nor Pakistan should expect normal relations till their hostile approaches are rolled back.

What are the issues with India being a member of China-dominated forums?

The China-Russia strategic compact has forced India to re-evaluate its investment in China-dominated forums such as SCO and BRICS. This is because,

-China is using these forums for its own zero-sum strategic tussle with the US.

-Ultranationalist dispensation in China is politically unable to resolve the border dispute with India.

-China's pitch for multipolarity is not in consonance with India's goals.

Read more: [What are the issues with India's participation in multilateral institutions?](#)

What India should do instead of being a member of China-dominated forums?

-India's multi-alignment strategy so far did not leverage any of the forums to obtain a better deal with the West or Russia. This should be followed in future also.

9 PM Compilation for the Month of May [Second Week] 2023

-Instead of China-dominated organisations, India should focus on platforms like the Quad, BBIN (Bangladesh-Bhutan-India-Nepal) and I2U2 (India-Israel-UAE-US).

Must read: [India's Approach to Multilateralism – Explained, pointwise](#)

6. [The lack of a drug recall law in India](#)

Source: The post is based on the article “**The lack of a drug recall law in India**” published in **The Hindu** on **9th May 2023**.

Syllabus: **GS 2 – Governance – Government Policies & Interventions in Various Sectors**

Relevance: concerns over drug recall law

News: A multinational pharmaceutical company has recently recalled its drugs by issuing a public notice in newspapers in India, alerting people about a mislabeled batch of the medicine that it had accidentally shipped to the market.

Does India have a drug recall law?

The law in the US requires pharmaceutical companies to recall those drugs batches from the market those have failed to meet quality parameters.

However, **India does not have any such law in the present** and it has been considering the creation of a mandatory recall law for substandard drugs since 1976.

In 1976, the Drugs Consultative Committee along with the officials from the Central Drugs Standard Control Organisation (CDSCO), discussed the issue of drug recalls.

The issue, drugs being sold in another state while it has been recalled in one state, was discussed.

The need for greater cooperation between various state drug controllers to facilitate better coordination was decided in the meeting.

However, **this decision never translated into amending the Drugs and Cosmetics Act** to create a legally binding structure to enforce such recalls.

In 2012, **certain recall guidelines were published by the CDSCO** but they lacked the force of law.

What is the significance of a drug recall law?

Substandard drugs have adverse health consequences which may also lead to deaths of children. In India, almost every month, dozens of drugs fail random testing in government laboratories and there was also news about Indian drugs failures overseas. These drugs require to be recalled in a transparent manner.

Why is there no drug recall law in India?

First, the Union Health Ministry's Drug Regulation Section is unprepared to deal with **complicated drug regulatory issues**. It focuses more on supporting the pharmaceutical industry's expansion than safeguarding public health.

Second, India has a **highly fragmented regulatory structure**. Each State has its own drug regulator. This enables pharmaceutical companies to sell drugs in another state where there is no such restriction.

Therefore, to create an effective recall mechanism, the responsibility of recalling drugs must be centralized, with power under one authority.

However, **both the pharmaceutical industry and state drug regulators have resisted greater centralisation of regulatory powers**.

Third, the drug recall system will bring public attention to the conditions of India's pharmaceutical industry. Therefore, there has been consistent opposition to such laws.

Must Read: [Can a centralized regulation help drug quality?](#)

9 PM Compilation for the Month of May [Second Week] 2023

7. [Roads, traffic and GDP](#)

Source- The post is based on the article “Roads, traffic and GDP” published in the “Business Standard” on 9th May 2023.

Syllabus: GS 2 – Government policies and interventions. GS 1 – Urbanisation

News- The article explains the issues of traffic management in India.

Why does traffic movement need to be a significant part of development economics and public policy in India?

The **chaotic and slow traffic movement** causes significant **wastage of time and energy**. It affects **productivity and gross domestic product**.

Traffic movement is not the only solution for the growth rate of GDP. But policy to improve traffic movement is a part of “**small**” **policy changes**. These **policy changes can** make a big difference to the growth rate of GDP.

Improving traffic movement can have significant **effects on welfare**. This is due to factors such as tension, road rage, and accidents that are waiting to happen.

What are the reasons for poor traffic management in cities?

Investment can be in **tangible assets or intangible assets**. Tangible assets include roads. Intangible assets include a sound system for smooth traffic movement.

India is spending too much money on **tangible assets** and very little on **intangible assets**. There is a tendency to spend on wider roads and flyovers. But there is **inadequate attention to smooth traffic movement**.

India often takes pride in **world class highways**. However, the **opportunity cost** of a world-class highway is very high.

Parking space for vehicles is limited in cities in India. Parts of the roads are used as parking spaces. This slows down traffic considerably.

Master plans of cities often do not allocate enough spaces for the purpose. Town planners feel that they need to focus on providing **land for housing, commerce** rather than on **less useful purposes** like parking.

What is the way forward for improving traffic management in India?

Only about **0.2% of national land mass** in India is used in the top 10 cities. This shows that there is **ample scope for increasing land** for cities. This can pave the way for providing far more spaces for parking in existing and new cities.

There is a need to **reconsider the licensing** of drivers. At present, the focus is on checking whether a person seeking a licence can drive a vehicle. But there is also a need to check adequately that the applicant can **drive without adversely affecting others**.

A **change in licensing policy** can help in improving the movement of traffic on roads.

India needs **good highways**, but not necessarily **world-class highways**. The difference between the cost of building a good highway and a world-class highway can be very large. The money saved can be used to **improve the traffic movement** within cities and small towns.

8. [India's China strategy needs to be debated](#)

Source- The post is based on the article “India’s China strategy needs to be debated” published in “The Hindu” on 9th May 2023.

Syllabus: GS2- Bilateral groupings and agreements

Relevance- India and China bilateral relations

News- Recently, China renamed 11 places in Arunachal Pradesh. The announcement was made after approval from the State Council, implying a green light from the very top of the Chinese system.

9 PM Compilation for the Month of May [Second Week] 2023

The “renaming” of disputed territories has been a long-held tactic of the Chinese government. This is the third batch of “re-naming” with reference to Arunachal Pradesh.

What is the situation on LAC?

As per a research paper submitted by a senior police officer, India has lost access to **26 out of 65 Patrolling Points** in eastern Ladakh.

India has adopted the “**play safe**” approach. It has turned areas that were accessible before April 2020 for patrolling by the Army into **informal “buffer” zones**. It has resulted in the loss of pasture lands at **Gogra hills, the North Bank of Pangong Tso, and Kakjung areas**.

This is a matter of national security and of grave concern. Yet, the government refuses to openly call out the Chinese threat.

What are several factors that explain Indian stand on Chinese aggression?

There is a **growing power differential and military capability differential** between the two countries. There is uncertainty about the **strategic actions of major powers** such as the U.S. in case of a military stand-off.

There is pressure from Indian business interests to **safeguard trade**. **Lack of consensus** within the various ministries about the response to the Chinese threat and **lack of political will** are also major factors.

These considerations have led to **self-restraint by the Indian government**. It has even refused to permit even a **basic discussion of China** in Parliament, on the **grounds of national security**.

Is India repeating the errors made in its pre-1962 engagement with Communist China?

Nehru viewed India and China as the **two major south Asian civilizations**. It recognised the Communist government in China and **softened its line** on **China’s invasion and occupation of Tibet**, its **encroachment on India’s borders**.

Present government’s current policy of ignoring **Chinese threat** seems similar.

What is the way forward to deal with the Chinese threat?

The Indian government is **strengthening border defences and building infrastructure** on the Indian side. But it is not opposing **Chinese build-up** and continuing “**salami-slicing**” tactics on the disputed frontier.

There is a need for **acknowledgement of the problem**. It will initiate a process of resolving it.

As a one-party state, China does not have to worry about **public approval**. The Chinese Communist Party has built **domestic credibility** by valorising its international image.

It is now about **showing strength, determination, economic might** and an unwillingness to **compromise on core national interests**.

In fact, **China’s public image** is a **source of its vulnerability**. It has always had a fear of being **isolated in global affairs**. Its **assertiveness** today is accompanied by **diplomatic overtures** in Europe, Russia and West Asia.

India was able to capitalise on **China’s image-consciousness** to get Masood Azhar blacklisted by the 1267 UN Sanctions Committee. Hence, **image matters** to Beijing. It can be exploited to India’s advantage.

However, the government must take the Indian **people into confidence**. It is time for an **urgent debate in Parliament** on **India’s China strategy**.

9. Buddhism, India's soft power projection tool

Source- The post is based on the article "Buddhism, India's soft power projection tool" published in the "The Hindu" on 9th May 2023.

Syllabus: GS2- International relations

News- Recently, India hosted a two-day global Buddhist summit in New Delhi. It was organised by the Ministry of Culture in collaboration with the International Buddhist Confederation.

Why was the summit important for India?

Prime Minister, Narendra Modi, laid emphasis on the **continuing relevance** of the **Buddha's teachings** in today's world.

The summit was a significant opportunity for India to **project and connect** with the Buddhist population around the world. It will strengthen the **country's soft power**.

It saw a diverse group of 171 foreign delegates from South Korea, Thailand, Cambodia, Japan, and Taiwan, along with 150 delegates from Indian Buddhist organisations. It was attended by prominent scholars, *sangha* leaders, and dharma practitioners.

The Indian government hopes to demonstrate its commitment to **preserving and promoting Buddhist culture and heritage**.

What are the efforts by the Indian government to increase its soft power through Buddhist diplomacy?

The Indian government has been actively investing in its Buddhist diplomacy. There is a focus on promoting tourism through the development of the **"Buddhist tourist circuit"**.

Mr. Modi is visiting Buddhist sites during his Southeast and East Asian visits.

What is the potential of Buddhist diplomacy?

India is well-positioned to play a leading role in **shaping the discourse** around **Buddhist issues** on the **global stage**. India **holds an advantage** due to the **faith's origins** in the country.

As per Mr. Modi, "India has **not given 'Yuddha' to the world but 'Buddha'.**" India's want to provide an **alternative to contested global politics**, with morality as the **guiding principle**.

India wants to position itself as a **great power committed to cooperation rather than coercion**. It is rooted in its **deep historical and cultural ties** to the region.

The current government's **guiding principles** for foreign policy are **Panchamrit principles**. It includes **"Sanskriti Evam Sabhyata"**. It means **cultural and civilizational links**.

Buddhist diplomacy has the potential to promote **regional cohesion**. Nearly 97% of the global Buddhist population is based in Asia.

During the Cold War, China effectively used **Buddhist diplomacy** to engage with its neighbouring countries. It continues to employ this approach to gain **legitimacy for its Belt and Road Initiative**.

What is the way for India to effectively utilise Buddhist diplomacy?

To maintain its edge over China, **more action** is needed. China is actively seeking to exert control over the **appointment of the next Dalai Lama**. It would be a blow to India's efforts to project its **soft power through Buddhism**.

India must act to ensure that it remains a **key player in the global Buddhist community**.

India should continue promoting Buddhism at the highest levels of government, while also organising cultural events to showcase the country's rich Buddhist history.

The **Indian Council for Cultural Relations (ICCR)** could play a significant role in promoting such events within and outside India.

India should work to strengthen its ties with **key Buddhist institutions and leaders** around the world. The Delhi summit was a step in the **right direction**.

9 PM Compilation for the Month of May [Second Week] 2023

India also needs to **utilise the reach of Bollywood** in promoting its Buddhist heritage. China, with its **influence over Hollywood**, has completely **dominated the narrative** around Buddhism through cinema. In contrast, India is behind in this domain.

India's G-20 presidency this year could be used to promote **Buddhist diplomacy** on a bigger scale through **various cultural meetings**. Buddhist teachings align with the motto of India's G-20 presidency, **'One Earth, One Family, One Future'**.

[10. Of hope and vigilance – WHO's announcement gives hope, but there is a message of caution](#)

Source: The post is based on the article **"Of hope and vigilance – WHO's announcement gives hope, but there is a message of caution"** published in **The Hindu** on **9th May 2023**

Syllabus: GS 2 – Issues relating to the development and management of Social Sector/Services relating to Health.

Relevance: About the WHO Declaration on COVID Pandemic.

News: Recently, the World Health Organization (WHO) has declared that Covid-19 no longer represents a global emergency status – 'Public Health Emergency of International Concern' or 'PHEIC'.

What is the Public Health Emergency of International Concern(PHEIC)?

Read here: [Public Health Emergency of International Concern\(PHEIC\)](#)

About the WHO Declaration on COVID Pandemic

Read more: [COVID pandemic is no longer an emergency, declares WHO](#)

What tasks should the nations focus upon?

Eternal vigilance on mutations: The WHO and nations have to ensure that the WHO announcement is not selectively received. The nations have to pay attention to multiple variants and sub-variants that continue to emerge regularly.

The nations must understand that at any point in time, it is possible that a new variant, or recombinant may lead to rapid transmission and cause severe disease, resulting in hospitalisations and even higher mortality rates.

Periodic drills for testing their health capability: The nations need to periodically test their capacity to respond to epidemic situations.

Utilise the infrastructure built during the pandemic: During the pandemic times, the governments built INSACOG laboratories that are capable of genetic sequencing. Similarly, other health infrastructures were also built. All these must be utilised well.

Increase R&D funding: The government should increase research and development funding into vaccine platforms, drug delivery systems, antivirals, and antibiotics. This will enable nations to be prepared for any upcoming health concerns.

Apart from nations, individuals should follow the hygiene and precautions that became a habit during the COVID years, particularly **a)** adhering to the vaccination schedule, **b)** following hand hygiene and **c)** masking under certain circumstances.

[11. A north-south Asia corridor is a step in the right direction](#)

Source: The post is based on the article **"A north-south Asia corridor is a step in the right direction"** published in the **Indian Express** on **9th May 2023**

Syllabus: GS 2 – Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests.

Relevance: About North-South Asia corridor for India.

News: Recently, India's National Security Advisor participated in a meeting in Saudi Arabia with his US, Saudi Arabia and UAE counterparts.

9 PM Compilation for the Month of May [Second Week] 2023

What are the key highlights of the meeting?

-It marks a **deepening of India's outreach towards West Asia**, strengthening the initiative taken with the I2U2 grouping.

-The meeting signals a broader, integrated approach to India's West — similar to the Indo-Pacific — along with the US and regional partners.

Plan on North-South Asia corridor: The meeting discussed a proposal to link countries in West Asia through rail networks and roads, as well as build corridors between the region and South Asia through sea lanes.

The project is a response to China's Belt and Road initiative, which has been used by Beijing to increase its footprint across Asia.

Read more: [I2U2 summit can provide a foothold for India for a greater role in West Asia](#)

About the viability of the North-South Asia corridor

The project is viable due to the following **a)** Asian countries now understand the issues with China's "debt trap" diplomacy, **b)** There is a visible reduction in the rivalry between the West Asian countries, **c)** Indian expertise in railways as demonstrated recently in Sri Lanka,

De-hyphenation in the region: The [Abraham Accords of 2020](#) functionally normalised ties between Israel and the UAE and Bahrain. Similarly, Saudi Arabia and Iran also restored their ties earlier this year.

What are the challenges in participating North-South Asia corridor for India?

a) Land connectivity with West Asia remains a challenge for India, due to the India-Pakistan issue, **b)** the new project will test India's balancing act with Russia and China and Russia and the West.

Read more: [India's new West Asia approach is a welcome break with past diffidence](#)

What are the advantages of the North-South Asia corridor for India?

Provide energy security: Direct corridors between West Asia and the Subcontinent will ensure a more steady and reliable supply of crude oil.

Increase India's credibility in project execution: India building railways will increase the country's reputation as an executor of major projects.

Increase employability: The direct presence of Indian companies and government can brighten the prospects for millions of Indian workers in the region.

Read more: [India - Central Asia Relations - Explained, pointwise](#)

12. A question from Manipur: Who is an ST?

Source- The post is based on the article "A question from Manipur: Who is an ST?" published in "The Indian Express" on 10th May 2023.

Syllabus: GS2- Polity

Relevance- Identity politics

News- Recently, there were violent protest in Manipur over demand for affirmative action by the state's Meitei community.

What are issues regarding ST status in India?

The **stakes of reservation or affirmative action** have become higher amid **economic liberalisation and neoliberal reform**.

Many marginalised groups not recognised as STs observe as their ST neighbours reap the advantage of **affirmative action benefits**. Such disparities can spark inter-community tensions and conflicts.

9 PM Compilation for the Month of May [Second Week] 2023

ST status has become a **contentious issue**. There are about 720 recognised STs in the country today. At least a thousand more groups are vying for recognition as STs.

These are symptoms of a crisis in India's **over-burdened, out-of-date reservation system**.

There have been important policy documents that have made the same point.

The **2006 draft "The National Tribal Policy for the Scheduled Tribes of India"** observed that, there is an increasing clamour from many communities to get **included as ST**. Adding new communities to the list reduces the benefits to existing STs. Therefore, it should be done, only if there is **no room for doubt**.

The draft pointed to the problematical nature of the **official criteria for defining STs** laid out by the **B N Lokur Committee in 1965**. These criteria are hardly relevant today. Other more accurate criteria need to be fixed. But, it may not be easy.

Justice Jasraj Chopra committee was appointed in 2007 by the Rajasthan government to examine the Gujjars' demand for ST status.

As per the committee, a **national debate** should be initiated on the existing norms for according ST status to any community. Certain criteria should be abrogated as they had **become outdated**.

What are issues related to Assam's Adivasi community seeking ST status?

It raises profound questions about our **system of reservation**. In Northeast India, unlike in the rest of the country, the word Adivasi, is not used as an **equivalent for ST**.

The only major group of people that call themselves Adivasi are not officially recognised as ST. They are the **descendants of tea workers** brought as indentured workers to Assam.

The region's established STs don't **self-identify as Adivasi** because of the **"backwardness"** associated with the term. They prefer the English words tribe or tribal for **self-identification**.

The **census of 1891** classified tea workers simply as labourers. But the term Adivasi has a special appeal to their descendants because its original use was by tribal leaders of Jharkhand. They regard the place as their **original home**.

People who have spent years in tea plantations cannot be expected to retain their **primitive traits and distinctive culture** that marked their ancestors in other states.

They really warrants **some relaxation in the criteria**. They are descendants of those having ST recognition in their places of origin.

If the Adivasis are among Northeast India's most deprived people today, it is the result of the precedence accorded to **indigeneity over citizenship** and successful **cultural adaptation into local societies**.

13. Securing the migrant vote

Source– The post is based on the article **"Securing the migrant vote"** published in **"The Hindu"** on **10th May 2023**.

Syllabus: GS2- Salient Features of the Representation of People's Act

Relevance– Voting issues related to migrants

News– Lokniti-Centre for the Study of Developing Societies conducted a study between April 28 and May 1 among the migrant voters of Bengaluru to find out their voting patterns.

What were the main findings of the study in the localities of migrant workers from north and north-east ?

Nearly 99% of them were not registered as voters in Karnataka. Most of these workers who live in houses near power mills or in makeshift arrangements near construction sites continued to retain their names on the **voter lists of their home constituencies**.

Some of them were not able to adequately exercise their political voting rights due to geographical constraints. They found it difficult to travel home for every election.

9 PM Compilation for the Month of May [Second Week] 2023

There were fewer than **5% of migrants** whose families were living with them. They were concerned that their localities were not safe for women.

There was **little awareness** among the migrant workers about the ECI's proposal to **introduce RVMs**. 80% of them supported the proposal when they were told about it. They were happy that RVMs would enable them to vote there.

Less than 10% expressed their apprehensions about this **mode of voting**. Many voiced their concerns and anxieties about the **system's accuracy**.

Despite the difficulties involved in casting their vote, the respondents greatly valued their **voting rights**. They said it was their **duty and responsibility to vote** as citizens of the country. They also said that voting is **important in a democracy**.

The migrants said none of them had ever **received money or goods or services** from any candidates or parties in exchange for their vote. They said they travelled back to their home States without any support or expectations.

The study also indicated the **involuntary choices** that migrant workers have to make in order to maintain a **minimum standard of living**.

Many of the migrant workers from Bihar, Uttar Pradesh, West Bengal and Assam, said low and **irregular wages and lack of opportunities** in their home States were reasons for their migration without their families.

They were happy to move to their home States if they were offered **comparatively lower pay**. The most popular reason for this was to be closer to home and to their families and fewer expenses.

Migrant workers are often apprehensive about **registering themselves** as voters in any other State apart from their home State. This is due to various reasons such as **frequent changes in residence, fear of losing property** in their home State.

What is the scenario of the use of Remote Voting Machines by migrants?

The Election Commission of India has proposed it. It seeks to extend **voting facilities to such migrant workers** who find it difficult to travel to their native place to vote.

Some political parties objected to RVMs. As per them, ECI has not responded to pending complaints and questions about the **trustworthiness of Electronic Voting Machines**.

RVM initiative is **much-needed**, but it requires an **additional push**. It needs **more thought and greater transparency**.

14. How strategic convergence between US, UAE, Saudi Arabia and India can help Delhi

Source– The post is based on the article “**How strategic convergence between US, UAE, Saudi Arabia and India can help Delhi**” published in “**The Indian Express**” on **10th May 2023**.

Syllabus: GS2- International relations

Relevance– Changing dynamics in the middle east

News- The recent meeting in Riyadh between Saudi Crown Prince Mohammed bin Salman and the national security advisers of the US, UAE, and India underlines the growing strategic convergence between Delhi and Washington in the Gulf.

What is the new foreign approach of India towards the Middle east?

It is a major departure from the **traditional approaches** to the Middle East. India followed the principles of the **Nehruvian foreign policy**. It proposed that Delhi must either **oppose Washington or keep its distance** from it in the Middle East.

The approach was broken with the formation of a **four-nation grouping called I2U2** that brought the US, India, Israel, and the UAE together.

9 PM Compilation for the Month of May [Second Week] 2023

Modi's foreign policy rejected the notion that Delhi can't be **visibly friendly to Israel**. He also transformed **India's uneasy relations** with Saudi Arabia and the UAE, into **solid strategic partnerships**.

Delhi is interested in a **new quadrilateral with the US, UAE, and Saudi Arabia**.

The US is not the only Western power that India is beginning to work with in the Gulf. France has emerged as an **important partner** in the Gulf and the Western Indian Ocean. India now has a **trilateral dialogue with Abu Dhabi and Paris**.

What are some facts about Pakistan's role in Middle East affairs?

As India withdrew from its **historic geopolitical role** in the Middle East, Pakistan became the **lynchpin of the Anglo-American strategy in the Gulf**.

Pakistan was a key part of the **Baghdad Pact** created in 1955 along with Britain, Iraq, Iran, and Turkey to counter the Communist threat to the region.

After Iraq pulled out in 1958, the pact became the **Central Treaty Organisation** and moved to Ankara. The regional members of CENTO formed a forum on **Regional Cooperation for Development (RCD)** in 1964.

CENTO was dissolved in 1979, and the RCD morphed into **Economic Cooperation Organisation in 1985**.

Pakistan's **continuing strategic decline** makes it less relevant to the **changing geopolitics** of the Gulf. Pakistan in the 1950s was widely viewed as a **moderate Muslim nation** with significant prospects for economic growth.

Now, it is facing the challenges of **violent religious extremism and a weak economy**.

Pakistan has drifted **too close to China**. Islamabad is tempted to **align with China and Russia** in the region. Former Prime Minister [Imran Khan](#)'s rush to Moscow when Russian President Vladimir Putin was about to invade [Ukraine](#).

How has the US changed its approach to the Middle east?

The US is discarding its **pro-Pakistan bias** in thinking about the relationship between the Subcontinent and the Gulf.

The US will not abandon the Middle East. But it is **recalibrating its regional strategy**. US National Security Adviser Jake Sullivan has highlighted several elements of the new US approach. One was about **building new partnerships**, including with Delhi.

The other was about the **integration of the Arabian Peninsula** into India and the world. It will focus on **I2U2 and new regional coalitions**.

What is the current geopolitical dynamics of the Middle east?

Beijing is now the **second most important power** in the world. Its **diplomatic and political influence** in the region will continue to rise. Yet, Beijing is nowhere near **displacing Washington** as the **principal external actor** in the Gulf.

The **Anglo-Saxon powers** have no desire to cede the Gulf to Beijing.

There are **rising powers** in the Arabian Peninsula, especially Saudi Arabia and the UAE. The Gulf kingdoms have accumulated **massive financial capital** and are undergoing **ambitious economic transformation**.

They have also begun to **diversify their strategic partnerships, develop nationalism** rather than religion as the political foundation for their states. They are promoting **religious tolerance** at home, and **initiating social reform**.

What are the options for Indian strategic establishment in the Middle east?

Emerging Arabia opens enormous **new possibilities for India's economic growth**. It enhances the scope of Delhi's productive **involvement in promoting connectivity and security** within Arabia and between it and the regions including Africa, the Middle East, Eastern Mediterranean.

9 PM Compilation for the Month of May [Second Week] 2023

The engagement should also help India overcome the forces of **violent religious extremism** within the Subcontinent.

India should go for **modernisation of Delhi's strategic discourse** on the Gulf and a conscious effort to change the **outdated popular narratives** on the Arabian Peninsula.

15. [Jailhouse Shock – Tihar won't change unless some authority is made directly responsible for running it](#)

Source: The post is based on the article “**Jailhouse Shock – Tihar won't change unless some authority is made directly responsible for running it**” published in **The Times of India** on **10th May 2023**.

Syllabus: GS 2 – Mechanisms, laws, institutions and Bodies constituted for the protection and betterment of vulnerable sections.

Relevance: About managing Tihar Jail.

News: Recently, a gangster has been murdered in his prison cell in Tihar jail.

About the present incident in Tihar and Delhi High Court's observation

No prison guard apparently saw the assailants as they reached their victim, nor were any present at the victim's cell. Another CCTV clip shows police standing by as a second attack began.

This murder came weeks after the death of another gangster in a gang war inside Tihar. The Delhi high court said that the incident was ‘Totally unacceptable’.

About the previous court observations on Tihar jail and its authorities

The Supreme Court in the past has pulled up Tihar authorities for collusion with inmates in flouting the jail manual and obfuscating investigation. Courts have criticised GoI and the Delhi government for “passing the buck” on security at the jail.

The present one should prompt all stakeholders to revisit the multiplicity of authority.

Read more: [Tihar jail to get AI-powered surveillance system](#)

What are the challenges in managing Tihar Jail?

-Prisons are a state subject. Tihar is run by the Delhi government. But, the DG (Prisons) is an officer on deputation from Delhi police, which reports to the government of India.

-Delhi police are in charge of custodial duties while patrolling, perimeter security, search etc are undertaken by Tamil Nadu Special Police, ITBP and CRPF.

Tihar is a place where some of India's most dangerous criminals reside and are in great danger. So, until some authority is made directly responsible for running it the condition won't change.

16. [Green crosshairs – A multi-pronged counter is warranted to tackle the EU's carbon tax plans](#)

Source: The post is based on the article “**Green crosshairs – A multi-pronged counter is warranted to tackle the EU's carbon tax plans**” published in **The Hindu** on **10th May 2023**.

Syllabus: GS 2 – Effect of policies and politics of developed and developing countries on India's interests.

Relevance: About Carbon Border Adjustment Mechanism of EU.

News: The European Union (EU) proposes to introduce a Carbon Border Adjustment Mechanism (CBAM) in the upcoming October. The carbon levies are estimated to be in the range from 19.8% to 52.7

What is Carbon Border Adjustment Mechanism (CBAM) and Why it is a cause of worry for India?

According to EU, the CBAM will ensure its climate objectives are not undermined by carbon-intensive imports and spur cleaner production in the rest of the world.

Must read: [EU's carbon border tax – Explained, pointwise](#)

Last year, about a third of India's iron, steel and aluminium exports were shipped to EU members. Engineering products are the largest export growth driver in recent years. So, the CBAM will **impact Indian exports to Europe**.

What are India's options against the CBAM?

The Centre view the tax as a sophisticated trade barrier put out **within 'greenwashing' optics**.

-The EU believes the carbon tax is compatible with **World Trade Organization norms**, but India is looking to challenge that.

-India may also flag the **incompatibility with the UN's climate change framework** which moots common but differentiated responsibilities for developed and developing nations.

-A threat of retaliatory tariffs on EU imports might also be feasible.

Read more: [Exporting into a world with carbon tax](#)

What India should do against the CBAM?

India at present is planning to quantify the various carbon taxes levied in India. Many of the poorer countries rely more heavily on mineral resources than India does.

Having positioned itself as the voice of the global South, the current president of G20, India should explore all the options against the CBAM and also alarm other nations about the EU's carbon tax framework.

The fallout of Putin helping make NATO 'great again'

Source- The post is based on the article "The fallout of Putin helping make NATO 'great again'" published in "The Hindu" on 11th May 2023.

Syllabus: GS2- International relations

News- NATO has added Finland as its 31st member in April 2023. Sweden will become a member eventually.

What are the changes happening in relationship dynamics between Russia and Europe and what are its implications?

First, **managing relations** with Russia has never been easy for the European Union. There are **differences among member-states**.

Some European countries such as Germany and France had a **soft corner** for Russia. Some Baltic states such as **Estonia, Latvia and Lithuania** were in favour of **treading a cautious path**. Russia's invasion of Ukraine has deteriorated the **security situation** in Europe. It has given a **blow to the EU's image**. Russia's actions have now united European countries more than ever before.

Nordic countries may face a standoff with Russia is the **Arctic region**. It has received little attention till now. But, due to **climate change** and prospects of harnessing **untapped oil, gas and mineral resources**, it is receiving wide attention.

Apart from the United States, Canada, and Russia, the Nordic countries are members of the **Arctic Council**. They have a **direct stake** in **Arctic affairs**.

There have been **localised confrontations** between Russia and other actors here. NATO membership for the Nordic countries has brought a **new geo-strategic dimension** to the Arctic's future.

For Russia, **cohabitation, rather than confrontation**, with NATO was an option. But, its **military action** has changed everything. It has triggered a **NATO expansion in the Nordic** and has complicated the **security landscape** and created more frontiers.

There is more justification for NATO's existence now. Many countries now see their **secure future in NATO**.

What will be the implications of these developments for India?

First, India is unlikely to help Moscow in maintaining the **balance of power** to **counter NATO**. Whereas Russia may **count on China** for support. It will bring the two countries closer, **strategically and militarily**. It may not be in **India's interest**.

Second, in recent years, the Nordic region has become **strategically important** for India. Prime Minister Narendra Modi visited Copenhagen to participate in the **Second India-Nordic Summit** in May 2022, and underlined **India's deep interest** in cooperation. This region now coming under a NATO umbrella will complicate **India's strategic choices**.

Third, India has **observer status in the Arctic Council**. It pursues an **Arctic Policy** to promote **multi-level cooperation**. China is claiming itself as a '**Near Arctic State**'. Its partnership with Russia in this region and Finland's NATO membership, may lead to the **Arctic's militarisation**. It will affect the interests of all actors including India.

India's **global actor role** will be tested in view of the **new European security architecture led by NATO and contested by Russia**.

17. The problem with India's multi-alignment stand

Source– The post is based on the article “**The problem with India's multi-alignment stand**” published in “**The Hindu**” on **12th May 2023**.

Syllabus: GS2- International relations

Relevance– Ukraine issues and India stand

News– China's recent mediation efforts to resolve the Ukraine crisis have once again spotlighted India's approach to conflict resolution.

What has been the approach of China towards Ukraine use?

China has held the North Atlantic Treaty Organization's **eastward expansion** responsible for instigating the war. As per China, America is the **biggest obstacle to a ceasefire**.

It is **exploiting the differences** among western countries regarding the **extent of support** to Ukraine. It is cementing the **Beijing-Moscow relationship and** ensuring the survival of the Vladimir Putin regime.

Thus, China has effectively positioned itself in opposition to the **American approach**. This is not how India views its role in resolving the conflict.

How is India's position different from China?

In contrast to the Chinese President **first outreach** to the Ukraine, Mr. Modi has spoken to Mr. Zelenskyy many times.

In October and December last year, Mr. Modi had expressed India's **solidarity with Ukraine** while extending support for **peace efforts**. Mr. Modi had publicly told Mr. Putin that “**today's era is not of war**”.

Washington understands the importance of India's **continuous engagement** with Ukraine. It is an important way of bringing New Delhi's response to the Ukraine war into **alignment with its own**. The **geopolitics of the Indo-Pacific and the Ukraine conflict** are inter-connected.

The regular Modi-Zelenskyy interactions shows India's **rising stature and recognition** of its unique position in the **emerging global order**. This is despite western criticism of India's continued energy imports from Russia.

Ukraine's Deputy Foreign Minister Emine remarked that “India wants to be the **Vishwaguru**, the global teacher and arbiter. Supporting Ukraine is the only **right choice for true Vishwaguru**.”

New Delhi has expressed its disapproval of the Ukraine war. But it has avoided taking a **clear position in many UN resolutions** on the issue.

What are nationalist ideas about Indian foreign policy?

Nationalist ideas have always influenced the Indian state. The **choice of the 'Vishwaguru'** is at the core of the present government's **nationalist foreign policy discourse**.

Vishwa Guru image builds on **historical trends in India's political thought**. It seeks to emphasise the distinctiveness of the country's **cultural ethos and civilisational values**. It highlights the unique **nature of 'soft power'** in foreign policy debates.

India lacks **hard power**. If India had been adequately powerful, it would have stopped the Ukraine war. The Ukraine attack is being opposed. But nobody is ready to stop Russia because Russia has power.

This narrative assumes that a powerful **Indian civilisational state** will stand for global peace and stability.

What are the options for India?

The **ambiguous position** on Ukraine is not a better option for a nation aspiring to become a **permanent member of the UNSC**. It should have a commitment to speak as a **global voice against territorial aggression and rights violations** anywhere.

The normative pillars of the **democratic, self-confident and morally superior Vishwa Guru** identity cannot be identical to **hegemon maximising its power** at all costs.

Russian justifications are sometimes supported by China. India has no such **revisionist motives**. India's views on sovereignty converges with a **universally acceptable Westphalian notion**. It is against the communist China's political philosophy of **'might is right'**.

Ukraine is seen as a victim which is resisting aggression from an authoritarian neighbour. The Ukraine war alone is not sufficient to undermine India's **historical ties with Russia**. It is based as much on New Delhi's **military dependence** on Moscow and India's **strategic autonomy doctrine**.

A pursuit of **'multi-alignment'** may have given New Delhi some **diplomatic space** in the ongoing war in Ukraine. However, it may not be sufficient for India to play the role of a **mediator between Russia and Ukraine**.

India currently lacks the **material resources** to match the extent of China's **economic and military potential**.

Through his **peace diplomacy**, Mr. Xi's primary aim is to discourage Mr. Zelenskiy to launch the **much-discussed counteroffensive**. It will increase Russia's dependency on China.

Mr. Putin has done immense damage to **Russia's global standing** and offended most of the democratic world.

Thus, the Modi government must ensure that India's refusal to condemn Russian belligerence and continued increase in the import of Russian fuel is not interpreted as a **pro-Moscow approach**.

[18. SC verdict on Maharashtra political crisis: The apex court draws red lines](#)

Source: The post is based on the following articles

"SC verdict on Maharashtra political crisis: The apex court draws red lines" published in the **Indian Express** on **12th May 2023**.

"Mumbai Message – Shinde survives. But SC makes clear party has primacy over legislative wing – big implications" published in the **Indian Express** on **12th May 2023**.

Syllabus: GS – 2: issues and challenges pertaining to the federal structure.

Relevance: About Supreme Court verdict on the Shiv Sena case.

News: The Supreme Court recently held that the then Maharashtra Governor's call for a trust vote, which led to the resignation of the Uddhav Thackeray government last June, was illegal.

About the Supreme Court verdict on the Shiv Sena case

Must Read: [Supreme Court verdict on the Shiv Sena case](#)

What are the significances of the SC verdict on the Shiv Sena case?

Clearly defined the boundaries of state machinery: The judgement marked the boundaries of the three constitutional arms of the state machinery, namely governors, the Election Commission and presiding officers of legislatures.

Limited the involvement of Governor and Speaker in power games: The role played by Governor and Speaker proved decisive in the power game. The court said that the Governor is not empowered to enter the political arena and play a role in inter or intra-party disputes and also clarified that the floor test is not the platform to resolve intraparty disputes. Similarly, the court said that the Speaker must recognise only the whip and leader who are duly recognised by the political party. This will make the hostile takeover of state governments with active gubernatorial support will be difficult in future.

Provide greater protection to political parties: The court held that the whip on voting represents the will of the party and not its legislators. It's the party that appoints its whip and the house leader. This means political parties now have a greater degree of protection against defection by legislators.

Utilised the constitutional principles effectively: The SC has used the Constitution's tenth schedule – meant to prevent opportunistic defections – as the reference point to reach its conclusions. The most important conclusion is that a political party is superior to its legislative wing.

19. [Diagnostic imaging of the Rajasthan Right to Health Act](#)

Source: The post is based on the article “**Diagnostic imaging of the Rajasthan Right to Health Act**” published in **The Hindu** on **13th May 2023**.

Syllabus: GS 2 – Government Policies & Interventions in Various Sectors

Relevance: concerns associated with Rajasthan's Right to Health (RTH) Bill

News: The Rajasthan Right to Health (RTH) Bill has been controversial and there have been oppositions to it.

What are some of the flaws in the Rajasthan's Right to Health (RTH) Bill?

Addition of extra provisions: The problem with the bill is that additional changes/amendments have been added in the bill other than those recommended by the select committee.

For instance, the term ‘designated health care centres’ was introduced, and a reimbursement clause for unpaid emergency care was added.

These extra additions are praiseworthy but most other changes in the amended Bill were not beneficial in protecting public health interests.

Lack of representation of medical representatives: The bill initially included three representatives, from ayurveda, homoeopathy, and unani, as ex-officio members from the state health authority.

However, **the amended bill had provision for only one representative** from the alternative medical systems, with medical education representatives filling for the remaining two.

Further, the amended Bill swapped public health experts with Indian Medical Association (IMA) representatives as nominated members. **This left state and district health authorities with little or no representation.**

Restricting powers of the administrative organs: The grievance redress system proposed in the initial iteration underwent a considerable change in the amended Bill.

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For example, the grievance redress system was initially proposed to be handled through web portals, helpline centres, and officers concerned within 24 hours.

However, **patient grievances will now be handled by the concerned health-care institution** within three days. This may lead to conflict of interests and add more burdens to the hospitals.

Lacks in public health representation: Health care laws should also focus on health promotion, disease prevention, and nutrition. However, the RTH does not aim to serve these purposes.

Repealing the Act: Some of those opposing the bill have called to repeal the law due to the ambiguous definitions of some terms such as the definition of emergency.

However, there are ambiguities even with widely accepted medical definitions. Therefore, it is required that all parties should come together to best elaborate the definitions rather than repealing a Bill.

What are some of the advantages of the bill?

The State government has stated that private multispecialty hospitals with less than 50 beds, and those that have not received government subsidised land/buildings, will be temporarily exempted from the bill.

This provision of the bill was widely accepted by the doctors' associations.

[Click Here to Read More](#)

What lessons can be learnt from the RTH bill of Rajasthan?

The lessons learnt are – **a)** laws should be carefully drafted to avoid oppositions, **b)** the government should not get influenced by organised medical interest alone in preparing any health policy, **c)** governments and the medical community should also make themselves aware of the broader social dimensions of health and health legislation and **d)** governments should be aware that adopting such kind of legislation without being financially ready might backfire.

20. [Strategic convergence between India and US is growing](#)

Source: This post is created based on the article “**Strategic convergence between India and US is growing**”, published in Indian Express on 13th May 2023.

Syllabus Topic: GS Paper 2, International Relations, Bilateral Relations of India

Context: India-US relations are growing under the present government.

Previously India has seen US, with the suspicion and tried to renew the idea of non-alignment. However, present government discarded India's “historic hesitations” in engaging the US over the last decade.

What are the strong points of India US relations in the recent years?

The US is now India's largest trading partner with the trade worth \$190 billion. Unlike China, it supports India on issues of territorial integrity and terrorism.

The US is offering to modernize India's defence production and transfer advanced civilian and military technologies.

India found common ground with the US in the Indo-Pacific and Middle East. India participates in such coalitions as the Quadrilateral Forum with US, Japan and Australia in the east and with Washington, Tel Aviv, Abu Dhabi and Riyadh to the west of the Subcontinent

21. [AYUSH collaboration with ICMR for scientific validation is right step](#)

Source: This post is created based on the article “**Strategic convergence between India and US is growing**”, published in **The Hindu** on 13th May 2023.

Syllabus Topic: GS Paper 2, Issues associated with health

News: Ministry of AYUSH and ICMR have at last joined hands to undertake quality human clinical trials.

9 PM Compilation for the Month of May [Second Week] 2023

The collaboration will generate evidence on the benefits of using ayurveda along with modern medicine in treating certain disease conditions of national importance.

This collaboration will be for ayurveda only, initially. The other systems of AYUSH will be included when central councils of the respective AYUSH systems are ready to work with the ICMR.

How will it create a path for inclusion of Ayurveda along with modern medicines?

First, an expert committee will soon decide the area/disease conditions to be included for detailed clinical testing.

Second, clinical trials for each disease will be done by two arms: 1) modern medicine as the standard of care, 2) A combination of modern medicine and ayurveda.

Third, if clinical trials scientifically validate the superiority of combining ayurveda and modern medicine, it will form the basis on which integrated medicine will be offered to patients.

Fourth, trial outcomes will form the basis on which integrated medicine will be offered to patients.

What is the significance of this collaboration?

It is the first major step in the evidence-based approach of validating AYUSH medical interventions.

Previous trials conducted for validating use of AYUSH medicines were not successful.

Evidence-based approach of ICMR will be helpful for scientific validation of traditional medicines in India.

22. Welfare spending has been getting a regular pruning

Source: This post is created based on the article “**Strategic convergence between India and US is growing**”, published in **The Hindu** on 13th May 2023.

Syllabus Topic: GS Paper 2, Welfare schemes for vulnerable sections of the population

Context: The Union Budget has been criticised for decreasing allocations for welfare schemes. Central government spending on essential social programmes has been for last 6-7 years.

Government has done well in providing tangible goods like cooking fuel, electricity, and promoting financial inclusion of women. However, there has been a decline in traditional government services like primary education and child nutrition.

During pandemic, significance of social security programmes was acknowledged by the government when it raised the Budget allocation for all the social schemes to 4.3% of GDP; but the allocation if again back to just 1.5%.

How have Welfare schemes faced funding cuts recently and what are the issues associated with it?

The **Saksham Anganwadi and Poshan 2.0 programmes** designed to fight child malnutrition have experienced a significant decrease in allocation, even though malnutrition rates remain high in India.

The **mid-day meal (MDM) scheme** has seen a 50% decrease in Budget allocation as a share of GDP. Evidence shows that the scheme has led to an improvement in class attendance, learning as well as nutritional outcomes and reduced stunting in children.

The **PM Matru Vandana Yojana (PMMVY)** that offers maternity benefits to women in the unorganised sector has also been underfunded.

MGNREGA and the Public Distribution System were key to averting disaster during the pandemic. However, the allocation to both these schemes has been reduced.

Out-of-pocket expenditure on health in India remains much higher than the global average, which leads to financial distress and pushes millions into poverty each year.

9 PM Compilation for the Month of May [Second Week] 2023

Central expenditure on school education (primary and secondary) has steadily declined from 0.37% in 2014-15 to 0.23% 2023-24.

There is an urgent need to increase allocations for welfare schemes, especially those aimed at education, nutrition, and health. It is essential for India to invest in its human capital if it aspires to become a global superpower.

23. Asymmetry, power – on SC judgement in the LG vs Delhi Government case

Source: This post is created based on the article

“**Asymmetry, power**”, published in **The Hindu** on 13th May 2023.

“**Supreme Court’s Delhi verdict carries promise of a constitutional renaissance**” published in **Indian Express** on 13th May 2023.

Syllabus Topic: GS Paper 2, issues associated with federalism in India.

News: The article provides and analysis of the SC judgement in the Delhi case

Asymmetric federalism has been a key positive feature of India’s polity, but it hasn’t always ensured peaceful relations between the Centre and its constituent units. The ongoing disagreement between the Union government and the Government of the National Capital Territory of Delhi (GNCTD) serves as a prime example. The Supreme Court has frequently intervened to clarify the governance parameters of the territory.

SC Ruling in the Delhi Case

Read – The SC ruling in the LG Vs Delhi Government case

What is the significance of SC ruling in the Delhi Case?

In the judgement, SC emphasised on **the sui generis (unique) nature of Delhi** and stated that the Union Territory’s status should not be used to curtail the role of the elected government.

The verdict reinforces the principle that **a representative regime shouldn’t be undermined by an unelected administrator**.

The judgement reaffirms Thomas Jefferson’s idea that **“just government should derive its powers from the consent of the governed”**.

It emphasises that the central government has a significant mandate, but its consent is to govern the country, not Delhi. **Delhi’s elected representatives have a more legitimate constitutional right to govern**.

The Court maintained that **Union Territories (UTs) with their own legislative assemblies should be treated akin to states**. The judgment dismissed the idea of a homogenous class of UTs.

Justice Chandrachud emphasised the **importance of federalism** in a diverse country like India. He argued that recognising regional aspirations strengthens the unity of the country.

The Court **disagreed with the argument that the Constitution has strong unitary features** in respect of UTs. Quoting B. R. Ambedkar, it reiterated that the Indian Constitution is neither a league of states nor are the states administrative units or agencies of the government. Instead, the Centre and states under the Constitution are co-equals.

General Studies Paper – 3

General Studies - 3

1. [Improve technology to detect IEDs – on Left Wing Extremism](#)

Source– The post is based on the article “**Improve technology to detect IEDs**” published in “**The Indian Express**” on **8th May 2023**.

Syllabus: GS3- Security

Relevance– Issues related to Maoism

News– Ten jawans and a civilian driver, who were returning in a van following an anti-Maoist operation, were killed in a blast caused by an Improvised Explosive Device (IED) in Chhattisgarh’s Dantewada on April 26.

What IED use by Maoists is a challenge for security forces?

IEDs are among the **most potent tools** deployed by the Maoists. Even a small formation of the Maoists can cause huge damage to the security forces by using an IED.

The **technical equipment** used by the security forces to detect IEDs has its limitations. If the **quantity of metal** in the IED is low or the IED is planted deep under the road, mine detectors may fail to find it.

Hundreds of IEDs are **detected and diffused** every year. But, the search party could always miss a few due to technical reasons.

Ground Penetrating radar, which can detect recent disturbances in the soil subsurface, has also not proved successful.

What are issues with the use of IED by Maoists?

The Maoists deliberately and grossly violate **international humanitarian laws**. The use of landmines is banned internationally as they are **non-discriminatory, lack precision and cause unnecessary or excessive suffering**.

It is well known that in addition to the security forces, many civilians, including children, and animals have also been **victims of IED attacks**.

What are the changed tactics used by Maoists regarding use of IED?

The latest reports indicate that the current focus of the Maoists is to intensify the **use of booby traps, and remote IEDs**. The technical department of the Maoists seems to have gradually developed technology to remotely blast the IEDs.

There is disrespect of the Maoists even for slain jawans. In January 2013, during the autopsy of a jawan, an IED was found implanted as a **booby trap inside the abdomen**.

India is a signatory to the **Geneva and Hague Conventions** which regulate the means employed during warfare, so that casualties are checked.

What is the way forward to manage the threats of use of IEDs by Maoists?

The use of technology such as unmanned aerial vehicles and drones may be useful to **check suspicious movement**. But, the security forces need to **improve their tactics** too.

The use of vehicles should be permitted only after **securing the road** from ambushes and IEDs. A **visual search** must be carried out cautiously or up to about 100--150 metres on both sides of the road, to check the presence of **suspicious elements or wire ends**. Every effort needs to be made to **detect, diffuse or avoid** these brutal devices.

India must raise the issue of the use of IEDs by the Maoists at **appropriate international platforms** so that the Maoists are forced to **respect international humanitarian laws** and stop using these devices.

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Central government and industry must join hands to **improve technology to detect IEDs**. The details printed on boxes containing detonators are **not sufficient** to trace the source of the detonators and punish the guilty.

The Central government must **amend rules** and make the manufacturers **accountable for unique identification** of detonators.

2. [Open banking is helping revolutionize access to credit](#)

Source: The post is based on the article “**Open banking is helping revolutionize access to credit**” published in **Live Mint** on **8th May 2023**.

Syllabus: GS 3 – Industrial Policy, Money & Banking

Relevance: measures adopted by the government to address the credit issues of MSMEs

News: The article discusses issues with MSMEs in accessing credit from banks and measures adopted by the government to address those.

What are concerns with MSMEs in getting access to credit?

Read Here: [What is MSMEs & issue of MSMEs?](#) and [MSMEs: Significance, Challenges and Solutions](#)

How has the government tried to solve the credit problems for MSMEs?

India has **expanded the credit guarantee scheme for MSMEs**.

Unified Payments Interface (UPI) along with smartphone-driven participation in the digital economy has revolutionized digital payments in India.

Moreover, **the Reserve Bank of India’s (RBI) has recently announced to offer pre-sanctioned credit on UPI**. This could help underserved segments to access credit.

Further, the government has **also democratized access to data** by taking efforts to boost the adoption of the [Account Aggregator network](#) to make financial transactions including lending faster and cheaper.

The government has also added the [goods and services tax network \(GSTN\)](#) as a financial information provider to the Account Aggregator network. It helps banks and other regulated lenders extend credit to small businesses.

These developments have helped all credit seekers and enhanced competitiveness among regulated lenders.

How the development to democratize the data is helping credit seekers and regulators?

Simpler customer consent mechanism: The process of obtaining customer consent to access both banking and GST data on the Account Aggregator network is now simpler and secure. Consent is required just once and lenders can also seek consent for data-sharing in the future. Moreover, **MSMEs no longer need to rely on multiple data aggregators** to share their GSTN data with financial institutions through API services for a fee.

Boost for risk-based pricing and cash flow-based lending: Lenders now can get insight into the actual cash flows of a business through their bank statements along with regular GST data feeds on an MSME’s month-over-month sales, gross profits, regional revenue distribution, and sales turnover.

These insights can enable risk-based pricing and cash flow-based lending, benefiting both the lender and MSME.

Creating a level-playing field: The Account Aggregator framework will offer a level playing field for NBFCs because banks have had an edge over NBFCs in terms of access to key customer data because of current accounts.

Further, GST data may provide NBFCs and other lenders with insightful information that they can utilize to create more competitive and contextualised solutions for MSMEs.

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Value-added services: Financial institutions, by actively monitoring GSTN data feeds and cash flow dashboards, **would be able to provide value-added services** like GST compliance, tax planning, and consultancy to help MSMEs optimize their GST-related spending.

The data can also be used for fraud detection and prevention, and help lenders cross-sell better to MSMEs.

What can be the way ahead?

Banks and NBFCs need to reorient and enhance their data capabilities by linking existing data sources such as bank statements and income tax returns with new sources such as GST and e-invoice data.

This will improve the efficiency and efficacy of their credit evaluation mechanisms.

3. [Maoism should be seen as a social and economic problem](#)

Source: The post is based on the article “**Maoism should be seen as a social and economic problem**” published in the **Indian Express** on **8th May 2023**

Syllabus: GS 3 – Linkages between development and spread of extremism..

Relevance: About India’s anti-Naxal strategy.

News: Recently, the Maoist attack in Chhattisgarh’s Dantewada district claimed the lives of ten police personnel and a civilian driver.

What is Left Wing Extremism?

Read here: [Left Wing Extremism in India – Explained, Pointwise](#)

About the Maoist evolution in independent India

The government had twice concluded that the Naxal problem had been sorted out.

The first time was after the arrest of Charu Majumdar in 1972 followed by his death and division in the party. But, the movement revived in 1980 with the formation of the People’s War Group.

The Maoism again disintegrated in the mid-nineties when Kondapalli Seetharamaiah was arrested and operations by the police and central paramilitary led to the arrests and surrender of almost 10,000 party activists.

But, the movement had another resurrection in 2001 when the Naxals formed the People’s Liberation Guerrilla Army (PLGA). It aims to “seize political power”. In 2009, the then-Prime Minister described it as “the gravest internal security threat to our country” and took steps to control it. Since then the movement has been on a decline with considerable attrition.

According to the Home Ministry’s data, fatalities inflicted on civilians and security forces by left-wing extremists fell below 100 in 2022, the lowest in four decades.

What are the anti-Naxal strategies followed by governments?

Read here: [Left-wing Extremism \(LWE\) in India and its challenges – Explained, pointwise](#)

What are the flaws in India’s anti-Naxal strategy?

There are few fundamental flaws in India’s anti-Naxal strategy.

Firstly, in most states, there is a tendency to **outsource the operations against Naxals** to the central armed police forces. The states must use the local police, who know the language and terrain, in anti-Naxal operations to address the issues altogether.

For example, in Punjab, the battle against terrorism has been won because, apart from other factors, the Punjab Police was always at the forefront of operations.

Secondly, according to an expert group of the Planning Commission recommendation in 2008, “the **development paradigm pursued since independence has always been ‘imposed’** on the tribal communities and has been insensitive to their needs and concerns”.

9 PM Compilation for the Month of May [Second Week] 2023

For example, when the tribals want schools and hospitals, the government focuses on capital-intensive plants or factories, which are inevitably accompanied by deforestation and displacement.

As a result, government plans have “ended up in destroying their social organisation, cultural identity, and resource base and generated multiple conflicts.”

Thirdly, there is **no overall strategic plan against the Naxals**. States have been carrying out anti-Naxal drives according to their individual understanding.

How India should revamp its anti-Naxal strategy?

The Maoist problem is multi-dimensional; it has social and economic aspects. The security forces can take care of the law and order aspect of the problem. Unless the problem is tackled in its entirety, it is unlikely to go away.

-Security forces' territorial domination should be followed by the **administrative apparatus establishing its network** in the affected areas.

-The government should make **conscious efforts to win the hearts and minds** of the people.

-**Pursue dialogue**: If the government can have peace talks with the Nagas and several other insurgent outfits in the Northeast, then the government should follow similar approach with Maoist leadership.

4. [De-dollarisation: Will the greenback still be green?](#)

Source: The post is based on the article “**Will the greenback still be green?**” published in **The Hindu** on **8th May 2023**

Syllabus: GS 3 – Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment.

Relevance: About the de-dollarisation debate.

News: As China, India, and Russia trying to trade using partner currencies for payment instead of the U.S. dollar, various media are also speculating that the demise of the dollar as world reserve currency.

What is de-dollarisation, what are the global efforts towards the De-dollarisation of trade, and How is India pursuing the de-dollarisation of trade?

Must read: [De-dollarisation of trade: Opportunities and challenges – Explained, pointwise](#)

How dominant is US Dollar in global trade?

China itself has substantial U.S. dollar reserves earned from its trade with the U.S. over the past three decades. China has used these dollar reserves to fund its strategic investments abroad.

The benefit of dollar premium: Being a supplier of international reserve currency confers a distinct advantage to the U.S. Such as, the US has the ability to borrow at a low interest rate.

This **a)** relaxes the fiscal constraint substantially, **b)** boosts the debt -issuing government's capacity to borrow more without having to deal with the negative effects of such borrowing on the domestic economy.

This phenomenon is often referred to as the dollar premium

Read here: [The de-dollarisation debate](#)

About the present share of Forex reserves in the world

According to reports from the International Monetary Fund, the dollar's share of foreign exchange reserves has fallen over time from 80% in the 1970s to about 60% in 2022. The euro has made up for about 20% of the remaining 40%.

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Other currencies such as the Chinese Yuan, Australian and Canadian dollars, Swedish krona, and South Korean won have claimed their share in the portfolios of various countries' foreign exchange reserves making up most of the remaining gap of 20%.

Note: China runs a closed capital account. So, it still does not feature as a prominent choice as reserves. Most of the Renminbi reserves that are held outside China are by Russia.

What are the negative impacts of de-dollarisation?

Read here: [The possible implications of de-dollarisation of global trade](#)

Can the Chinese Yuan replace the US Dollar?

Read more: [De-dollarisation: the race to attain the status of global reserve currency](#)

Why does India hold US Dollar as Forex reserves and not the Russian Ruble?

This is because **a)** Even though, India's biggest supplier of oil is Russia, India's biggest trading partner is still the U.S., **b)** Russia's importance as an oil supplier is a result of the deep discounts offered by its oil suppliers to Indian refiners. Such discounts will not be sustainable in the long run.

This creates doubt on the long-term viability of a common currency or a reciprocal trading arrangement between India and Russia.

5. [A stitch in time for the ongoing green transition is what we need](#)

Source: The post is based on the article "**A stitch in time for the ongoing green transition is what we need**" published in **Live Mint** on **9th May 2023**.

Syllabus: GS 3 – Growth & Development, Environment

Relevance: problems with the energy transition

News: Countries are now looking to give up fossil fuel and adopt green energy. This transition carries consequences such as disruptions in labor markets and communities.

What are the concerns with energy transition for labour markets?

It is argued that job losses in the fossil fuel sector due to an energy transition would be compensated by job creation in green energy, through reallocation of capital and labour. However, there are many concerns present with the transition.

The concerns such as – **a)** the amount of time needed for labour markets to return to the employment rate before the transition, and **b)** heterogeneity of the labour force employed in old and new energy sectors, are often ignored.

Following are some of the studies that prove the challenges of transitions

Tariff liberalization in the 1980s in Brazil led to the supply of products from other countries. It affected the domestic industries producing the same products at higher cost. The long-term impacts were prolonged wage depression, a decline in formal employment, and a rise in informal jobs.

Workers in Brazil also experienced the costs of switching sectors because the specific experience of previous sector was not fully transferable. These costs were found higher for female, less educated and older workers.

A similar thing happened in the US, when it conferred permanent normal trade relations (PNTR) status on China in 2000. PNTR status reduced tariff-related uncertainties for Chinese exports to the US.

This trade relations with China affected manufacturing employment in the US. Many displaced workers could neither find new jobs in other sectors nor migrate elsewhere.

This disruption in the labour market in the US also had social outcomes such as there were rise in deaths caused due to drug overdose, suicide and liver diseases.

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The US also encountered two shocks in the coal sector: one in 1980, when oil prices collapsed, causing a large fall in coal consumption, and another in the 2010s, when natural gas and renewable energy progressively displaced coal in generating power.

Studies show that a contraction in coal mining led to a decline in regional employment and wage rates.

The above examples **demonstrate** the consequence of green transition policies on the labour market. A full-fledged green transition would induce even bigger shocks, springing from rapidly evolving technology, geopolitics, markets and societies

Must Read: [Energy Transition: Challenges and Solutions – Explained](#)

What can be the way ahead for India?

India's long-term goal of net zero by 2070 is being met through a pragmatically paced shift to renewables. Therefore, **India needs to prioritize economic growth and sustain the adoption of environment-conscious lifestyles.**

This will help build capabilities to deal with the structural changes associated with a green transition, along with ensuring the availability of finance, technology, raw material, human capital, etc.

Moreover, building a strong social security system and focusing on human capital development, such as labour skilling that eases inter-sector migration, would also help address the labour-market consequences of a green transition in India.

6. [The ocean is under unprecedented stress – on ocean conservation](#)

Source: This post is created based on the article “**With every breath we take, we are connected to the ocean. Yet, the ocean is under unprecedented stress**”, published in **The Times of India** on 9th May 2023.

Syllabus Topic – GS Paper 3 – Environment Conservation

Context: The article discusses the challenges of protecting oceans and the role India can play in the marine conservation.

Blue economy refers to our ability to exploit the assets in the ocean sustainably and in a way that will enable us to live in a healthier world.

After reckless exploitation of the land resources, there is a need to make sure that ocean resources do not face similar damage.

What are the current threats to the blue economy of nations?

- Overfishing and illegal fishing practices,
- climate change,
- ocean acidification,
- plastic pollution,
- oil spills,
- habitat destruction,
- loss of biodiversity
- unsustainable coastal development

How India's G20 presidency can be instrumental in ocean conservation?

It can be made possible by reaching to few useful agreements among nations, like:

1. Providing financial support for the developing nations to adopt sustainable ocean policies and
2. Investing in capacity building to strengthen ocean governance and management.
3. Proper implementation of 30×30 campaign. It aims at protecting 30% of the world's oceans by 2030.

9 PM Compilation for the Month of May [Second Week] 2023

4. India can join the Commonwealth's Blue Charter Action Group. The countries of this group work towards solving ocean-related challenges and meet commitments for sustainable ocean action.

What is the importance of oceans for the survival of human beings and why are they neglected?

First, Oceans produce oxygen, provides food and livelihoods, and stabilises our climate.

Second, the oceans have functioned as coolant, by absorbing most of the trapped heat. However, due to its neglect, the ocean is warming up, which is resulting in more intense hurricanes and cyclones.

Third, if marine exploitation goes on at a similar pace, more than half of the world's marine species may stand on the brink of extinction by 2100.

UN's Sustainable Development Goal (SDG) 14 is for ocean conservation. However, ocean conservation has received the least funded of all SDGs. The ocean accounts for only 2% of the Green Climate Fund.

All this neglect is because of a lack of understanding of the importance of the ocean for our survival. Therefore, it is facing neglect.

What efforts have been made by the commonwealth for the conservation of oceans?

It created the Blue Charter in 2018 to overcome the issue of lack of funding for ocean conservation.

Commonwealth formed the climate finance access hub. It is at present concentrating on small states which are most vulnerable.

It is also expanding the climate finance access adviser facility by designating ocean advisers.

7. [Unravelling the complexities of India's 2011-12 GDP series is key](#)

Source- The post is based on the article "Unravelling the complexities of India's 2011-12 GDP series is key" published in "mint" on 9th May 2023.

Syllabus: GS3- Indian economy and growth

News – The article explains the changes incorporated in 2011-12 series to calculate the GDP.

What are numerous conceptual and statistical changes, incorporated in the 2011-12 series?

It was aimed at aligning the series with recommendations of the **System of National Accounts (SNA) 2008**.

Traditionally, in India, GDP referred to **GDP at factor cost. Gross Value Added at Basic Prices** was introduced as a new aggregate in new series. The new reference for GDP became **GDP at Market Prices**.

The differences between these aggregates are due to a **segregation of production and product taxes. Production taxes** does not change with the **level of output**, such as stamp duty or registration fees. **Product taxes** include ad-valorem or indirect taxes.

There was the **inclusion of a new class of assets**, namely **Intellectual Property and Cultivated Biological resources, under Gross Capital Formation**. This addition recognized the growing **importance of intangible assets** in modern economies.

Another significant change was the **capitalization of Research and Development (R&D)** expenditure by government, public and private corporations. In the previous series, R&D was treated as **intermediate consumption**.

In new series, R&D output was capitalized as **intellectual property products**. It acknowledges its role in **fostering innovation and driving long-term economic growth**.

9 PM Compilation for the Month of May [Second Week] 2023

The 2011-12 series also introduced changes in the treatment of **Private Final Consumption Expenditure (PFCE) of households**. Expenditures on gold and silver were previously considered **consumption expenditures**.

In the new series, they were reclassified as **'valuables' under capital formation**. This change highlighted the role of such spending as a store of wealth and a form of investment, rather than simple consumption.

The 2011-12 series saw major revisions in the **methodology and estimates in several subsectors**, such as organized manufacturing and the services sector.

The incorporation of the **MCA21 database** improved **coverage of registered companies** in manufacturing and services.

A **new Effective Labour Input method** was introduced for estimating value added in the unincorporated manufacturing and services sector. It considered the **differing marginal productivity** of various types of workers.

Unincorporated enterprises that maintained books of accounts were reclassified as **'quasi corporations'**. These were included in the **Private Corporate Sector instead of the Household sector**.

The coverage was extended to **major municipal bodies and autonomous institutions**. It is ensuring a broader representation of economic activities.

The services sector expanded to **include NBFs, regulatory bodies and services of stockbrokers, mutual funds and pension funds**.

The **output of the Reserve Bank of India** underwent a methodological change. Previously, it was calculated as a **mix of market and non-market output**. The new series considers the entire output of RBI as a **non-market activity** and measures it using the **cost approach**.

What are numerous issues related to 2011-12 series?

It ranges from **methodological concerns to data inconsistencies**.

There are issues related to implementation of **base year changes, the use of outdated data sources and the impact of a rapidly evolving economy on GDP estimation**.

8. [The Maoists are still a threat](#)

Source: The post is based on the article **"The Maoists are still a threat"** published in **The Hindu** on **9th May 2023**

Syllabus: GS 3 – Linkages between development and spread of extremism.

Relevance: About India's anti-Naxal strategy.

News: Recently, the Maoist attack in Chhattisgarh's Dantewada district claimed the lives of ten police personnel and a civilian driver.

How security forces

The attack was carried out during the tactical counter-offensive campaign (the period between February and June every year when the Maoists carry out maximum attacks against security forces). Out of a total of 17 major strikes in Chhattisgarh (2010-2023), 15 were carried out in this period. This should give the government enough leads to plan its strategy.

The security forces have to remain extra cautious during these months by strictly adhering to standard operating procedures and protocols.

What is Left Wing Extremism?

Read here: [Left Wing Extremism in India – Explained, Pointwise](#)

What are the anti-Naxal strategies followed by governments?

Read here: [Left-wing Extremism \(LWE\) in India and its challenges – Explained, pointwise](#)

9 PM Compilation for the Month of May [Second Week] 2023

About the Maoist evolution in independent India and flaws in India's anti-naxal strategy

Read here: [Maoism should be seen as a social and economic problem](#)

Lack of adequate police personnel: Effective policing in insurgency-affected regions is the task of state police forces. The Central police forces ought to supplement and not supplant the State police.

But the data of the Bureau of Police Research and Development say that there are many vacancies in the State police forces. For instance, as of January 1, 2021, the share of vacancies in State police cadres in left-wing extremism States was 24.41%. This adversely affects the police-population ratio.

What should be done to address Naxalism?

Employ local tribal youth for the District Reserve Guard (DRG) with caution: Security should not be simply outsourced to local youth. DRG needs to be employed in a controlled manner by the State police.

Reconsider government development projects: The government needs to pay adequate attention to perception management. For instance, the government should reconsider the extensive road construction projects in Bastar.

Utilise the weakness in strategy: The utility of the Maoist ideology in current times is not adequately exposed, to weaken the insurgency. The focus needs to be beyond security and development.

9. [Extending liability – New PMLA rules will help curb black money](#)

Source: The post is based on the article “**Extending liability – New PMLA rules will help curb black money**” published in the **Indian Express** on **9th May 2023**

Syllabus: GS 3 – money-laundering and its prevention.

Relevance: About the changes to PMLA Act.

News: The recent government notification has brought in the practising chartered accountants (CAs), company secretaries (CSes), and cost and works accountants (CWAs) within the purview of the Prevention of Money Laundering Act (PMLA), 2002. This is done for select activities done on behalf of clients.

What are the changes brought by the government in the PMLA Act?

Must Read: [CA, CS handling client money in PMLA ambit; FinMin notifies rules](#)

What is the rationale behind the changes to PMLA Act?

-To fulfil the Financial Action Task Force (FATF) assessment, which is due in November.

Note: India last came under the FATF's assessment in 2010 and the next one was postponed owing to the pandemic.

-To make CAs, CSes, and CWAs equally responsible for specified transactions made under the PMLA.

What are some previous amendments to the PMLA Act which aim for FATF compliance?

As part of this compliance exercise, the government in had **a)** amended the money-laundering rules, making it mandatory for banks and other financial institutions to record transactions of non-profit organisations and non-governmental organisations (NGOs) as well as “Politically Exposed Persons” (PEPs).

Note: PEPs are defined as those “entrusted with prominent public functions by a foreign country, including the heads of State or Government, senior politicians, senior government or judicial or military officers, senior executives of state-owned corporations and important political party officials.”

What are the concerns raised by CAs, CSes, and CWAs against the changes under the PMLA Act?

a) CAs, CSes, and CWAs are already regulated by professional bodies set up under various Acts of Parliament, b) The burdensome reporting requirements that have been imposed on them might hurt their functioning, c) Lawyers and legal professionals have been kept outside the new provision.

What should be done?

According to the government's explanation, lawyers do conduct such financial transactions for their clients. But, they are prohibited from accepting money for these services because the Advocates Act debars them from acting as agents. On the other hand, practising accountants render these services because there is no explicit bar on them in the relevant laws.

But, receiving a fee for a transaction or not should not determine the nature of the transaction. So the rules should not be diluted by excluding other entities that can perform the same functions.

10. Land Of Quotas Manipur is another example of agitation stemming from shrinking land holdings & few regular jobs

Source: The post is based on the article “Land Of Quotas – Manipur is another example of agitation stemming from shrinking land holdings & few regular jobs” published in **The Times of India** on **9th May 2023**

Syllabus: GS 3 – Security challenges and their management in border areas.

Relevance: About the unrest in Manipur.

News: Manipur's violence between Meiteis and Kukis has been brought under control.

What are the reasons behind the unrest in Manipur?

Friction between different ethnic groups has roots in Manipur's geography and culture. But this time, an emerging structural economic problem appears to be in the forefront. Such as,

The powers of Autonomous Hill Councils: The state has a separate judicial and governance system for the tribal hill areas, which are controlled by Autonomous Hill Councils. These councils are authorised to manage and transfer property.

Lack of employment opportunities: In Imphal Valley, rising population pressure and inadequate economic opportunities created the conditions for Meitei groups to ask for reclassification as Scheduled Tribes.

Note: Forests cover a little over 75% of Manipur. Across that area, hill tribes practise shifting cultivation.

In Manipur, 42% of the total households are in agriculture. According to the employment annual report of 2021-22 data, 60% of Manipur's households are categorised as self-employed. This proportion is higher than the national average of 54%.

Both the population pressure on the limited cultivated areas and the lack of employment alternatives have been the reason behind the present demand for the recent tussle.

Must read: [What is behind Manipur's widespread unrest?](#)

What will be the impact of Manipur unrest on regional security?

Read more: [Manipur unrest and its impact on regional security – Explained, pointwise](#)

11. Minimising the threat from IEDs

Source– The post is based on the article “**Minimising the threat from IEDs**” published in the “**The Hindu**” on **10th May 2023**.

Syllabus: GS3- Security

Relevance– Issues related to Maoism

News– On April 26, an IED killed 10 security personnel of the District Reserve Guard in Chhattisgarh’s Dantewada area. The jawans were out on an anti-Maoist mission when they were ambushed.

What is the way forward to overcome the threats of use of IEDs by Maoists?

Avoid travel by vehicle– The safest mode of **travel is on foot** in a region where **left-wing extremism** is active. Studies show that over 60% of casualties in Maoist territories are because of vehicles ambushed in landmines/IEDs.

Routine operations like **area domination, cordon-and-search, long range patrolling, ambush-cum-patrolling** should only be undertaken on foot. Vehicle travel should be undertaken rarely. It should be only for **urgent operational reasons**.

If vehicle travel is absolutely essential, the onward and return journeys should never be by the **same route**.

To avoid the risk of civilian casualties, Maoists do not **trigger IEDs during night time**. Hence, night travel by vehicles is relatively safe for security forces.

Use of armoured vehicles and protective gear– In certain war zones, vehicular deployment is inevitable. Security forces working in such areas should be equipped with **appropriate protective gear, such as blast-resistant clothing, helmets, and eye protection**.

Their vehicles should also be equipped with **V-shaped and armour-plated hull, blast-resistant technology and proper sandbagging** to minimise damage in the event of an explosion.

Machine guns and other weapons should be mounted on top of the vehicles with **outward facing rotatory seats**, from where the men can have a 360-degree observation outside.

Security forces should always travel in a **convoy of minimum two to three vehicles**. They should maintain a distance of at least 40 to 50 metres between them.

Safe travelling– There is a need for **rigorous and regular implementation** of various **detection methods**. It includes **metal detectors, ground-penetrating radar, and trained sniffer dogs**, to locate and clear IEDs.

Areas known or suspected to contain landmines or IEDs can be **mapped** and **contingency plans** prepared for them. This includes **establishing safe routes, setting up checkpoints, and creating evacuation plans** as part of both **preventive and mitigation measures**.

Intelligence– It is important to gather **actionable intelligence**. But, due to risks of reprisals by terrorists, locals usually do not provide information for money alone.

Relationships have to be cultivated and **goodwill generated** among the local population on a long-term basis. It should be beyond **transactional levels**. This requires **patience, commitment, empathy and integrity** on the part of security forces.

Investigation– There is simply no substitute for **good routine investigation of IED ambushes**. An IED ambush is not an **insular, standalone event**. There is a **whole ecosystem** behind it. It includes financiers, suppliers, transporters, builders and triggermen.

Diligent and scientific investigation, establishment of linkages through collection of evidence, **framing of chargesheets**, followed by **speedy trials and conviction**, serve as a **strong deterrent** to terrorism.

9 PM Compilation for the Month of May [Second Week] 2023

Other measures– These include **collaboration with international organisations, NGOs**, and other countries to share **information, resources, and best practices** for landmine and IED **prevention, detection, and clearance**.

There is a need for implementation and enforcement of **national and international laws, policies, and regulations** aimed at preventing the **use, production, and trade** of landmines and IEDs.

Legislative measures are required for mandatory addition of chemicals and biosensors to explosives used in industry and mining for their easy detection during transport.

Legislative measures are required for **stricter controls** on **manufacture, supply and sale** of explosives and detonators. Other countries have taken several counter-IED measures. The U.S has set up the **Joint Improvised-Threat Defeat Organisation** to prevent, identify and defeat IEDs.

There is a need to create an **overarching agency** under the Ministry of Home Affairs to **coordinate the efforts** of both the Government of India and the State governments. It can provide **legislative, technological and procedural support** to law enforcement agencies.

12. What a total ban on diesel vehicles could mean in India

Source: The post is based on an article **“What a total ban on diesel vehicles could mean in India”** published in **The Indian Express** on **10th May 2023**.

Syllabus: GS 3 – Environment

Relevance: concerns over banning diesel-powered four-wheel vehicles

News: The **Energy Transition Advisory Committee** formed by the Ministry of Petroleum and Natural Gas has recommended a ban on the use of diesel-powered four-wheel vehicles by 2027 in cities with a population of more than 1 million.

It recommended shifting towards electric and gas-fuelled vehicles along with city transport consisting a mix of Metro trains and electric buses by 2030.

Why has the panel come up with such a proposal?

The panel’s recommendation is along the lines of the government’s aim to reduce greenhouse gas emissions, and to produce 40% of its electricity from renewables as part of 2070 net zero goal.

Diesel currently accounts for about 40% of India’s petroleum products consumption. Therefore, the proposed ban will be significant in achieving the desired government’s aim.

What are the issues with the proposal?

Around 87% of diesel fuel sales are in the transport segment, with trucks and buses accounting for about 68%.

Therefore, difficulties in implementing a total ban are – **(a)** Carmakers and oil firms have invested greatly in shifting to BS-VI, and all of those investments might be lost if a complete ban is enacted and **(b)** a total ban would cause serious disruptions in the commercial vehicles segment, where diesel penetration is very high and alternative fuels options such as EV, CNG, and LNG are still being explored.

Note: *Uttar Pradesh, Maharashtra, and Haryana account for almost 40% of the diesel sold in India.*

What actions have diesel vehicle manufacturers taken?

Maruti Suzuki, the nation’s largest producer of passenger cars, discontinued producing diesel cars from April 1, 2020.

Since 2020, **most carmakers have discontinued diesel car manufacturing**. As a result, the contribution of passenger vehicles to overall diesel vehicle demand has fallen to 16.5%, compared to 28.5% in 2013.

9 PM Compilation for the Month of May [Second Week] 2023

Why do people prefer diesel vehicles?

People prefer diesel vehicles because – **a)** diesel vehicles use less fuel per km, **b)** there are lesser chances of diesel vehicles to stall, and **c)** lower cost of the diesel compared to petrol.

However, the price of the diesel increased after 2014. Due to which, sales of diesel vehicles have fallen. Diesel cars accounted for less than 20% of overall passenger vehicle sales in 2021-22.

Why are carmakers moving away from diesel engines and what are the drawbacks of diesel engines?

The major drawback of diesel engines over petrol is that diesel engines have a **higher compression ratio**. This causes **increase in emissions of oxides of nitrogen (NOx), leading to pollution**.

Moreover, **carmakers have turned away from diesel engine cars because the new BS-VI emission norms involve a high cost of upgrading diesel engines** to meet the new standard, unlike petrol engines cars.

What lies ahead?

Steps have been taken to reduce emission from the diesel such as – **a)** standards under BS-VI have necessitated oil refineries to reduce the level of sulphur in diesel and **b)** the Bureau of Indian Standards (BIS) has developed a standard for diesel containing 7% biodiesel.

Therefore, looking at the current demand of diesel in the market, the government should concentrate on phasing-out diesel rather than completely banning diesel vehicles.

13. [Controversial calls on predatory pricing](#)

Source: The post is based on an article “**Controversial calls on predatory pricing**” published in **Business Standard** on 10th May 2023.

Syllabus: GS 3 – Industrial Policy, Infrastructure

Relevance: problems with predatory pricing

News: The article discusses concerns over [predatory pricing](#) by telecom operators.

What is the issue?

In the last month, **Bharti Airtel alleged that Reliance Jio was indulging in predatory pricing**. The allegation was that Jio was offering live TV channels as part of its bundled broadband plan. However, Jio in a complaint to the Telecom Regulatory Authority of India (Trai) called Airtel’s allegation baseless.

Further, **Vodafone Idea accused both Reliance Jio and Bharti Airtel of predatory pricing in their 5G data offering**. However, both Jio and Airtel have denied such allegations.

Like these, there are multiple instances where one telecom operator has put charges against the other for involving in predatory pricing.

How has TRAI responded?

TRAI is keeping a closer look over telcos offering unlimited 5G data and it may lay down some rules on unlimited data.

However, the regulator would not take actions that disrupt India’s 5G growth due to various political reasons and due to India’s G20 presidency this year.

What are the concerns over predatory pricing?

Predatory pricing was a major issue a few years back when Reliance Jio entered the market with its disruptive tariff plans. Its plan resulted in decreased subscriber base of other telcos, leading to losses.

Airtel put allegation against Reliance Jio over predatory pricing back in 2017. However, its allegation was rejected by the Competition Commission of India (CCI).

9 PM Compilation for the Month of May [Second Week] 2023

CCI said that Reliance Jio is not a dominant player in the market and therefore, its plans do not involve the question of predatory pricing.

Moreover, today both Jio and Airtel are dominant players and both of them provide services like unlimited 5G data, live TV, etc., which may be a case of predatory pricing.

However, **as per experts, offering extras such as live TV, more data or unlimited data cannot be categorised under predatory pricing.**

Moreover, other than predatory pricing issue, concern remain over its regulation.

What are the regulatory issues over predatory pricing?


The Supreme Court in the Bharti Airtel vs CCI in 2018 authorized TRAI as the regulator to settle any case on predatory pricing in telecom. However, the Telecom Bill, which is expected soon, will bring greater clarity on the matter.

Moreover, any issue concerning predatory pricing should be first taken up by the TRAI and then any party can go to CCI for a follow-up.

However, **an expert panel in 2012, has recommended mandatory consultation between CCI and the regulator concerned** to arrive at a harmonious solution over the issues concerning predatory prices.

Therefore, a Telecom Bill that clarifies the regulating authority over predatory pricing is urgently needed.

Must Read: [Draft Telecommunication Bill, 2022 – Explained](#)



UNFAIR COMPETITION

- ▶ **DEFINITION:** Predatory pricing implies an intent to drive out competition by offering goods or services at a price lower than the cost. But, if not a dominant player, predatory pricing loses meaning
- ▶ **COMING SOON:** The new Telecom Bill is expected to give power to Trai to draw up norms in defining predatory pricing in the sector. The bill is likely to make it clear that CCI won't define or investigate such issues in the telecom sector. The Bill would add new clauses to sub section (2) of Section 11 of the Trai Act to empower the regulator
- ▶ **CURRENT POSITION:** A Supreme Court order of 2012 said Trai has the power to take a call on predatory pricing in the telecom sector

Source: Business Standard

14. [India's stumble on rupee trading holds a lesson on globalization](#)

Source: The post is based on the article “**India’s stumble on rupee trading holds a lesson on globalization**” published in the **Livemint** on **10th May 2023**.

Syllabus: GS 3 – Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment.

Relevance: About the trade settlements in Rupee.

News: As China, India, and Russia trying to trade using partner currencies for payment instead of the U.S. dollar. Many Russian banks have opened Special Rupee Vostro Accounts (SRVA) with partner banks in India. Russia has said that it had “accumulated billions of rupees in accounts in Indian banks” and to use this money “the rupees need to be transferred to another currency.”

What is de-dollarisation, what are the global efforts towards the De-dollarisation of trade, and How is India pursuing the de-dollarisation of trade?

Must read: [De-dollarisation of trade: Opportunities and challenges – Explained, pointwise](#)

How dominant is US Dollar in global trade?

Read here: [The de-dollarisation debate](#)

About Special Rupee Vostro Accounts

Read here: [Explained | Vostro Accounts and how they facilitate trade](#)

Why are millions of rupees lying unused with Russia?

In 2022-23, Russia was India’s fourth largest import partner, with a total of \$46.5 billion worth of goods imports. Among that, Petroleum and petroleum products alone comprise almost 2/3rd of the imports. Coal and fertilizers were the other major imports.

That same year, Russia was India’s 36th largest export destination with total exports of \$3.2 billion. So, Russia ran a \$43.3 billion trade surplus, meaning that India had much more to buy from Russia than vice versa.

Further, other countries are unlikely to accept Indian rupees from Russia for payment of purchase, simply because they have limited purchase options with India.

So, Russia is not comfortable holding rupees and wants to be paid in Dollars, Chinese yuan or other currencies.

Note: In 2021, total global exports (goods and services) stood at \$27.9 trillion, whereas India’s exports stood only at 2.4% of global exports.

Why Russia wants to hold further trade with India in dollars?

If the trade was held in dollars, then Russia has the options like **a)** Use the surplus dollars in other countries, **b)** The dollars could be converted quickly into another currency like the euro and be used to pay for Russian purchases, **c)** The dollars could be invested in dollar assets like US Treasury bonds to earn a rate of return.

Read More: [Trade Settlement in Rupee – Explained, pointwise](#)

What India needs to do to ensure successful trade settlements in Rupee?

The structure of the global economy makes it very difficult to carry out any significant amount of international trade without invoicing in dollars. Further, the rupee accounts for just 1.6% of global foreign exchange transactions.

The Russian example shows that India needs to export more so that other countries can use rupees to buy stuff from India.

15. [Stressing stability – Indian policymakers must remain vigilant](#)

Source: The post is based on the article “**Stressing stability – Indian policymakers must remain vigilant**” published in **The Hindu** on **10th May 2023**.

Syllabus: GS 3 – Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment.

Relevance: About Carbon Border Adjustment Mechanism of EU.

News: The Financial Stability and Development Council, headed by Union Finance Minister deliberated the need for having more early stress indicators to enable regulators to identify potential problems and deal with them in time.

What are the various macroeconomic risks that necessitated the need for early stress indicators?

a) There are several interrelated risks emanating from the global economy. The increased global economic and financial interdependence has increased risks. Though this interconnectedness has merits, emerging market countries like India should build safety margins to limit the downside risks.

b) Ongoing trouble in the US banking system: Three out of the four biggest bank failures in the US have happened over the past two months. A sharp increase in interest rates by the US Federal Reserve has led to large losses in the investment portfolio of banks. As a result, handling the pressure of deposit withdrawal is becoming difficult for some banks.

Though they may not pose an immediate threat to financial stability, policymakers would do well if they remain prepared.

c) Impact of the US banking system on Indian IT firms: The banking and financial services sector is a major source of revenue for Indian technology firms. So, their impact can directly affect the functioning of Indian IT firms.

d) High budget deficit in several advanced economies: The fiscal deficit is expected to average over 6% of gross domestic product (GDP) over the next decade. This will be significantly higher than the average of about 3.5% of GDP witnessed in recent decades and will have implications for the global financial markets.

e) US Fed and other central bank’s policies: A structurally higher deficit in the US would mean the Fed might maintain higher interest rates for a longer period. The higher demand for savings by the US and other governments in the developed world would limit the amount of funds flowing to emerging market countries.

f) Volatility in currency markets: Sustained higher budget deficits and higher interest rates could also increase volatility in currency markets.

Since India has no control over the things that unfold in advanced economies, it is required to identify early stress indicators.

Overall, from the Indian government’s side, the government should bring down the fiscal deficit at the earliest. This will help reduce dependence on foreign capital and improve macroeconomic stability.

16. Balancing regulatory approaches

Source: The post is based on the article “**Balancing regulatory approaches**” published in **Business Standard** on **11th May 2023**.

Syllabus: GS 3 – Economy – Capital Market

Relevance: concerns with SEBI

News: There have been debates over whether regulators should follow a principle-based or rule-based approach (PBA or RBA) in framing regulations for the financial markets.

9 PM Compilation for the Month of May [Second Week] 2023

What is PBA and RBA?

Principle-based approach (PBA): It involves providing broad guiding factors in regulations while giving flexibility to regulated entities to work out on operational requirements.

Rule-based approach (RBA): It involves listing out possible scenarios and detailing specific penal consequences for violations.

Which is a better form of regulatory practice?

PBA is effective in developed countries with mature markets, wherein the reputational risks are taken seriously and the law enforcement mechanisms are robust.

Whereas, **RBA may be effective in developing countries** which lack market maturity and do not have a robust law enforcement mechanism.

While PBA appears to be more in line with free market philosophy, RBA appears intrusive with a control and command approach.

How does the Securities and Exchange Board of India (Sebi) regulate the financial markets in India?

Sebi follows a **well-established procedure in drafting various regulations**. It has subject-specific committees and various stakeholders as members to make recommendations.

These recommendations and changes are generally influenced by tribunals'/ courts' rulings, and changes in the parliamentary laws.

What are the challenges with SEBI?

The most challenging part of the SEBI is the **effective implementation of the law**.

A law framed for the financial market needs to be strong enough to cater the demand of stakeholders as well as prevent miscreants to misuse the loopholes in the law.

Further, at times even a straightforward regulation may also create trouble for the regulator.

SEBI is often criticized for over-regulation. For instance, the primary function of the SEBI is to protect the investors interest. At times, the concerns over the investors in case of scam gets highlighted.

In such a case, SEBI comes up with more rule-based regulation, which also might have unintended consequences, giving a negative image of SEBI in the market.

Therefore, while SEBI is trying its best to function as an effective regulator, still it has to face the criticism and often finds itself isolated when a market mishap or scam happens.

What can be the way ahead?

Looking at the present scenario, **the financial sector regulators in India are likely to continue favouring the RBA**. However, this may be problematic for technology-driven regulated activities due to the rapid changing technology.

Moreover, **if the industry favours principle-based laws**, it must go beyond just wanting "ease of doing business" and show maturity, responsible behaviour, and self-discipline.

There is also a **need to strengthen the tribunals/courts dealing with the financial sector in terms of trained manpower and infrastructure**.

Hence, for a responsive and effective regulatory system, the entire ecosystem needs to support and encourage the regulatory practices.

17. A ground view of the Indian Space Policy 2023

Source- The post is based on the article "A ground view of the Indian Space Policy 2023" published in "The Hindu" on 10th May 2023.

Syllabus: GS3- Awareness in the field of space

News- Recently, the Indian Space Research Organisation (ISRO) released the Indian Space Policy 2023.

9 PM Compilation for the Month of May [Second Week] 2023

What are some facts about the space industry in India?

Until the early 1990s, India's space industry and space economy were **defined by ISRO**. Private sector involvement was limited to building **ISRO designs and specifications**.

The **Second Space Age** began with the licensing of private TV channels, the explosive growth of the Internet, mobile telephony, and the emergence of the smartphone.

Today, ISRO's budget is **approximately \$1.6 billion**. India's space economy is over **\$9.6 billion**. Broadband, OTT and 5G promise a **double-digit annual growth** in satellite-based services.

The Indian space industry could grow to **\$60 billion by 2030**. It will directly create more than two lakh jobs.

What have been various policy instruments adopted by the Indian government for the space sector and their impacts?

The **first satellite communication policy** was introduced in 1997, with guidelines for foreign direct investment in the satellite industry. But it never generated much enthusiasm.

Today, more than half the transponders beaming TV signals into Indian homes are **hosted on foreign satellites**, resulting in an annual outflow of over half a billion dollars.

A **remote sensing data policy** was introduced in 2001, which was amended in 2011. In 2016, it was replaced by a **National Geospatial Policy**. Yet, Indian users spend nearly a billion dollars annually to procure earth observation data and imagery from foreign sources.

A **draft Space Activities Bill** was brought out in 2017. It went through a long consultative process. It lapsed in 2019 with the outgoing Lok Sabha.

The government was expected to introduce a **new Bill by 2021**. But, it appears to have contented itself with the new policy statement.

What are the main key points related to the new space policy?

Security related aspects– There is **little reference to 'security'** in the document. The focus is on **civilian and peaceful applications**.

India is focussing on **space-based intelligence, reconnaissance, surveillance, communication, positioning and navigation capabilities**. It is reasonable to infer that a **defence-oriented space security policy** document will be a separate document.

Overall framework– The policy **lays out a strategy**. It spells out the roles of the Department of Space, ISRO, the Indian National Space Promotion and Authorisation Centre (IN-SPACe), and the NewSpace India Limited (NSIL).

ISRO role – it states that ISRO will move out of the manufacturing of **operational space systems**. **Mature systems** shall be transferred to industries for **commercial exploitation**.

ISRO shall focus on **R&D in advanced technology**, providing **newer systems** and realisation of space objects for meeting **national prerogatives**.

ISRO will **share technologies, products, processes and best practices** with non-government entities and Government companies.

This implies that ISRO will now use its talented manpower, to concentrate on **cutting edge R&D and long-term projects** such as Chandrayaan and Gaganyaan.

As ISRO's commercial arm, NSIL will become the **interface for interacting** with the industry.

Role of non-government entities– Fourth, the non-government entities are allowed to undertake **end-to-end activities** in the space sector through establishment and operation of space objects, ground-based assets and related services, such as communication. Satellites could be **self-owned, procured or leased**. **Communication services** could be over India or outside; and **remote sensing data** could be disseminated in India or abroad.

The entire gamut of space activities is now open to the private sector.

9 PM Compilation for the Month of May [Second Week] 2023

IN-SPACE is expected to act as the **single window agency** for authorising space activities by government entities and NGEs.

What are issues with the new policy?

The policy sets out an ambitious role for IN-SPACE but provides **no time frame** for the necessary steps ahead.

The policy framework will need **clear rules and regulations** regarding FDI and licensing, government procurement, liability in case of violations. It will need an **appellate framework** for **dispute settlement**.

A regulatory body needs **legislative authority**. IN-SPACE is expected to **authorise space activities** for all, both government and non-government entities.

Currently, its position is **ambiguous** as it functions under the purview of the Department of Space. The Secretary (Space) is also Chairman of ISRO, the government entity to be **regulated by IN-SPACE**.

18. Economic weather warning

Source- The post is based on the article “Economic weather warning” published in the “The Indian Express” on 11th May 2023.

Syllabus: GS3- Indian economy

Inflation- The MPC (Monetary Policy Committee) meeting gives the impression that inflation is well under control. This is good from a **policy stance** but is worrying for households. They are facing a **relentless increase** in the prices of goods and services.

They have experienced a cumulative inflation of over 18% in the last three years.

Growth- The growth picture is also **ambivalent**. India is among the **fastest-growing economies** at 6-6.5%. But this picture too is different when looked at from a **medium-term perspective**.

There is not **too much optimism** about being on track for the **8% plus growth rate**. The **new normal** appears to be 6-7%.

Exports- Policymakers are satisfied with new heights achieved in the **exports of goods and services**. Services have gone against the trend of the **global slowdown** in 2022. But **exports of merchandise** are not too satisfactory.

For example, if **refinery products** are excluded from the **export's basket**, there has been a fall in FY23.

Production-Linked Incentive (PLI) scheme aspires to make India the centre of all global chains. It seems to be **only an aspiration** as of today.

Indian exports are linked with **global growth** and a slowdown is not good for them. In 2022, **higher crude prices** got reflected in both imports and exports.

Investment- The investment picture has two sides as well. The official position is that investment is picking up in the private sector. It should get reflected on the **funding side**.

In the investment conclaves, major companies show a lot of interest. But, **signing MoUs** means little when not converted to action.

Data on all funding sources show that there is a slowdown. **Bank credit** is buoyant more on the retail end than manufacturing. **Debt issuances** are dominated by the financial sector. **Manufacturing** is still lagging.

External Commercial Borrowings have slowed down mainly due to the higher cost of loans.

Consumption- The consumption picture is also fuzzy. There are reports of rural demand being good in FY23. But, it is not reflected in the production of consumer goods.

9 PM Compilation for the Month of May [Second Week] 2023

The 16% growth in nominal consumption in FY23 would tantamount to just 7% in real terms, as inflation has pushed up costs. And this was also brought about by pent-up demand for both goods and services post the full removal of the lockdown in 2022.

Employment– A growing economy needs to create more jobs if **consumption and investment** have to be sustained. As per **CMIE data**, the **average unemployment rate** is around 7.5%. It can now be considered the **natural rate of unemployment** in India.

There are concerns related to the **labour participation rate**. It has come down from 46.2% in FY17 to 39.5% in FY23. It indicates a growing population in the working age group that is not **interested in working**.

There has been a **series of layoffs** in several IT and fintech companies. The promise shown by start-ups has not yet been realised and hence.

Banking– The bright spot in this picture is the banking sector. The **cleaning up operations and slowdown in the economy** has helped the banks, especially in the public sector, to emerge stronger.

NPA levels have come down and banks are well-capitalised. Also, **profitability** has improved. **Quality of assets** means **lower provisioning for NPAs**.

When the economy gets into the take-off mode, banks will be well equipped to provide the funds. This was not the case 4-5 years ago.

19. Labour rules of states encourage inspector raj

Source- The post is based on the article “Labour rules of states encourage inspector raj” published in “The Indian Express” on 11th May 2023.

Syllabus: GS3- Indian economy and employment

Relevance– Labour reforms

News– The article explains the recent labour reforms introduced by central government and their impacts. It also explains the employment needs and structure of India economy.

What are estimates related to employment need of Indian population?

As per **Planning Commission estimates**, India needs to create 10 million or 12 million jobs every year. But these are dated figures. It does not take into consideration the impacts of **slowing rate of population growth**

The answer depends on the **timeline, assumptions about future fertility and views on work participation rates**. A rough range might be 5-8 million.

If the economy grows at 6.5%, there must be employment growth unless **labour productivity** increases at 6.5%.

There are legitimate concerns about not **enough jobs, the quality of jobs being created, voluntary opting out of the labour force** by both males and females.

What are some facts about employment elasticity of the economy?

Employment is inadequately measured in an **informal economy**. So, **employment elasticity** of growth ought to be higher. But, despite India’s **demographic dividend**, employment elasticity is not higher.

The **composition of growth** matters and **employment elasticity** varies across sectors. It will be considerably higher in construction than in manufacturing. **Modern manufacturing** can be **technology and capital-intensive**.

There are several reasons behind the **high capital intensity of production**. There is an extent to which capital and labour are **substitutes**. The choice depends on **relative prices**.

In a relatively **labour-surplus economy**, labour costs should be lower and **labour costs** do not mean wage costs alone. There are also **skill and productivity issues**.

9 PM Compilation for the Month of May [Second Week] 2023

What are some facts about recent labour reforms by Indian government?

The Central Government has codified **29 laws into four Codes**. These Codes are on **wages, social security, occupational safety, health and working conditions and industrial relations**.

They certainly don't cover every **statute on labour and employment**. They cover only those **administered by the ministry**, unlike labour law reforms in a country like Bangladesh.

This **standardisation and simplification** break down the **unorganised versus organised divide**. It strengthens protection for the unorganised and make organised labour markets **more flexible**. Such reforms are desirable.

Do these labour codes stimulate employment?

Even before these Codes, some states **introduced labour reforms**. The effects of such changes are **conditional and qualified**.

Taken in isolation, these changes have **minimal effect**. But they matter at the margin. Combined with **other reforms**, they lead to job growth.

Labour conditions vary across states. So, labour is in the **Concurrent List of constitution**, not in the Union List or State List. Hence, after those codes are framed, states need to **publish rules**. All states haven't done that. It has **nullified the intent** behind the Codes.

Most states have published rules **under wages**, a few under **industrial relations and social security**, and least under **occupational safety**.

Non-transparent rules on **occupational safety, health and working conditions** facilitate corruption and the inspector raj, in the functioning stage of an enterprise.

20. Snap judgment – Every birth or death should not be seen as success or failure of Project Cheetah

Source: The post is based on the article “**Snap judgment – Every birth or death should not be seen as success or failure of Project Cheetah**” published in **The Hindu** on **11th May 2023**.

Syllabus: GS – 3: Environment and Bio-diversity Conservation.

Relevance: About issues in India's cheetah reintroduction project.

News: It is almost three months since South Africa sent a batch of 12 cheetahs to India and three have already died. About 15% of the animals have not made it past the first phase of India's ambitious Project Cheetah. This raises some doubts about Project Cheetah.

About Sasha, Cheetah Reintroduction Project and Kuno National Park

Read here: [Cheetah Sasha dies due to kidney ailment in Madhya Pradesh's Kuno National Park](#)

About the progress of the Cheetah Reintroduction Project so far

Read here: [Cheetah Reintroduction Project: progress so far – Explained, pointwise](#)

Note: *The aim is to establish a sustainable population of about 35 cheetahs in the next decade by bringing in a few every year from Africa.*

What are the concerns highlighted by environmentalists on project Cheetah?

a) Kuno National Park is inadequate to host 20 cheetahs and some ought to be in other sanctuaries, **b)** The existing batch of animals lived far too long in captivity for the translocation and thus were excessively stressed and more vulnerable.

Can one measure the success of the project Cheetah now?

The success of wildlife breeding programmes must be measured over longer intervals. The increase in the lion population in Gir, Gujarat, as well as tiger numbers, have been the result of

9 PM Compilation for the Month of May [Second Week] 2023

sustained efforts over decades. So, it is premature to measure the success of the cheetah translocation programme.

So, every death and every birth should not be seen as markers of failure or success. To silence the critics, the government has to clearly define criteria with timelines that project managers must adhere to. This in future might aid in course correction of the project as well.

21. The troubles of India's aviation industry

Source: The post is based on the article “**The troubles of India's aviation industry**” published in **The Hindu** on **11th May 2023**.

Syllabus: GS 3 – Infrastructure: Energy, Ports, Roads, Airports, Railways etc.

Relevance: About the challenges faced by Indian commercial aircraft operations.

News: After low-cost carrier GoFirst's insolvency, the aviation safety regulator Directorate General of Civil Aviation (DGCA) has directed the airline to stop selling air tickets immediately.

What are the reasons behind Go Air's insolvency?

Must read: [Indian aviation industry: Potential and challenges – Explained, pointwise](#)

How big is the Indian aviation sector?

As per the Civil Aviation Ministry, India will have more than 140 million passengers in FY2024 alone. There are currently 148 airports in the country and it is the third-largest domestic market in the world in terms of seat capacity. As of March 2023, IndiGo remained the domestic market leader with 56.8% of the market share, followed by Vistara (8.9%) and Air India (8.8%).

Does the Indian aviation sector financially viable?

Financial trouble has led to the folding of major airlines in the past few decades. Around seventeen airlines, domestic and regional, have exited the market. In 2019-20, IndiGo was the only airline to make a profit, while all other players posted losses. This is because,

– The consolidation of four carriers including Air India and Vistara under one umbrella is going to make it tougher for smaller airlines to capture the market.

– Air India consolidation will make around 75-80% of the market be captured by Indigo and Air India combined, leaving just about 20% for players like SpiceJet, GoFirst (if it revives), and the newest entrant Akasa.

– About 80% of India's total commercial fleet is leased, according to PwC. However, leasing ends up adding high costs to operations as these leases of about six months each are denominated in U.S dollars. Leasing costs alone make up nearly 15% of the revenues of Indian Airlines, except Air India which owns a large part of its fleet.

The costs of these leases go up further if the Indian rupee depreciates during short and long term global financial developments.

– There are high costs associated with the training of airline crew. Besides, the crunch in pilots is also reflective of the inadequate number of Flight Training Organisations.

Read more: [Challenges faced by Indian commercial aircraft operations](#)

What are the government initiatives to boost India's aviation industry?

Aviation policy is dealt with by the Ministry of Civil Aviation under the legal framework of the Aircraft Act 1934, and Aircraft Rules 1937.

The DGCA is the statutory regulatory authority which comes in for issues related to safety, licensing, airworthiness, and so on.

Must read: [Aviation Sector in India: Status, Opportunities and Challenges – Explained, pointwise](#)

9 PM Compilation for the Month of May [Second Week] 2023

What are the issues with government policy in the Indian aviation sector?

India has not kept pace with modern technology in aerospace and increasing costs to the industry which ultimately affects passenger growth.

High taxes on Aviation Turbine Fuel (ATF): According to estimates, while India's airfares are 15% below the break-even point. Heavily-taxed ATF alone contributes to the single biggest expenses of carriers, amounting to anywhere between 40-50% of operational expenses.

Some Indian States impose provincial taxes of as much as 30% on jet fuel. This also makes shorter flight routes unsustainable for smaller airlines.

Barriers to entry and growth: Indian aviation policy has posed barriers to entry and growth and also has not affected players uniformly.

For instance, from 2004 to 2016, new airlines in the country had to be in operation for at least five years and have a fleet of at least 20 aircraft to be able to fly internationally. The National Civil Aviation Policy (NCAP) in 2016 removed the five years of domestic experience. Many new players want this condition to be removed. But the older airlines oppose such a reversal.

Airport fees: Airlines have to bear costs in terms of airport fees for the use of airport facilities including aircraft landing, freight and other charges related to the use of airport infrastructure such as runways and passenger terminals.

What should be done?

The government have to plan and make leasing companies to set up shop in India. Not only that the policies should make a proper functioning of leasing hubs. Till then the expensive lease rents and repayment feuds will stay.

22. Fortifying food security – WTO norms should be made more realistic

Source: The post is based on the article “**Fortifying food security – WTO norms should be made more realistic**” published in the **Business Standard** on 11th May 2023.

Syllabus: GS – 3: food security.

Relevance: About issues with AoA.

News: Recently, the agriculture committee of the World Trade Organization (WTO) held a special session in Geneva. In that, India urged the WTO to find a permanent solution to the issue of farm subsidies and public stockholding for food security.

About the history of the tussle between India and WTO

Food security matter has been hotly debated since the inception of the [WTO's Agreement on Agriculture \(AoA\)](#). The AoA had prescribed an irrational outer limit for farm subsidies of 10% of the value of crop production, based on the prices prevailing between 1986 and 1988.

Any outgo on agricultural support in excess of this cap is deemed trade-distorting. However, an ad hoc relief measure was stipulated for the developing countries during the WTO's ministerial summit at Bali in 2013 in the form of the “Peace Clause”.

India has often taken refuge under Peace Clause because of **a)** large stock accumulation due to its market, **b)** farm-income support policies entailing open-ended crop procurement at minimum support prices.

Read more: [WTO terminologies: Agreement on Agriculture \(AoA\), Blue | Green | Amber Box, Peace clause](#)

What are the issues with AoA?

a) The agreement limits the developing countries' space for extending price support for farm commodities and restricts their policy space for taking up food-security programmes for the teeming poor, **b)** Relentless food inflation has rendered the existing food-stocking and farm-subsidy norms totally unrealistic, **c)** Exacerbated uncertainties about food production and global

9 PM Compilation for the Month of May [Second Week] 2023

supplies due to climate change and geo-political factors, such as the Russia-Ukraine conflict have also made the ceiling ineffective.

About the demand for a permanent solution

Many countries including China, South Africa, Egypt, Sri Lanka, and many other African and Asian nations are in support of India to find a permanent solution. Any alternative plan has to be better, and more practical, than the present Peace Clause-based interim arrangement.

Read more: [Public stockholding of grains to stay](#)

What should be considered while formulating a permanent solution?

-Ideally, the benchmark prices should be revised periodically, taking the average prices of the previous five years into account. This should be included.

-The food security-oriented programmes launched by various countries after the introduction of the Peace Clause in 2013 should also be factored in while assessing the aggregate measure of support to agriculture.

India, China, and several other countries demanded text-based negotiations for fixing the agenda for the next WTO ministerial meeting scheduled in Abu Dhabi. The WTO members should adhere to this.

23. The SVB crash could cue how to fortify banks in India

Source: The post is based on the article “**The SVB crash could cue how to fortify banks in India**” published in the **Livemint** on **11th May 2023**.

Syllabus: GS – 3: Effects of liberalization on the economy.

Relevance: About SVB failure and its lesson for India.

News: The collapse in the US of Silicon Valley Bank (SVB) might offer some lessons to strengthen Indian banking system.

About the collapse of SVB

Must read: [Silicon Valley Bank crisis: Reasons and Impacts - Explained, pointwise](#)

What will be US Fed decisions and How it will impact India?

Read here: [Central banks step in as Credit Suisse collapses. India must monitor channels through which crisis can permeate into domestic economy](#)

How India can act as a role model to prevent a bank crisis?

Read here: [SVB, Signature Bank collapse: What are ‘Too-Big-To-Fail’ banks, and what makes Indian banks safe](#) and [Why local banks are insulated from SVB ripples](#)

What are the tweaks that can be made to make Indian banks more robust and agile?

Categorization serves no purpose: In India, banks categorize retail and bulk deposits (each with their own definition) and disclose the profile of such deposits. The lesson from SVB is that this categorization serves no purpose.

Follow graded insurance premium: Only bank deposits of ₹5 lakh and below are insured in India, Indian banks must be mandated to disclose the percentage of their deposits below ₹5 lakh per customer in the deposit rate card published on their websites. So that the RBI can ensure that the banks with higher-than-average uninsured deposits pay a higher deposit insurance premium compared to banks with an appropriate level.

Blended SLR maintenance: If a deposit is insured and cash reserve ratio (CRR) is maintained on it, then there is no need to maintain high statutory reserves (statutory liquidity ratio or SLR) on insured deposits. Instead, India can have differential reserve prescriptions between insured and uninsured deposits. For example, RBI can mandate an SLR of 10% on insured deposits and

9 PM Compilation for the Month of May [Second Week] 2023

23% on uninsured deposits. This would incentivize banks to focus on granular deposits to lower their grossed-up cost of deposits.

Study the data: Data on the correlation of deposit behaviour among departments and entities of a single state government or multiple entities within a corporate group or bulk deposits from entities in a single industry can be studied and concentration metrics introduced to track the proportion of such deposits.

Remove regulatory arbitrage between NBFC and Banks: RBI has to regulate and supervise deposit-taking non-banking financial companies (NBFCs) which function like banks. This is because the deposit-taking NBFCs also maintain reserves on public deposits.

[24. Global investors need Indian tax carrots and not uncertainty sticks](#)

Source: The post is based on the article “**Global investors need Indian tax carrots and not uncertainty sticks**” published in **Mint** on **12th May 2023**.

Syllabus: GS 3 – Economy

Relevance: About global minimum tax rate

News: Multinational companies often try to minimize their tax burden by incorporating themselves in tax havens. The article explains the steps taken globally to address the issue of tax evasion by MNCs.

What steps have been taken by countries to address the tax evasion by MNCs?

[Click Here to Read](#)

How has global minimum tax rate evolved?

Read Here: [Global Minimum Corporate Tax and India – Explained](#) and [India needs to be cautious before joining Global Minimum Tax rate](#)

Moreover, public scrutiny, enabled by increased tax transparency obligations, is putting pressure on companies to act with more social responsibility as part of their ESG obligations.

How is India taking steps towards imposing a global minimum tax rate and how will it benefit India?

India has set an international tax agenda in its current G20 presidency.

Although many countries have implemented the 15% global minimum tax, the negotiations on a fairer distribution of taxing rights (Pillar 1) are expected to conclude under the Indian G20 presidency.

Pillar 1 will allocate more taxing rights to market jurisdictions such as India. It will also provide for more tax certainty to businesses.

Tax certainty is about being guaranteed a fair and predictable tax treatment based on the rule of law. It is also about companies being guaranteed a proper resolution of tax disputes, including through compulsory mechanisms.

What is the way ahead for India?

India despite having brightest tax experts in the world, suffers from a negative reputation for the practices of its tax administration.

There has been progress to improve international dispute resolution. However, a lot remains to be done to foster growth and investments.

Moreover, **implementing Pillar 2 of the global tax framework will remove the tool of tax incentives and help in attracting investments in India.**

However, **India does not need tax incentives to attract investments because** it is the largest fast-growing market in the world, rather **it needs tax certainty**. India should make tax certainty its top priority.

9 PM Compilation for the Month of May [Second Week] 2023

25. [SC directions to benefit electricity consumers](#)

Source: The post is based on the article “**SC directions to benefit electricity consumers**” published in **Business Standard** on **12th May 2023**.

Syllabus: **GS 3 – Infrastructure**

Relevance: concerns with discoms

News: Discoms suffer loss and are mostly involved in litigations. Despite various compliance requirements, discoms continue to be a drag on the economy. SC has recently given judgment through its own observations in one of the litigations.

What has been the judgment of the Supreme Court regarding discoms?

Following observation have been made by SC in **GMR Warora Energy Ltd versus Central Electricity Regulatory Commission and Others**:

First, the court has said that the power purchase agreement itself provides a mechanism for payment of compensation on the grounds of change in law. In such a case, unwarranted litigation should be avoided.

The Court further emphasised that “change in law” events must begin to take place on the day on which regulations, orders, and notices are issued by state agencies.

Second, according to the SC, **appeals under Section 125 of the Electricity Act of 2003 are only permitted** on any of the grounds listed in Section 100 of the Code of Civil Procedure, 1908. This means that appeal to the SC can only be made on substantial questions of law.

As per SC, **discoms shouldn't appeal in matters when the** Electricity Regulatory Commissions and the Appellate Tribunal for Electricity (APTEL) had issued appropriate rulings. This, however, undermines the purpose of The Electricity Act of 2003.

Third, the SC directed **the Ministry of Power to evolve a mechanism** such that once the first order is received from a state or Central Regulatory Commission, discoms should first make the payment to generating companies. This will prevent the burden of carrying cost on the end consumers.

The court said that discoms can exercise their right to appeal against the order after making payments to generating companies.

However, discoms usually get involved into litigation which delays the payments and they also end up paying a late payment surcharge (LPS).

SC said that in such a scenario, concerned discoms shall not be allowed to pass on LPS /carrying cost to the end consumers.

Fourth, the court ruled that discoms are the root cause of massive financial stress across the power chain, thereby impacting the orderly growth of the economy.

There are clear directions from the Central Electricity Regulatory Commission, Ministry of Power and even various Parliamentary Committees to make timely payments to generating companies. Despite this, discoms get involved into multiple litigations which results in LPS. This burden is ultimately passed on to the end consumers.

Fifth, the court raised concerns about claims made by the discoms' counsel that the cost of buying electricity from independent power producers is significantly less than buying it from state-owned power plants.

Must Read: [DISCOM sector in India: Challenges & solutions – Explained](#)

What can be summarized from the above rulings?

The judgments may be summarized that the **SC insisted the Union of India, through the Ministry of Power, to evolve a mechanism to avoid unnecessary and unwarranted litigation, the cost of which is also passed on to the end consumer.**

9 PM Compilation for the Month of May [Second Week] 2023

26. [Anatomy of a bank failure](#)

Source– The post is based on the article “**Anatomy of a bank failure**” published in the “**Business Standard**” on **12th May 2023**.

Syllabus: GS3- Economy

Relevance- Issues related to banking sector

News– Silicon Valley Bank (SVB) and its holding company, Silicon Valley Bank Financial Group (SVBFG), failed last March. This resulted in the failure of Signature Bank and, First Republic Bank.

How management and board failures were responsible for this crisis?

SVBFG’s assets tripled in size between 2019 and 2021. The technology sector was booming, so lending expanded rapidly.

Any abnormal growth in loans can cause trouble for bank. Management does not have the bandwidth to **assess risk** properly.

Reliance on **volatile wholesale deposits** tends to increase. **Managerial incentives** are often linked to profits without adjusting for risk. For CEOs, the temptation to quickly grow the loan book is irresistible.

The onus is on the board of directors to take actions. But Boards supports CEOs who show **good performance** for a few years.

At SVBFG, the board was not even responsive to **supervisory warnings**. As per FRB report, the board put short-run profits above **effective risk management**. It treated resolution of supervisory issues as a **compliance exercise** rather than a **critical risk-management issue**.

Since July 2022, SVBFG has failed its **liquidity stress tests** repeatedly. Management Did not necessary actions were not executed until March 2023.

Interest rate risk too was poorly managed. The bank had crossed its **interest rate risk limits** since 2017.

What are the supervisory failures responsible for this crisis?

There were **supervisory failures** also. For governance, SVBFG got a “**Satisfactory**” rating, despite repeated **supervisory observations about inadequate oversight**.

The bank had **large, uninsured deposits**, yet managed a “**Strong**” rating on liquidity. Despite breaching **interest rate risk** limits repeatedly, it got a “Satisfactory” rating on the item.

How weak regulatory oversight is responsible for this crisis?

The report says **joint oversight** by the FRB and the 12 Federal Reserve Banks is a factor. The Board delegates authority to the Reserve Banks. But, Bank supervisors look to the FRB for approval before making a rating change. Getting a consensus is **time-consuming**.

The philosophy of “**light touch**” regulation and supervision is an issue. **Multiple regulators and supervisors** are another problem.

There is also the “**revolving door**” syndrome. The regulators join private banks, then jump back to the regulator in a senior capacity. The relationship between regulators and banks is cause of concern.

How can RBI improve the regulatory and supervisory oversight over banks?

The RBI is better in **regulatory and supervisory capacity** than its counterparts in the West. Its **intrusive approach** is a better safeguard for banking stability than the **light touch regulations**. However, supervision can only be a **third layer of defence** against bank instability. Regulations are the primary layer, followed by the board.

The RBI must find ways to get bank boards to do a far better job. A **radical change** would be to alter the way **independent directors** are appointed at banks.

9 PM Compilation for the Month of May [Second Week] 2023

At present, the promoter or CEO has the dominant say in the appointment of independent directors.

One independent director may be chosen by **institutional investors** and another by **retail shareholders** from a list of names proposed by the Financial Services Institutions Bureau.

Until there are independent directors who are distanced from the promoter and management, it's unrealistic to expect **board oversight** to improve.

[27. Home to 70% of the world's tigers, India has a huge part of the species' total genetic variation](#)

Source: The post is based on the article "**Home to 70% of the world's tigers, India has a huge part of the species' total genetic variation**" published in **The Times of India** on **13th May 2023**.

Syllabus: GS 3 – Environment, Science & Technology

Relevance: benefits of molecular genome research in conserving endangered species

News: Every organism on earth has genetic material which is passed on from generation to generation. The article explains how molecular genome research can help in conserving endangered species.

How does molecular genome research help with conserving species?

Endangered species live in specific habitats. These habitats are often taken up by the people and infrastructure.

This fragmentation of habitat causes endangered species to undergo population crash, thereby decreasing in the population and leading them into isolation.

Hence, **genome research can provide information about the loss in genetic variation and the impacts of loss of habitat on genetic variation.**

Further, **genetic variation is extremely important to study the small populations of endangered species.** This is because small populations can undergo chance events where certain genetic variants increase or decrease.

For instance, a study conducted on the population of tigers in Odisha found how by chance, in a very small population, the frequency of a black mutation and the corresponding phenotype has grown more common.

Another problem with the small population of endangered species is that inbreeding amongst them causes disadvantageous mutations or inbreeding depression which further lower survival rates.

Studying these can help conservation strategies of endangered species.

What are some of the findings on tiger genomes in India?

India is home to 70% of the world's tigers. Hence, a large proportion of the total genetic variation of the species is found in India.

Studies have found isolated populations of tigers in Ranthambore Tiger Reserve have chances of inbreeding twice compared to other regions.

This is because tiger habitat around highways and densely populated areas are harmful to the species connectivity.

Moreover, **there are efforts going on to** figure out tigers' predatory nature which often leads to animal-human conflicts and historical samples are being used to study the lost genetic variation.

These studies would help in tiger conservation.

General Studies Paper – 4

General Studies - 4

1. In good faith: Why remission of sentences of Anand Mohan Singh and Bilkis Bano convicts is ethically wrong

Source: The post is based on the article “In good faith: Why remission of sentences of Anand Mohan Singh and Bilkis Bano convicts is ethically wrong” published in the **Indian Express** on 11th May 2023.

Syllabus: GS – 4: Determinants and consequences of Ethics in-human actions.

Relevance: About the ethical dimensions of remission.

News: The recent remissions of Anand Mohan Singh and the convicts in the Bilkis Bano case seem to be politically motivated.

About provisions for remission

The constitutional provisions on remission were framed after lengthy discussions on crime, punishment, guilt and redemption.

Articles 72 and 161 of the Constitution do mandate humanitarian remission. Sections 432, 433, 433A, 434 and 435 of the CrPC also empower the government to suspend or remit sentences.

Remission should not be seen as the fundamental right of convicts. This is clarified by the Supreme Court in Mahender Singh v State of Haryana (2007) case. In that, the SC said that the state must give due consideration to every case of clemency, but it also said that no convict has a right to remission.

Read more: [Explained: Why the 11 convicts in Bilkis Bano gangrape case walked out of jail](#)

What are the ethical dimensions of remission?

Remission of punishment is meant to uphold a sense of community justice. The mercy for convicts continues to remain a contentious matter.

Recognising the links between the severity of crime and punishment is one of the fundamental mandates of the criminal justice system. The remission should be based on the principle that the act of compassion towards a convict should not be insensitive to the victim of the crime. Convicts who have inflicted unequivocal damage on society should not be remitted prematurely.

Read more: [Remission Impossible – In Bihar, Gujarat, Haryana, govt decisions on early release, paroles are huge blows against justice](#)

Why the remission of sentences in Bilkis Bano convicts is ethically wrong?

-The remission of the Bilkis Bano convict’s sentence seems to have been actuated by mistaken notions of mercy. Laws and principles of justice hinge on public respect. The recent remission will severely hamper public respect.

-The misuse of the Constitution’s humanitarian provision in recent times subverts the intentions of our founding fathers.